

 EXECUTIVE 30 SEPTEMBER 2015		Agenda Item No. 8A
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	29 July 2015 – 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 <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	7 Sept 2015	Chris Elliott / Andrew Jones
CMT	7 Sept 2015	CMT
Head of Service	19 Aug 2015	SMT
Section 151 Officer	2 Sept 2015	Mike Snow
Monitoring Officer	7 Sept 2015	Andrew Jones
Finance	2 Sept 2015	As S151 Officer
Portfolio Holder(s)	15 Sept 2015	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 then the Leader of the Council in consultation with the Corporate Management Team, the Section 151 Officer, and the Audit & Risk Manager.

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.

3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 To assist members fulfil their role in overseeing the organisation's risk management framework (see section 7, below).

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 referred to are immediately impending or are likely to happen. Ironically, 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 but paragraph 4.1 above is also relevant here.

8 **RESPONSIBILITY FOR RISK MANAGEMENT**

- 8.1 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."

9 **SIGNIFICANT BUSINESS RISK REGISTER**

- 9.1 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.

- 9.2 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.
- 9.3 The latest version of the SBRR is set out as Appendix 1 to this report.
- 9.4 A summary of all the risks and their position on the risk matrix, as currently assessed, is set out as Appendix 2.
- 9.5 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.
- 9.6 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 the matrix were in colour, 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.
- 9.7 Any movements in the risk scores over the last six months are shown on the risk matrices in Appendix 1.
- 9.8 Six months ago there were three risks in the "red zone" (Risks 4, 6 & 16). The last time that the SBRR was reported to the Executive (29 July) Members were advised that, following the introduction of additional controls and mitigations, a further risk – Risk 4: 'Risk of corporate governance arrangements not maintained effectively' – had its score reduced to move it out of the red zone. The main factors here were:
- § Group Leaders signing up to an informal protocol with regard to sanctions imposed by Standards against errant Members.
 - § Well-attended induction training sessions, thus far, for new Members.
- 9.9 As part of the current review of the SBRR, a further risk, Risk 6: 'Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reduction in operational costs)' has been removed from the red zone. The agreement to various projects set out in the FFF report to Executive on 3 September 2015 reduces significantly the likelihood of this risk occurring.
- 9.10 This currently leaves just Risk 16: 'Risk of Local Plan being unsound' in the red zone. This is discussed below.

Risk 16 – Risk of Local Plan being unsound

The Planning Inspector considering our Local Plan advised that the plan in its current form would be found unsound unless we withdraw it. Having considered this, we have now written to the Inspector to ask that he re-considers and suspends the plan to allow time for the authorities in the sub-region to agree how they will deal with un-met need from Coventry, together with addressing our windfall allowance. Until the new local plan is agreed the Authority is exposed to the possible consequences that are detailed in the Local Plan Risk Register. It is also the case that until the whole of the Local Plan process is complete this risk will be likely to remain in the red zone. The consequences of

the risk have been expanded to outline the impact the delay in the local plan may have on infrastructure funding and the Sustainable Community Strategy.

- 9.11 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. They include:

Staff recruitment and retention

The impact of national housing policy proposals on the Council's ability to remain a viable landlord.

Officers will look in more detail at these areas and update the SBRR as necessary and will continue to scan to identify other potentially emerging risks.