

Title: Significant Business Risk Register
Lead Officer: Richard Barr
Portfolio Holder: Councillor Day
Wards of the District directly affected: All

Summary

The report sets out the latest version of the Council's Significant Business Risk Register for review by the Cabinet. It has been drafted following review by the Council's Joint Management Team and by the Leader of the Council.

Recommendations

- (1) That Cabinet should review the Significant Business Risk Register (SBRR), set out as Appendix 1 and summarised as Appendix 2, and consider if any further actions should be taken to manage the risks facing the organisation.**
 - (2) That Cabinet should note the content of section 1.3 of this report and emerging risks as identified in section 1.4, also of this report, together with additional risks in the SBRR (Appendix 1).**
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1.1 Background/Information

- 1.1.1 The Significant Business Risk Register (SBRR) records all significant risks to the Council's operations, key priorities, and major projects. Individual services also have their own service risk registers as do the major projects.
- 1.1.2 The SBRR is reviewed quarterly by the Council's Senior Leadership Team. This process is thorough and involves a focus on the higher rated risks; then a review of the others; and, then a discussion on emerging risks/horizon scanning. It is then examined by the Council Leader and then, in keeping with Members' overall responsibilities for managing risk, by Cabinet following scrutiny by the Audit and Standards Committee.
- 1.1.3 The latest summary of the SBRR is set out as Appendix 1 to this report with a depiction of the relative priority of the risks set out as Appendix 2. For the first time, the risks in Appendix 1 are in order of significance.
- 1.1.4 Members should note that the approach adopted by WDC is now to be adopted for SDC so that eventually a Joint SBRR can be created as many of the risks and ratings are the same or similar.
- 1.1.5 The risks identified in Appendices 1 and 2 are as follows:
 1. Risk of Fit for the Future Change Programme not managed appropriately/effectively.

2. Risk of sustained service quality reduction.
3. Risk of major contractor going into administration or deciding to withdraw from the contract.
4. Risk of corporate governance arrangements not being maintained effectively.
5. Risk of staff not being developed effectively.
6. Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reductions in operating costs).
7. Risk of additional financial liabilities.
8. Risk of not obtaining potential income sources.
9. Risk of improper procurement practices and legislative requirements not being complied with.
10. Risk of partnerships not delivering stated objectives.
11. Risk of not complying with key legislation or legal requirements including failure to protect data.
12. Risk of ineffective utilisation of information and communications technology.
13. Risk of failure to protect information assets from malicious cyber-attack.
14. Risk of failing to provide, protect and maintain Council owned property (buildings and equipment).
15. Risk of a major incident not responded to effectively
16. Risk of failing to meet District's ambition to be carbon neutral within specified timeframes.
17. Risk of failing to adequately prepare for the impacts of climate change arising from higher global temperatures.
18. Risk of the merger proposal failing to proceed or to do so within the specified time – now removed.

1.1.6 The assessments of risk are judgemental, being based on an assessment of the likelihood of something occurring and the impact that might have. Appendix 3 sets out the guidelines that are applied to assessing risk.

1.1.7 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour (i.e., online), the former set of risks would be within the area shaded red, whilst the latter would be within the area shaded green; the mid-range would be seen as yellow.

1.2 Reason for the Recommendations

1.2.1 This report seeks to assist Members fulfil their role in overseeing the organisation's risk management framework. A very useful source of guidance on the responsibilities of members and officers regarding risk management came from the Audit Commission in its management paper, "Worth the risk: improving risk management in local government":

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;

- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by Members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

Although the Audit Commission has since been abolished, the guidance remains relevant.

1.3 **Recent Movements in Risk**

- 1.3.1 The Council, like many organisations at the moment, is facing a variety of significant challenges mainly related to the economy - budget pressures, inflation, skills shortages, supply chain issues. These have been caused by global factors with the main ones being the pandemic and the war in Ukraine, placing even greater pressure on the organisation and thereby requiring careful management by officers and Members alike.
- 1.3.2 The proposal is to manage this through utilisation of the Service Area Plans. Implicitly, while the Council has set itself some demanding objectives, this may mean some things taking longer to do and it may mean some things cannot be done. Members and Portfolio Holders especially will therefore need to understand the demands on staff and will need to be clear about priorities when considering the Service Area Plans.
- 1.3.3 The new service plan templates map the contributions of the service area risks to the SBRR risks therefore prompted discussions can occur as to whether SBRR risks are affected when service risks change.
- 1.3.4 It is also worth noting that the impact of the increase in inflation is significant and whilst this is largely addressed in the report on the Quarter 1 Budget Monitoring elsewhere on this agenda, it does have an impact on the Council's risks and how it manages them.

