Title	Significant Business Risk Register
For further information about this report please contact	Richard Barr Audit & Risk Manager Tel: 01926 456815 email:richard.barr@warwickdc.gov.uk
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	26 July 2017 – Executive
Background Papers	Minutes of Senior Management Team

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	No (N/A: no direct service implications)

Officer/Councillor Approval		
With regard to report approval all reports _must_ be approved as follows		
Title	**Date**	**Name**
Chief Executive/Deputy Chief Executive	Various dates	Chris Elliott
Head of Service	Various dates	Mike Snow
CMT	30 Aug 2017	CMT
Section 151 Officer	Various dates	Mike Snow
Monitoring Officer	Various dates	Andrew Jones
Finance	Various dates	As S151 Officer
Portfolio Holder(s)	Various dates	Councillor Andrew Mobbs and Councillor Peter Whiting
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below) N/A		

1 Summary

1.1 This report sets out the latest version of the Council's Significant Business Risk Register for review by the Executive. It has been drafted following a review by the Council's Senior Management Team and the Leader of the Council.

2 Recommendations

2.1 That Executive should review the Significant Business Risk Register attached at Appendix 1 and consider if any further actions should be taken to manage the risks facing the organisation.

2.2 That Executive note the emerging potential and changing risks identified in section 10 of this report.

3 Reason for the Recommendations

3.1 This report seeks to assist members fulfil their role in overseeing the organisation's risk management framework. In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers with regard to risk management:

> "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."

4   Policy Framework

4.1   Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	**Services**	**Money**
External		
Health, Homes, Communities	**Green, Clean, Safe**	**Infrastructure, Enterprise, Employment**
Intended outcomes: Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities.	Intended outcomes: Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB.	Intended outcomes: Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels.
Impacts of Proposal		
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 needs 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.		
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**

Intended outcomes:	Intended outcomes:	Intended outcomes:
All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services.	Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money.
Impacts of Proposal		
Although there are no direct policy implications, risk management is an essential part of corporate governance and will be a major factor in helping to achieve the above outcomes.		

4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

4.3 **Changes to Existing Policies**

This section is not applicable.

4.4 **Impact Assessments**

This section is not applicable.

5 **Budgetary Framework**

5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

5.2 The risk register sets out when the realisation of risks might have financial consequences. One of the criteria for severity is based on the financial impact.

6 **Risks**

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

7 **Alternative Options Considered**

7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

8   **Background**

8.1   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.

8.2   The SBRR is reviewed quarterly by the Council's Senior Management Team and the Council Leader and then, in keeping with members' overall responsibilities for managing risk, by the Executive. The latest version of the SBRR is set out as Appendix 1 to this report.

8.3   A summary of all the risks and their position on the risk matrix, as currently assessed, is set out as Appendix 2.

8.4   The scoring criteria for the risk register are judgemental and are 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.

8.5   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 (e.g. on-line), 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.

9   **Movements in Risk**

9.1   Any movements in the risk scores over the last six months are shown on the risk matrices in Appendix 1.

9.2   More than six months ago there were three risks in the "red zone" – Risks 4, 6 & 16 (as was, now numbered 17). Since then, as advised previously to Members, following the introduction of additional controls and mitigations, Risks 4 and 6 have come out of the red zone. Conversely, Risk 2 (Risk of Sustained Quality Service Reduction') moved into the red zone by virtue of the Likelihood of it occurring increasing. In this quarter, however, Risk 2 has been removed from the red zone for the reasons detailed below.

9.3   The objectives of the Corporate Workforce Steering Group[1] relating to the 'Review of Salaries, Benefits and Recruitment' have now been progressed such that 'Likelihood' of the identified risk materialising can be reduced from level 3 to level 2. The Remuneration Review confirmed that there was no overall problems with recruitment and retention but recognised that there were 'hard to recruit' areas which needed to be addressed case-by-case by, where appropriate, utilising the Market Forces Supplement Scheme. Other developments include a comprehensive branding initiative and increased channels of advertising. In addition, we are freezing the current Living Wage Foundation rate of pay at the current level, but that the frozen rate is increased in line with National pay awards until it is exceeded by the National Living

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[1] The Corporate Workforce Steering Group is a high level strategic team whose mission is to ensure that workforce planning within the Council is service-led, within a corporate framework. The Group enables joint planning and decision-making relating to the key priorities from the People Strategy Action Plan and monitors progression of these priorities. It evaluates opportunities for service improvement and/or efficiencies through the use of workforce planning.

Wage. Finally, subject to funding, a Corporate Apprentice Programme has been agreed to be developed with the first cohort planned for Sept. 2018. These matters were reported to the WSG and People Strategy Steering Group/Employment Committee in September 2017.

9.4   The other risk in the red zone was therefore Risk 16 (now 17): 'Risk of Local Plan being unsound' in the red zone. This came out of the red zone last quarter to reflect recent developments and was re-titled 'Risk of Local Plan not adopted'. This quarter the Risk has been removed. The grounds for this are as follows. The Local Plan has now been through a process of modifications following the Examination in Public. A further consultation took place and the Inspector has issued his report which, as a result of the modifications, found the plan 'sound'. The report was then submitted to Full Council and formally adopted on 20th September 2017.

9.5   Finally, in terms of recent movements on the SBRR, to reflect the current IT risk environment a new risk entitled 'Risk of failure to protect information assets from a malicious cyber-attack' has recently been added. This became the new Risk 13 with each of the subsequent risks being re-numbered. This was originally placed in the red zone but has been taken out of the red zone this quarter because it is now considered that the Likelihood score was initially over-rated. The likelihood of the risk materialising is still high but, as was suggested originally by assessing it at level 5, not certain.

9.6   In summary, there are currently no risks in the red zone.

10   **Emerging Risks**

10.1   As part of the process of assessing the significant business risks for the Council, some 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. Currently these comprise:

> The impact of national housing policy proposals on the Council's ability to remain a viable landlord – see para. 10.2, below.

> The EU referendum result, already recognised as a potential trigger to some of the Council's existing risks, will be kept under review so that as details emerge of exactly what Brexit may mean – generally for Local Government and specifically for this Council – its implications for the Council's risk environment can be considered further.

> The Government has started consultations around the proposed 100% Business Rate Retention by Local Government. Depending on how these proposals develop, which may impact upon funding as well as functions, it may be that they represent a threat or an opportunity to this Council, or perhaps a combination of both.

10.2   With regard to the first item, above, a review of the Housing Revenue Account (HRA) Business Plan has been presented to the April 2017 Executive. This noted that the Business Plan would continue to be reviewed on a regular basis as the underpinning assumptions might require further revisions when the provisions contained within the Housing and Planning Act 2016, which have the potential to significantly alter the existing financial regime that exists for publicly-owned housing, are finalised for implementation. Unfortunately the significant uncertainty as to when these changes might be implemented, the breadth of

their scope and their likely impact that existed at that time still remains. National housing policy remains in a state of flux and further reports will be brought to Executive as the position becomes clearer and the impact on the HRA Business Plan can be assessed. The SBRR will also be updated as necessary as a result of these assessments and continued scanning for other potential emerging risks.

10.3   Finally, SMT has assessed the implications for the Council arising from Grenfell Tower fire. SMT concluded that this does not warrant a separate entry within the SBRR but that additional controls and mitigations should be included within Risk 14. A corporate Fire Safety Group, chaired by the Deputy Chief Executive (BH) and comprising staff from Housing Services, the Assets Team within the Chief Executive's Office, Health and Community Protection and the Building Control Consortium has been established. This has met weekly since June to review and enhance fire safety measures within the Council's multi-storey blocks.