

 Finance & Audit Scrutiny Committee - 9 July 2013		Agenda Item No. 5
Title	Review of Cultural Services 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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	16 April 2013 – Finance & Audit Scrutiny Committee 11 January 2012 – Executive	
Background Papers	WDC risk management policy & guidelines	

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	23 May 2013	Chris Elliott
Head of Service	Co-author	Rose Winship
CMT		
Section 151 Officer	23 May 2013	Mike Snow
Monitoring Officer		
Finance	23 May 2013	As S151 Officer
Portfolio Holder(s)	22 May 2013	Councillor Cross
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

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 7, below).

4 **POLICY FRAMEWORK**

- 4.1 The Cultural Services Risk 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 **ALTERNATIVE OPTION(S) 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:

"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 **BACKGROUND**

8.1 Executive agreed on 11th 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.

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

8.3 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). Also, across the organisation, there are risk registers for specific projects such as the Clarendon Arcade.

9 **CULTURAL SERVICES RISK REGISTER**

- 9.1 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 by Head of Cultural Services and Portfolio Holder at their weekly one-to-one meetings with amendments being made as appropriate and any new risks being added to the register.
- 9.2 The register has developed over time and now includes a record of any changes to the residual risk rating. This is indicated by a black dot showing the previous rating.
- 9.3 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. Individual officers all 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 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. Nine members of the Cultural Services team recently completed their IOSH Managing Safely Certificate and a further course is planned later in the year to offer the opportunity for more staff to gain this very useful qualification and reinforce the culture of "managing safely" across the service area.
- 9.4 The latest version of the Cultural Services Risk Register is set out as Appendix 1 to this report.
- 9.5 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.
- 9.6 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top, right hand (north-east) corner of the matrix whilst the converse is true for those risks plotted towards the bottom, left hand (south-west) corner of the matrix. If the matrix was in colour, the former-described set of risks would be within the area shaded red, whilst the latter-described set of risks would be within the area shaded green; the mid-range would be seen as yellow.
- 9.7 The risks in each section have been mostly sorted in order from the highest residual risk rating to the lowest. This helps ensure that the operational management focus is on the mitigation of the highest likelihood and/or highest impact risks.

- 9.8 Some risks may be regarded as “generic”, i.e. they will impact upon all Service Areas, and so should appear on each Service Area’s Risk Register. In these cases, however, an individual Service will often take more of a lead in managing that risk, e.g. loss of accommodation or loss of ICT for which, in these instances, the lead Service Areas are Community Protection and Corporate and Community Services respectively.
- 9.9 A further explanation of the key points of the Cultural Services Risk Register is set out in paragraphs 9.9.1– 9.9.7 below.
- 9.9.1 There are 40 risks contained in the Risk Register and of these 21 are service-specific risks and 19 are generic risks. Through careful and prudent monitoring of the mitigations controls we have already improved the residual risk rating for 12 of the Service specific risks and for all 3 of the generic risks. Please see table below:

Risk	Original residual risk rating	New residual risk rating
Generic risks		
Loss or major damage to operational buildings	10	10
Unplanned unavailability of R/H offices	4	4
Plant failure	12	16
Loss of power/water	9	9
Loss of data	6	6
Failure to comply with Council policy and or legislation	6	6
Potential for financial loss through cash handling and banking procedures	4	6
Credit card fraud	12	12
Unauthorised access to buildings	12	12
Accidents to staff and customers	10	10
Abuse/attacks on staff	4	4
Legionella in operational buildings	10	10
Loss of WDC network	6	6
Loss of key management staff	6	6
Unplanned loss of operational staff	6	6
Non compliant procurement	8	8
Failure to manage budgets	6	6
Withdrawal of partners	12	12
Failure of a major contract	12	12
Management of leaseholders to ensure compliance	6	6
Loss of crucial suppliers of specialist goods	2	2