1.4 New and Emerging Risks

1.4.1 As part of the process of assessing the significant business risks for the Council, some new risks have been introduced and other issues have been identified which at this stage do not necessarily represent a significant risk, or even a risk at all, but as more detail emerges may become one. These have been mentioned in previous reports and are updated and new issues added as follows:

- Merger - Given the Council decision in respect of now not seeking to merge with Stratford-on-Avon District Council (SDC) this risk has now been taken out of the register as it has been realised and dealt with.
- HEART – this is a partnership of all the Boroughs and Districts and the County Council for the provision of disabled adaptations. It is fair to say that there are issues which are coming to a head shortly and whilst negotiations are encouraging, depending on how they are resolved this may generate a risk for the Council.

2 Alternative Options available to Cabinet

2.1 Members may take a differing view on the risks identified; on the ratings attributed; or the mitigations and may feel that they wish to indicate changes to be made.

3 Consultation and Members' comments

3.1 Consultation has been with the whole of the Joint Management Team, the Leader of the Council, informally with the Cabinet and Group Leaders.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications of the report's contents but clearly risk realisation may generate some implications.

4.2 Financial

4.2.1 There are no financial implications of this report but clearly some of the identified risks if realised may well have such implications.

4.2.2 The current financial position as at Quarter 1, including the latest update to the Medium-Term Financial Strategy will be presented in a separate report alongside this to August Cabinet.

4.2.3 This report will highlight changes to the financial position of the Council, including those linked with the approval to withdraw the request to merge with Stratford-on-Avon District Council and create a South Warwickshire District Council in April 2022 and the ongoing risks associated with the current economic climate.

4.2.4 The report will outline the implications of these changes on the financial position of the Council both in the short and medium term, and outline plans on how the deficit will be addressed.

4.3 **Council Plan**

4.3.1 **External Impacts**

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

The Significant Business Risk Register is based on the Council's corporate priorities and key strategic projects that are reflected in Fit for the Future. The Fit for the Future programme is also based on an agreed set of values amongst which are the ones of openness and honesty. This is integral to the consideration of risk in an organisation; risk issues need to be discussed and debated and mitigation put in place, in order to prevent them materialising. It does not mean, however, that all risks recorded are immediately impending or are likely to happen. Paradoxically, to not debate risks is to help them more likely to materialise.

It is worth members re-apprising themselves of the basis on which risks are scored in relation to likelihood and impact – see Appendix 3. The probability of a risk being realised, and how many times it might happen, is assessed over a number of years, not as if it is going to happen tomorrow.

4.3.2 **Internal Impacts**

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

As above.

4.4 **Environmental/Climate Change Implications**

4.4.1 Effective risk management can help the Council achieve its environmental and climate emergency objectives.

4.5 **Analysis of the effects on Equality**

4.5.1 Effective risk management will help the Council achieve its equality obligations.

4.6 **Data Protection**

4.6.1 Effective risk management will help the Council achieve its data protection objectives.

4.7 **Health and Wellbeing**

4.7.1 Effective risk management will help the Council achieve its health and wellbeing objectives.

5 Risk Assessment

5.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with a weak risk management process.

6 Conclusion/Reasons for the Recommendation

6.1 The report sets out the latest version of the Council's Significant Business Risk Register for review by Cabinet. This will aid effective governance within, and of, the Council.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Minutes of SLT meeting 21 July 2022.

Report Information Sheet

Committee/Date	Cabinet – 10 August 2022	
Title of report	Review of WDC Significant Business Risk Register	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)	Not applicable	
Portfolio Holder WDC & SDC *	25/07/22	Consultation has been extensive with the Risk Register being thoroughly discussed at Joint Management Team. These discussions have led to updates to the Risk Register and explanatory comments on the covering report. The Risk Register and the covering report have also been reviewed by Members at the CMT/Cabinet Reports Briefing Meeting.
Financial Services *	25/07/22	
Legal Services *	25/07/22	
Other Services	25/07/22	
Chief Executive(s)	25/07/22	
Head of Service(s)	25/07/22	
Section 151 Officer	25/07/22	
Monitoring Officer	25/07/22	
CMT (WDC)	25/07/22	
Leadership Co-ordination Group (WDC)	25/07/22	
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		Recommendation to Cabinet
Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		Yes, Forward Plan item – scheduled for 10/08/22
Accessibility Checked?		File/Info/Inspect Document/Check Accessibility