	EXECUTIVE **10 JULY 2019**	**Agenda Item No.** **16**

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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	3 April 2019 – 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	29 May 2019	Chris Elliott
Head of Service	29 May 2019	Mike Snow
CMT	29 May 2019	CMT
Section 151 Officer	29 May 2019	Mike Snow
Monitoring Officer	29 May 2019	Andrew Jones
Finance	29 May 2019	As S151 Officer
Portfolio Holder(s)	24 June 2019	Councillor Andrew Day
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 should note the emerging 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 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.		

Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
Intended outcomes: All staff are properly trained All staff have the	Intended outcomes: Focusing on our customers' needs Continuously improve	Intended outcomes: Better return/use of our assets Full Cost accounting

appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	our processes Increase the digital provision of services.	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 but it should be noted that if the report on a Strategic Business Plan elsewhere on this Executive agenda is agreed then the SBRR may need to be amended to reflect the contents of that eventual Plan.

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 Recent 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. There no such movements since the last report.

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. These have been mentioned in previous reports but as their status has not changed they are included again for completeness.

> Brexit – already recognised as a potential trigger to some of the Council's existing risks, this issue 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, the implications for the Council's risk environment can be considered further.

> Funding – the Government has started consultations around changes to the Business Rate Retention scheme by Local Government and the Fair Funding Review, with both these changes due to be effective from 2020/21. Depending on how these proposals develop, there may be a substantial impact upon the Council's finances.

Brexit

10.2 The EU referendum result and the possible implications of Brexit have been included as a trigger within Risks 2, 3, 6, 7. As the country moves closer to the (revised) departure date there is concern as to what the Council ought to be considering by way of contingency planning for potential impacts on services and the local community. That has been, and still is, difficult to do without

knowing the nature of the basis for the country leaving the EU (written 5 June 2019).

10.3 One service issue that has already has been identified relates to the potential need to set up a Port Health Authority for Coventry Airport. The extent and impact of this will depend on the detail and nature of the exit. By way of explanation, Coventry Airport is currently a postal hub and is not classed as a Border Inspection Post. However, the implications of the exit from Europe may require the establishment of a Port Health Authority in order to deliver the range of controls which are required. These could include inspection, monitoring and implementation of: insects and rodents on board aircraft, food and sanitation waste, imported food controls, noise, dust, water and air quality and civil contingency responsibilities.

10.4 Other actions being taken in respect of Brexit include:

- A sub-group of SMT is meeting weekly to review the impact of Brexit and actions required.
- SMT have agreed an Action Plan, to which all Heads of Service have contributed.
- Supply Chains are actively being considered. A new column has been included within the Contract Register for contract managers to comment on the potential impact of Brexit on the contract and the supplier.
- An event to inform EU citizens in the District of their settlement status was arranged for 19 March.
- Arranged for the use of the Government Funding awarded to Local Authorities to help prepare for Brexit (£35,000 over 2 years).
- Ongoing work for port health and imported food control. (The Council has received funding from the Food Standards agency –up to £28,000 in total will be paid upon conclusion of work and the delivery of a report to the FSA of our findings.)

10.5 There were two other significant actions that, for a period of time, were being undertaken:

- A lead officer was part of a weekly feed of issues up to government via a Local Authority regional representative and in turn is now receiving feedback from the government on various aspects of the proposed EU exit.
- A lead officer was party to a weekly telecom of the Warwickshire Local Resilience Forum (LRF).

These have stopped now until further instruction is received from government. It is anticipated that they will be restarted nearer the time of departure from the EU (currently scheduled to be 31 October 2019).

Funding

10.6 The Government has started consultations around changes to the Business Rate Retention scheme by Local Government and the Fair Funding Review, with both these changes due to be effective from 2020/21. Depending on how these proposals evolve, there may be a substantial impact upon the Council's finances. However, recent national government events may cause a delay to the reviews with consequent impacts on resource allocations for Local Government as a whole.