Risk	Original residual risk rating	New residual risk rating
Sports and Leisure		
Serious injury/loss of life	10	10
Failure of plant/machinery	10	12
Failure to achieve financial targets	9	9
Failure of partnerships	6	6
Failure of golf contract	6	9
Inability to run BACS DD system	8	8
Loss of Flex connections	2	2
Withdrawal of Flex software support	12	12
Failure to manage events appropriately	4	4
Art Gallery & Museum		
Flooding of Royal Pump Rooms	15	15
Serious leaks to roof	15	15
Theft or damage to collections	9	9
Loss of external grant funding	9	9
Spa Centre & Town Hall		
Failure to achieve budget targets	9	9
Staffing gaps – inability to operate venues	10	5
Loss of Databox ticketing system	6	6
Theatre plant/lighting failure	10	15
Acts of violence/threats to staff & public	10	5
Public in venues – theft, damage, violence	10	10

9.9.2 The highest residual risk rating across the service is related to failure of “plant and machinery”. There are generic risks across the service and specific risk in the leisure centres and at the Spa Centre and Town Hall where complex plant is installed and is fundamental to the safe and effective operation of the services delivered in these sites. These risks have recently been increased following receipt of the EC Harris Condition Survey report which identified the fact that much of the plant in a number of our buildings is nearing the end of its operational life. Property Services are currently considering the report and developing a programme of replacement. At this point the risk will be reviewed.

9.9.3 Within the generic risks there are two other key types of risks. Cultural Services have two major contracts who work with the department in delivering services to customers, namely the golf contract and the catering contract at the Pump Rooms and Jephson Gardens. If either of these contracts were to fail, there would be a significant impact on customers and on the financial position of the Council. In the current economic climate, trading conditions are extremely challenging for both these contracts, and as such the risks associated with them are high. Monitoring procedures are in place for both

contracts with quarterly performance meetings and regular discussion between the Head of Cultural Services and the DCE.

- 9.9.4 Cultural Services also work with a wide range of “partners” in formal and informal partnerships. The withdrawal of partners, depending on the nature of the partnership and the service being delivered could have a significant impact on the service. Examples of such partnerships include: dual use agreements with local schools for community access to sports facilities, Teatro theatre school, regional arts and museum networks, Bowls England, Sky Blue in the Community.
- 9.9.5 The Sports and Leisure service carries with it a number of high risks. The nature of the service means that there will always be a high degree of residual risk associated with injury and/or illness. The management of these risks is implemented through a series of very detailed risk assessments for activities, the professional and regular training of staff, and robust Normal Operating Procedures and Emergency Actions plans at all sites. This service relies heavily on the reliable operation of the Flex software that provides the ticketing, booking and banking data for the service. Whilst the ongoing risks of losing Flex operations for any significant length of time is low, there is a risk that, in the long term, support from Clarity, the company who own and support Flex, is uncertain and at some point there will be a need to consider alternative systems, with sufficient time allowed for specifying our needs and navigating the procurement process to provide for installation of a new system and training of staff.
- 9.9.6 The highest residual risk ratings for the Art Gallery and Museum are both related to the physical condition and position of the building. The proximity of the River Leam and the exposure to flood risk has been a high risk since the Art Gallery moved into this site in 2003. Whilst there are flood defences within the site and procedures for early warning of flood alerts, there remains a high residual risk that is difficult, if not impossible, to mitigate. The risk of damage to the building and the collection contained within it is greatest from roof leaks. The condition of the roof has been flagged in the EC Harris Condition survey and will feature in the ongoing maintenance programme being developed by Property Services.
- 9.9.7 The highest residual risk rating for the Royal Spa Centre and Town Hall is again the risk of loss of plant and specialist equipment. Again, featuring in the EC Harris report officers had pre-empted the need for replacement of sound and lighting systems in the main auditorium and these are included in the Equipment Renewal Reserve for the current financial year. Discussions are ongoing with property Services to agree the approach for replacement of other plant including boilers, ventilation etc. Without reliable plant, the quality of service that can be delivered is at risk and there is a consequent risk to the income generation of the venues with the potential for cancellation of shows and hirings and the reputational risk to the service. There has been a welcome reduction in the residual risk of vacant posts in this service as a result of the recent staff restructure and appointment of new team members. This has also had an impact on the risk of attacks on staff as the venue managers are now more able to provide suitable levels of staffing and be confident in the competency of the staff in post to handle difficult situations which if left unchallenged can develop into a difficult situation.

- 9.10 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 Cultural Services Management Team on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.