

 EXECUTIVE 29 JULY 2015		Agenda Item No. 8A
Title	Significant Business Risk Register	
For further information about this report please contact	Richard Barr Tel: (01926) 456815 E Mail: 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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	9 April 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	6 July 2015	Chris Elliott / Andrew Jones
Head of Service	10 June 2015	SMT
CMT	6 July 2015	CMT
Section 151 Officer	6 July 2015	Mike Snow
Monitoring Officer	6 July 2015	Andrew Jones
Finance	6 July 2015	As S151 Officer
Portfolio Holder(s)	6 July 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 discussions between the Leader of the Council, Chief Executive, Monitoring Officer, 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 five risks in the "red zone" (Risks 1, 2, 4, 6 & 16). The last time that the SBRR was reported to the Executive (9 April) Members were advised that two would have reduced scores taking them out of the "red zone" (Risks 1 and 2).
- 9.9 Since then, following the introduction of additional controls and mitigations, a further risk – Risk 4: 'Risk of corporate governance arrangements not maintained effectively' – has had its score reduced to move it out of the red zone. The factors here include:
- 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.
- 9.10 This now leaves two in the "red zone" as discussed below. An explanation of why the risks are in the red zone is set out below.

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

The risk rating is high here due to the anticipation of a poor Revenue Support Grant Settlement and the possibility that FFF Projects do not achieve sufficient savings. As reported in the Budget Review Report, various projects are being investigated which should enable savings to be made. Once there are more details of these projects and they are confirmed, it should be possible to reduce the likelihood of this risk occurring. However, until all of the FFF projects are complete the Council will remain in the red zone on this risk. In order to reduce the projected budget deficit Executive need to make a decision based on the four options presented to them. Not making a decision, or delaying making a decision, will keep this risk score high.

Risk 16 – Risk of Local Plan being delayed

In the light of the Local Plan being rejected by the Planning Inspector recently the risk score has increased. The description of the risk has also changed slightly. Previously the risk was described as 'Risk of Local Plan being unsound or delayed'. As the Local Plan has now been found as unsound by the Planning Inspector the risk that remains is that of delay in implementation. Clearly the Local Plan cannot be implemented until it is approved. The Council is currently appealing against the decision of the Planning Inspector. 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.