

Bolsover District Council

Executive

7th September 2015

Strategic Risk Register

This report is public

Report of the Executive Director - Operations

Purpose of the Report

- To update Members concerning the current position regarding Risk Management and to seek approval for the revised Strategic Risk Register as at 30th June 2015, as part of the suite of Finance, Performance and Risk reports.

1 Report Details

Background

- 1.1. The Council's Strategic Risk Register has been developed in the light of consideration of the strategic and operational risks which have been identified by Elected Members and Officers as part of the Council's service management and quarterly performance arrangements.
- 1.2. In its approach to Risk Management the Council is seeking to secure a number of objectives and to operate in line with recognised best practice. In order to appreciate the importance of Risk Management it is useful to reiterate these objectives:
 - To improve the way in which the Council manages its key risks so as to reduce the likelihood of them happening, and to mitigate their impact or magnitude in those cases where they do materialise. This is a key element in protecting service delivery arrangements, the financial position and the reputation of the Council.
 - To strengthen the overall managerial approach of the Council. From a Governance perspective the effective operation of Risk Management is regarded as being a key element of the managerial framework operating within an authority.
 - Effective Risk Management is a key component in ensuring that organisations are able to achieve their objectives, and that key projects proceed in line with plan.

- The identification of the risks attached to existing service delivery, or to a project or new initiative is important both to allow a fully informed decision to be made, and to ensure that all appropriate measures to mitigate (or reduce) the risk are in place from the outset.
- Finally, an appreciation of the risk environment within which the Council operates assists in determining an appropriate level of financial reserves for sound financial management, and ensures that the organisation has a better awareness of its overall risk exposure.

2. The Strategic Risk Register

- 2.1. The revised Strategic Risk Register as at 30th June 2015 is set out in **Appendix 1** for consideration by the Audit Committee. The intention is that this review of the Register will secure the following objectives:
- Identify any newly emerging risks which need to be added to the Register and removing any risks that have been resolved. An ongoing review of the Strategic Risk Register ensures that a focus is maintained on current risks.
 - Revising the Risk Register ensures that existing risks are reviewed, that appropriate mitigation remains in place, and where necessary risk assessment is revisited.
 - The process also allows appropriate consideration to be given to the success of existing mitigation, and to the issue of whether any further mitigation is required.
 - The Strategic Risk Register as set out in **Appendix 1** is structured so that those risks with the highest risk score are detailed first.
- 2.2. In overall terms a key element which emerges from the Strategic Risk Register is one of an ongoing requirement to maintain our current performance in respect of service delivery, performance and governance to local residents. The current position, however, needs to be maintained at a time when it is increasingly necessary to manage the Council's finances in a more pro active way in order to ensure that our expenditure remains in line with the level of our resources at a time of declining financial support from central government. Alongside the declining level of central government financial support it is anticipated that over the coming year there will be a significant amount of legislation which impacts directly on local government. Both these changes are anticipated to entail some significant changes in the manner in which our services to local residents are delivered with the level of change required clearly having the potential to disrupt service provision with the associated risks that such disruption entails.
- 2.3. At the quarterly Performance meetings two new issues were raised. In the first instance it was noted that the increase in legislative change anticipated after the election had materialised with significant changes around the HRA financial settlement, devolution and welfare reform.

Further new initiatives are anticipated which will have an impact upon local government. These changes will be addressed within the Council's established performance management arrangements. Secondly, operational risk issues were raised around the accommodation moves that have recently taken place. These will be addressed as part of the management of the service / operational risk registers in order to ensure that appropriate mitigation is in place. With respect to the Strategic Risk Register the accommodation issue is covered by Risk 3 which outlines that adverse impacts will inevitable arise out of the necessity to make changes in working practice to reflect the tightening financial circumstances in which the Council is operating.

- 2.4. In order to develop the understanding of risk throughout the organisations a series of training sessions for senior managers was held in the summer of 2014. These training sessions included a significant element dealing with risk management. The Business Risk group will continue to give consideration to appropriate training and raising awareness in order to support effective risk management across the organisation.

3 Conclusions and Reasons for Recommendation

- 3.1 The Strategic Risk Register is intended to highlight those areas where the Council needs to manage its risks effectively. One of the key purposes of this report is to set out the risks that have been identified (see Appendix 1) and to encourage both Members and Officers to actively consider whether the Strategic Risk Register and supporting Service Risk Registers actively cover all of the issues facing the Council.

Reasons for Recommendation.

- 3.2 To enable Executive to consider the risks identified within the Strategic Risk Register in order to assist in maintaining effective governance arrangements, service and financial performance.

4 Consultation and Equality Impact

Consultation

- 4.1 There are no issues arising from this report which necessitate a formal consultation process.

Equalities

- 4.2 There are no equalities issues arising directly out of this report.

5 Alternative Options and Reasons for Rejection

- 5.1 Under the relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is in part intended for Members and Officers to consider whether the Council has

adopted an appropriate approach to its management of risk. Given that this report is part of the approach to help ensure the effective management of risk there is not an alternative to the preparation of this report.

