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|  EXECUTIVE 28 SEPTEMBER 2016 | | Agenda Item No. 9A |
| 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| Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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 | 27 July 2016 – Executive | |
| Background Papers | Minutes of Senior Management Team | |

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| 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) |

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| 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 | 31/08/16 | Chris Elliott |
| CMT | 31/08/16 | CMT |
| Head of Service | 31/08/16 | SMT |
| Section 151 Officer | 31/08/16 | Mike Snow |
| Monitoring Officer | 31/08/16 | Andrew Jones |
| Finance | 31/08/16 | As S151 Officer |
| Portfolio Holder(s) | 07/09/16 | 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) | | |
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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 the Leader of the Council.

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.
- 2.2 That the Executive note the emerging potential and changing risks identified in section 6 of this report.

3 **Reason for the Recommendations**

- 3.1 This report seeks to assist members fulfil their role in overseeing the organisation's risk management framework. 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.”

4 **Background**

- 4.1 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.
- 4.2 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. The latest version of the SBRR is set out as Appendix 1 to this report.
- 4.3 A summary of all the risks and their position on the risk matrix, as currently assessed, is set out as Appendix 2.
- 4.4 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 to assessing risk.
- 4.5 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 (e.g. on-line), 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.

5 **Movements in Risk**

- 5.1 Any movements in the risk scores over the last six months are shown on the risk matrices in Appendix 1.
- 5.2 More than six months ago there were three risks in the “red zone” (Risks 4, 6 & 16). Since then, as advised to Members previously, following the introduction of additional controls and mitigations, Risks 4 and 6 have come out of the red zone.
- 5.3 This quarter, however, Risk 2, ‘Risk of Sustained Quality Service Reduction’, has moved into the red zone by virtue of the Likelihood of it occurring increasing. This is discussed below.

Risk 2 – Risk of Sustained Quality Service Reduction

The likelihood of the risk occurring has increased slightly because there are a number of posts across the Council that are currently vacant and there is therefore a risk that this will impact on service delivery in some parts of the Council.

A work plan has been agreed by SMT and PSSG to implement a range of actions that will address the causes and impact of recruitment and retention difficulties.

- 5.4 The other remaining risk in the red zone is therefore Risk 16: 'Risk of Local Plan being unsound' in the red zone. An update is provided below.

Risk 16 – Risk of Local Plan being unsound

The Planning Inspector considering our Local Plan has confirmed that the submitted Local Plan (as modified in 2016) will be examined in detail during 9 weeks of hearings running from late September 2016 to December 2016. There continues to be a risk that the Plan will be found unsound, particularly as the housing requirement and spatial strategy are likely to be challenged by developers and community groups. However, whilst this risk remains in the red zone, the progress towards the hearings provides encouragement that the mitigation approach (e.g. the proposed modifications) continues to have potential to bring about significant reductions to this risk in the coming months.

6 Emerging and Changing Risks

- 6.1 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.

- 6.2 A piece of research has been asked of the Council's HR team to look into the data around staff recruitment and retention issue to determine if it is the issue that it is believed to be. The outcome of this has been incorporated into the People Strategy (agreed by Employment Committee in June 2016). However, in the meantime risk has been realised on the issue of staff vacancies as explained in paragraph 5.3 above.
- 6.3 The updated HRA Business Plan was presented to March 2016 Executive, with a further update due later in the year when there is more certainty as to the impact of the Planning and Housing Act.
- 6.4 The SBRR will be updated as necessary in the light of this additional work and officers will continue to scan to identify other potentially emerging risks. Officers undertook a PEST and SWOT analysis in the light of a huge number of changes in the Council's operating environment which was reported as part of the Fit for the Future Executive Report in June 2016. Since that was completed, however, we have had the EU referendum result and, given the overall national economic and political uncertainty arising as a consequence, it ought to be recognised as an additional potential trigger to movement in some of the Council's existing recognised risks in this register. Officers will keep this issue under review so that as details emerge of exactly what Brexit may mean generally and more specifically for Local Government and this Council, the implications, risk and mitigations can be considered.
- 6.5 In addition, the Council's ICT Manager was asked to review our current risks 12 and 14 in the light of increasing cyber-attacks on systems generally and ours specifically. This review has a modest effect on some as triggers, mitigations/controls and risk assessment.

7 **Policy Framework**

- 7.1 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 recorded are immediately impending or are likely to happen. Ironically, to not debate risks is to help them more likely to materialise.
- 7.2 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.

8 **Budgetary Framework**

- 8.1 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.
- 8.2 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.

9 **Risks**

- 9.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with a weak risk management process.

10 **Alternative Options Considered**

- 10.1 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.