

Bolsover District Council

Executive

30th November 2015

Strategic Risk Register

Report of the Executive Director - Operations

This report is public

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 September 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 good awareness of its overall risk exposure.

2. The Strategic Risk Register

2.1. The revised Strategic Risk Register as at 30th September 2015 is set out in **Appendix 1** for consideration by Executive. 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 there has been a significant amount of legislation which impacts directly on local government. Both these factors 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. During the recent round of Quarterly Performance meetings the issue of the loss of key staff and the difficulties being experienced in finding suitable replacements was a widespread concern expressed by managers. While a limited number of services are experiencing significant problems it is clear that all areas of work are now finding it difficult to attract suitable candidates at a time when we are facing

increased staff turnover. This issue was already included within the Strategic Risk Register and is detailed as Item 3 within Appendix 1.

- 2.4. In order to develop the understanding of risk throughout the organisations a series of training sessions for senior managers which covered the issue of Risk Management have been held in both the summer of 2014 with further training in the Autumn of 2015. Likewise, as part of the Budget Scrutiny Meeting on 14th September 2015 there was a presentation to Members concerning Risk Management.

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 presentation 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 September 2015 as set out in Appendix 1.

8 Decision Information

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	None directly.
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 September 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 September 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 / Political Leadership
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

	has been seen following the May 2015 election.				
3	It becomes 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

4	<p>Delivery of the Council's Agenda is dependent upon effective delivery of both a number of major initiatives inc projects to deliver the priorities of the Growth and Transformation agenda, 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.</p>	<ul style="list-style-type: none"> • New initiatives are not delivered in a cost-effective manner. • Significant failings arise in the delivery of key projects. • 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	<p>Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood), etc.</p>	<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 to inability to effectively operate services and to safeguard income streams. • Business Continuity Plans prove 	3,5 15	2,5 10	SAMT / Director of Transformation

		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
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