

 <b>FINANCE &amp; AUDIT SCRUTINY</b> <b>28 July 2015</b>		<b>Agenda Item No. 7</b>
<b>Title</b>	Review of Cultural Services Risk Register by Finance & Audit Scrutiny Committee	
<b>For further information about this report please contact</b>	Rose Winship Head of Cultural Services Tel: 01926 456223 email: <a href="mailto:rose.winship@warwickdc.gov.uk">rose.winship@warwickdc.gov.uk</a> or Richard Barr Audit & Risk Manager Tel: 01926 456815 email: <a href="mailto:richard.barr@warwickdc.gov.uk">richard.barr@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	Not applicable	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	9 July 2013 – Finance & Audit Scrutiny Committee	
<b>Background Papers</b>	WDC risk management policy & guidelines	
<b>Contrary to the policy framework:</b>	No	
<b>Contrary to the budgetary framework:</b>	No	
<b>Key Decision?</b>	No	
<b>Included within the Forward Plan? (If yes include reference number)</b>	No	
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	N/A: no direct service implications	

<b>Officer/Councillor Approval</b>		
With regard to report approval all reports <i>must</i> be approved as follows		
<b>Title</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	26/6/2015	Andrew Jones
Head of Service	26/6/2015	Rose Winship
CMT		
Section 151 Officer	26/6/2015	Mike Snow
Monitoring Officer	26/6/2015	Andrew Jones
Finance	26/6/2015	As per S151 Officer
Portfolio Holder(s)	26/6/2015	Clr Sue Gallagher
<b>Consultation &amp; Community Engagement</b>		
None other than consultation with members and officers listed above.		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1 **SUMMARY**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Cultural Services Risk Register.

## 2 **RECOMMENDATIONS**

- 2.1 That Finance & Audit Scrutiny Committee should review the Cultural Services Risk Register attached at Appendix 1 and make observations on it as appropriate.

## 3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 To enable members to fulfil their role in managing risk (see section 8, below).

## 4 **POLICY FRAMEWORK**

- 4.1 The Cultural Services Risk Register is part of the Council's corporate risk management framework. The Register reflects the Council's corporate priorities and key strategic projects that are contained 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 **RISKS**

- 6.1 The risks are contained in the Service's Risk Register, set out as Appendix 1.

## 7 **ALTERNATIVE OPTION(S) CONSIDERED**

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

## 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:

"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 **BACKGROUND**

9.1 Executive agreed on 11<sup>th</sup> January 2012 that:

- (a) Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.
- (b) Portfolio Holder Statements should include each service's top three risks.
- (c) Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.
- (d) The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.

9.2 The full framework endorsed by Executive at that meeting is set out as Appendix 3.

9.3 Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this being presented to the January Executive meeting).

## 10 **CULTURAL SERVICES RISK REGISTER**

### 10.1 **Introduction**

10.1.1 The latest version of the Cultural Services Risk Register is set out as Appendix 1 to this report. The register was last reviewed on 15<sup>th</sup> June 2015.

10.1.2 The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied.

10.1.3 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, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

### 10.2 **Overview of Cultural Services Risk Management**

10.2.1 The Cultural Services Risk Register is owned and managed by Cultural Services Management Team (CSMT) and the Portfolio Holder for Culture. The register is reviewed on a regular basis by CSMT and is discussed on a regular basis by Head of Cultural Services and Portfolio Holder at their one-to-one meetings

10.2.2 Amendments to existing risks are made to the register as appropriate and when any new risks are identified. Any changes to risks are shown on the matrix attached as Appendix 1, allowing officers to track the history of the risk and the impact of mitigation.

10.2.3 The Cultural Services Risk Register includes the significant business risks across the service; some of these are common across the service and others, given the broad range of services, are very specific to a particular part of the service. Sitting beneath this Risk Register are a series of very detailed risk assessments within each part of the service which identify the day to day risks which exist within the service. In general terms these are health & safety risks relevant to the type of service being provided and include, risks to customers, staff and contractors visiting or working in our venues.

