

 Executive - 9th October 2013		Agenda Item No. 9A
Title	Significant Business Risk Register	
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Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	10 th July 2013 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	17 Sept 2013	Chris Elliott / Andrew Jones
Head of Service	14 Aug 2013	SMT
CMT	17 Sept 2013	CMT
Section 151 Officer	17 Sept 2013	Mike Snow
Monitoring Officer	17 Sept 2013	Andrew Jones
Finance	17 Sept 2013	As S151 Officer
Portfolio Holder(s)	18 Sept 2013	Councillors Doody & 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.

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.

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 **ALTERNATIVE OPTIONS CONSIDERED**

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

7 **RESPONSIBILITY FOR RISK MANAGEMENT**

- 7.1 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."

8. **SIGNIFICANT BUSINESS RISK REGISTER**

- 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 then, in keeping with members' overall responsibilities for managing risk, by the Executive.
- 8.3 The latest version of the SBRR is set out as Appendix 1 to this report.
- 8.4 A summary of all the risks and their position on the risk matrix, as currently assessed, is set out as Appendix 2.
- 8.5 Several improvements to the SBRR have been made in recent months. Changes from one review period to the next are now identified to provide a record of movements i.e. a trail. (The types of changes are denoted in the 'key' at the end of the SBRR.) Also, the assignation of responsibility for controls is now detailed on the SBRR.
- 8.6 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.
- 8.7 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top, right (north-east) corner of the matrix whilst the converse is true for those risks plotted towards the bottom, left (south-west) 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.

8.8 Within the SBRR, five risks are currently in the “red zone”, as discussed below:

1. Risk of corporate projects and organisational change not being managed effectively

The score here reflects the problems experienced with some recent projects such as the Bowls England Project where a significant overspend against the original budget is anticipated.

To help ensure that projects in the future are managed better, specifically that projects are managed realistically and Members given confidence in the estimated costs associated with those projects, Executive at its meeting on 11 September resolved that, in the future, all projects will be drawn up within an adopted standard framework.

2. Risk of service quality reducing

The score here reflects the current financial pressures facing the Council, and the need to make further significant savings, there is increased likelihood of the savings impacting upon services. Whilst the impact may not be great, the worst case scenario may be for a significant impact upon a service or services. The work underway as part of Fit For the Future is seeking to make the savings whilst protecting and improving services should reduce the potential impact on service quality should changes in service be necessary.

6. Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reduction in operational costs)

This risk links with Risk 2, above. The risk rating has increased since the last review due mainly to the greater anticipation of a poor Revenue Support Grant Settlement and the concern that FFF Projects do not achieve sufficient savings. Various mitigations and controls are in place, with the identification of some new ones since the last review, but these do not counter sufficiently the likelihood of the risk materialising, nor its impact should it occur.

8. Risk of significantly reduced income

Again, this risk links with Risks 2 and 6. above in that there is a risk of reduced income, for example, by way of government grant, or from income from services, impacting upon services. In addition to the risk controls stated in the risk register, the Fit for the Future programme is seeking to ensure that services are maintained.

16. Risk of Local Plan being unsound or delayed

Until the new local plan is agreed the authority is exposed to the possible consequences detailed in the risk register. Accordingly, it is imperative that officers and members work to ensure the local plan is agreed in accordance with the agreed timetable.