6 Implications

6.1 Finance and Risk Implications

Financial

There are no additional financial implications arising out of this report at this stage. While where appropriate additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

Risk

Risk Management Issues are covered throughout the body of the main report.

6.2 Legal Implications including Data Protection

There are no legal or data protection issues arising directly out of this report.

6.3 Human Resources Implications

There are no human resource issues arising directly out of this report.

7 Recommendations

- 7.1 That Executive approves the Strategic Risk Register as at 30th June 2015 as set out in Appendix.

8 Decision Information

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| Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards) | No |
| District Wards Affected | All. |
| Links to Corporate Plan priorities or Policy Framework | Robust Governance (including Risk Management) arrangements underpin the effective operation of the Council and its ability to secure all of the Corporate Plan priorities. |

9 **Document Information**

| Appendix No | Title |
|--|---|
| 1 | Strategic Risk Register as at 30 th June 2015. |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| | |
| Report Author | Contact Number |
| Executive Director – Operations | 2431 |

STRATEGIC RISK REGISTER SUMMARY AS AT: 30th June 2015

| | Risk | Consequences | Risk Score (Likelihood Impact) x | Risk Score (Likelihood Impact) Taking into Account Current Controls x | Risk Owner / Lead Officer |
|---|---|--|---|--|--------------------------------------|
| 1 | Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are at relatively low levels. | <ul style="list-style-type: none"> • Impact upon ability to deliver current level of services. • Unable to resource acceptable levels of service. • Significant adverse reputational Impact. | 4,4 16 | 3,4 12 | SAMT / Chief Financial Officer |
| 2 | Adverse external economic position / government legislation, welfare reform etc. has an accelerating impact on Council (poor grant settlement), or upon the local economy (employment losses / welfare reform), to which Council is unable to adopt an appropriate change of Strategic direction. An increase in policy announcements / legislative changes | <ul style="list-style-type: none"> • Unable to deliver a package of services that meet changing local needs and aspirations. • Unable to effectively support local communities. • Increased demands on Council services at a time when Council resource base is reducing. | 4,4, 16 | 3,4 12 | SAMT / Political Leadership |

| | Risk | Consequences | Risk Score (Likelihood Impact) x | Risk Score (Likelihood Impact) Taking into Account Current Controls x | Risk Owner / Lead Officer |
|---|--|---|---|--|--------------------------------------|
| | is anticipated following the May 2015 election. | | | | |
| 3 | Financial position makes it increasingly difficult to recruit to key posts or to replace key staff who leave. Staff morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances. | <ul style="list-style-type: none"> • Deterioration in services to the public. • Increasing inefficiencies in service provision. • Weakening of Internal Control arrangements. • Increased pressure on other members of staff. | 4,4 16 | 3,4 12 | SAMT / Asst Director HR |

| | Risk | Consequences | Risk Score (Likelihood Impact) x | Risk Score (Likelihood Impact)Taking into Account Current Controls x | Risk Owner / Lead Officer |
|---|---|--|---|---|--|
| 4 | Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc Local and national elections, Regeneration Initiatives, HRA reform, Asset Management securing major financial savings and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity. | <ul style="list-style-type: none"> • New initiatives are not delivered in a cost-effective manner. • Failure to maintain / improve services in line with local aspirations. • Failure to generate the savings required to balance the budget. • Financial efficiencies weaken Governance / Internal Control arrangements. • Service deterioration / failure arising from capacity issues. | 4,4 16 | 3,4 12 | SAMT / Chief Executive |
| 5 | Emergency Planning and Business Continuity arrangements fail to meet required standards when | <ul style="list-style-type: none"> • Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading | 3,5 15 | 2,5 10 | SAMT / Director of Health and Well Being |

| | Risk | Consequences | Risk Score (Likelihood Impact) x | Risk Score (Likelihood Impact)Taking into Account Current Controls x | Risk Owner / Lead Officer |
|---|--|--|---|---|---|
| | tested by flu pandemic, natural disaster (flood), etc. | to inability to effectively operate services and to safeguard income streams. <ul style="list-style-type: none"> • Business Continuity Plans prove ineffective in practice. | | | |
| 6 | Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction. | <ul style="list-style-type: none"> • Failure to deliver high quality services which address national and local priorities. • Deterioration in Governance Arrangements. • Refocus of current services necessary with associated disruption. | 3,4 12 | 3,3 9 | Chief Executive / Political Leadership Team |
| 7 | A major operational or failure of data protection risk materialises resulting in a significant impact upon the Council's ability to secure its corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council. | <ul style="list-style-type: none"> • Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents. • Significant staff and financial resources required to resolve position, impacting on other services. • A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery. | 3,4 12 | 2,4 8 | SAMT / Assistant Directors |

| | Risk | Consequences | Risk Score (Likelihood Impact) x | Risk Score (Likelihood Impact) Taking into Account Current Controls x | Risk Owner / Lead Officer |
|---|---|---|---|--|--|
| 8 | Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate effectively in a rapidly changing environment. | <ul style="list-style-type: none"> • Adverse Impact upon Service Quality. • Failure to deliver high quality services which address national and local priorities. • Significant adverse reputational impact. | 3,4 12 | 2,4 8 | Chief Financial Officer / Monitoring Officer |