10.2.4 Individual officers in Cultural Services have a role to play in managing these risks, and each area of the service has an officer who takes the lead on ensuring that Health & Safety risk assessments are kept up to date and new assessments are carried out when new activities are introduced. These lead officers are supported by the Council Health & Safety Advisor who monitors risk assessments. The Head of Cultural Services undertakes an annual audit of "health & safety" across the service area. A number of the Cultural Services team have completed their IOSH Managing Safely Certificate and further training will take place at an appropriate time to offer the opportunity for more staff to gain this very useful qualification and reinforce the culture of "managing safely" across the service area.

### 10.3 Cultural Services Risks

- 10.3.1 Cultural Services is responsible for the provision of a wide range of diverse services. The risk register (Appendix 1) includes generic risks at the top of the document, followed by risks specific to the three areas of the service.
- 10.3.2 There are 41 risks contained in the Risk Register; 20 are service-specific risks and 21 are generic risks. There are currently 4 risks in the "red zone", two of which have moved into the "red" since the last review. Details of these risks are described in 10.3.3. One risk has moved from the "red" to the yellow since the last review. The table below summarises changes since the last review:

Risk	Previous residual risk rating	New residual risk rating
<b>Generic risks</b>		
Potential for financial loss through cash handling and banking procedures æ	6	8
Unauthorised access to buildings	12	8
Unplanned loss of operational staff æ	6	8
Failure of a major contract (1)	16	12
<b>Sports and Leisure</b>		
Failure of plant/machinery æ	10	15
Failure of major contract (2) æ	8	16
<b>Spa Centre &amp; Town Hall</b>		
Staffing gaps – inability to operate venues	5	4
Loss of Databox ticketing system æ	6	9
Theatre plant/lighting failure æ	5	10

- 10.3.3 The following major risks that have been identified at this point in time:-

#### **Plant Failure**

The Council undertook a Condition survey of all of its assets and selected items of plant and equipment in 2013. The results of the survey identified the life expectancy of key items of plant which are essential for the operation of a number of our buildings. As a result, it was felt that the risk rating for this element of the service needed to be increased to reflect the age and condition of these items, and the increased likelihood that at some point the plant could fail. Housing and Property Services are developing a programme of replacement for key plant; this, however, needs to be done in line with other pieces of work that are considering the future use of some of these assets. Any replacement schedule is also related to the investment proposals being developed as part of the Leisure Development Programme which will require significant replacement of plant to service any extended facilities.

### **Failure of Golf contract**

The golf course at Newbold Comyn is operated by an external contractor under contractual arrangements which extend to 2060. The contractor is experiencing difficult trading conditions and is in discussions with officers regarding what can be done to address this.

### **Flood threat at Royal Pump Rooms**

The riverside location of the Royal Pump Rooms leaves it vulnerable to flooding after periods of heavy rain. Historically the site and buildings have experienced flooding, and have led to well-established procedures to limit the damage caused should this situation occur in future. Flood defences are installed in the building to protect the art store and temporary gallery; early warnings are received from the National Floodline Services, and procedures are in place to alert staff out of hours should this be required.

### **Leaks into the Royal Pump Rooms from roof**

Again, at times of heavy rain, water penetrates the flat roof above the gallery. The condition of the roof was identified by the EC Harris Condition Survey, and verified by the Housing and Property Services team. No decision has been made on remedial work or a replacement roof, and this will not be done until the medium/long term future of the Royal Pump Rooms is confirmed. In the meantime, a schedule of regular roof inspections has been agreed and Housing and Property Services are considering options for the future in respect of roof design and relocation of plant currently installed on the roof. Until the time that a decision is made regarding a new roof, this significant risk will remain.

## **10.4 Review of Risk Register by Members**

- 10.4.1 It is proposed that Members should review the risk register set out as Appendix 1, confirming that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to challenge the Portfolio Holder and the Head of Cultural Services on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.