Title	Significant Business Risk Register
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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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	5 April 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 & Sustainability Impact Assessment Undertaken	No (N/A: no direct service implications)

Officer/Councillor Approval		
With regard to officer approval all reports _must_ be approved by the report authors, relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	**Date**	**Name**
Chief Executive	21 June 2017	Chris Elliott
CMT	21 June 2017	CMT
Head of Service	21 June 2017	SMT
Section 151 Officer	21 June 2017	Mike Snow
Monitoring Officer	29 June 2017	Andrew Jones
Finance	21 June 2017	As S151 Officer
Portfolio Holder(s)	29 June 2017	Councillor Mobbs
Consultation & Community Engagement		
Senior Management Team review of Significant Business Risk Register.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

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 the 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   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.

4.2   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.

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. There has been significant progress on this area, however, this remains in the red zone pending the full implementation of mitigations and controls.

9.3 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 has been re-titled 'Risk of Local Plan not adopted'.

9.4 To reflect the current IT risk environment a new risk entitled 'Risk of failure to protect information assets from a malicious cyber-attack' was added last quarter. This has become the new Risk 13 with each of the subsequent risks being re-numbered.

9.5 Thus, there are currently two risks in the red zone – Risks 2 and 13.

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 had started consultations around the proposed 100% Business Rate Retention by Local Government. However, following the General Election, the Government has gone silent on whether it will push ahead with its proposals.

10.2 With regard to the first item above, an updated Housing Revenue Account (HRA) Business Plan was presented to the March 2016 Executive in the knowledge that a further update would be required when there was more certainty as to the impact of the Planning and Housing Act on the viability of the HRA. The recent announcements of the abandonment of a compulsory 'Pay to Stay' levy and a deferral of the implementation of a levy to compensate Registered Providers for an extension of the Right to Buy legislation to their sector, pending a pilot scheme, have now provided more confidence that the impact, at least in the short term, is less likely to be significantly detrimental. A new update to the HRA Business Plan was presented to the April 2017 Executive, as part of the Housing Futures project, and further reviews will be undertaken during 2017/18 as and when new guidance emerges.

10.3 The SBRR will be updated as necessary in the light of this additional work and officers will continue to scan to identify other potentially emerging risks.

10.4 Finally, SMT has assessed, and is still assessing, the implications for the Council arising from the terrible events recently concerning Grenfell Tower, in the London Borough of Kensington and Chelsea. SMT felt that it didn't highlight an additional risk entry on the SBRR as the way the Council's risk register is formatted means it would be reflected under Risk 14 relating to Asset Management Risks. Consideration of the issue did highlight, however, the need to include some additional controls and mitigations and these are highlighted in yellow (colour only shown on screens, hard copy agendas are in black & white) in the Controls & Mitigations column of Risk 14. A key one of these is the establishment of the corporate Fire Safety Group, as explained in the separate report on Fire Safety in high-rise buildings elsewhere on the agenda