

**BABERGH DISTRICT COUNCIL**

<b>From: Cabinet Member for Organisational Delivery</b>	<b>Report Number: BCa/17/72</b>
<b>To: Cabinet</b>	<b>Date of meeting: 10<sup>th</sup> May 2018</b>

**END OF YEAR RISK POSITION STATEMENT AND PROGRESS REPORT**

**1. Purpose of Report**

1.1 The report details movements of Significant Risks up to 31<sup>st</sup> March 2018 and the work undertaken around risk management processes since April 2017.

<b>2. Recommendations</b>
2.1 That the contents of this report, supported by Appendix A and B, be approved.
<b>Reason for Decision:</b>
To provide assurances that risk management processes in place are robust and effective.

**3. Financial Implications**

3.1 As detailed in the report.

**4. Legal Implications**

4.1 There are no immediate legal implications arising from this report.

**5. Risk Management**

5.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If risks are not managed it will have a detrimental effect on the Councils ability to make the right business decisions	Unlikely – 2	Bad – 3	The Risk Management Strategy, training and reporting arrangements ensure senior management and Members can obtain necessary assurance that the Councils are making every effort to reduce/eliminate risks of not achieving its objectives

**6. Consultations**

6.1 Risk owners were consulted on their relevant risks and the report and register were presented to SLT on 11<sup>th</sup> April 2018.

## **7. Equality Analysis**

7.1 There are no immediate equality and diversity implications associated with this report.

## **8. Shared Service / Partnership Implications**

8.1 The overall approach has been to develop a single shared model for risk management for both Councils and the Significant Risk Register attached is a shared document across the two Councils.

## **9. Links to Joint Strategic Plan**

9.1 The Joint Strategic Plan and the Work Programme to deliver it covers all of the service delivery and development activity planned to be undertaken across both Councils in the next five years. The way we manage key corporate risk is therefore intrinsic to this strategy and plan of work, and will be embedded in each key activity, project and programme.

## **10. Key Information**

10.1 To structure and formalise the risk management arrangements across all functions, Babergh and Mid Suffolk District Councils have developed a systematic and logical process of managing business risk within a comprehensive framework to ensure it is managed effectively, efficiently and coherently across the organisations. The Risk Management Strategy further outlines our approach.

10.2 It is the role of the Audit and Risk Management Services team within the Councils to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisations to take control of the risks that threaten delivery. The role of the team is also to provide a level of challenge and scrutiny to the risk owners through regular 1-1 meetings and group sessions.

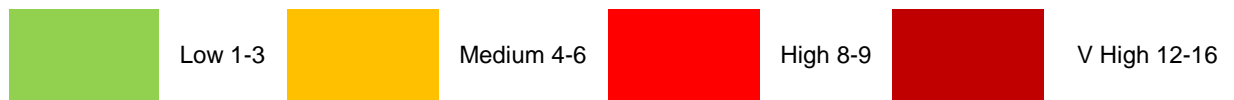
10.3 This report details movements of Significant Risks up to 31<sup>st</sup> March 2018 and the work undertaken around risk management processes since April 2017.

### **Significant Risk Register – Current position**

10.4 The Significant Register and process has been strengthened by including the addition of Cabinet Lead Members for each risk on the register to ensure dialogue between risk owners and Members. It is hoped that this will help further embed the risk process and ensure ownership by keeping relevant Members up to date with risks. This should also help equip Members with the knowledge to field queries from other Members should they arise. The register also now includes the ability to link to relevant projects; these risks will also be reflected in performance reporting. This piece of work is ongoing.

10.5 As at March 2018 there are 26 risks on the register, 0 low, 12 medium, 11 high and 3 very high. Mitigation progress for 25 risks are 'on track' with no identified issues, One risk has 'poor progress' (Risk 5j – see para 10.10.4). It is our opinion that the significant risks are being managed appropriately by a robust system of recording, monitoring and reviewing and Members can have confidence and assurance in the systems above. The charts below summarise levels of risk within each theme and should be read in conjunction with the full register (Appendix A) to provide further detail of each risk:

Risk scores:



### 10.6 Theme 1:



10.6.1 There have been no changes to the risk scorings from the previous quarter, however mitigation progress has been updated to reflect the latest position.

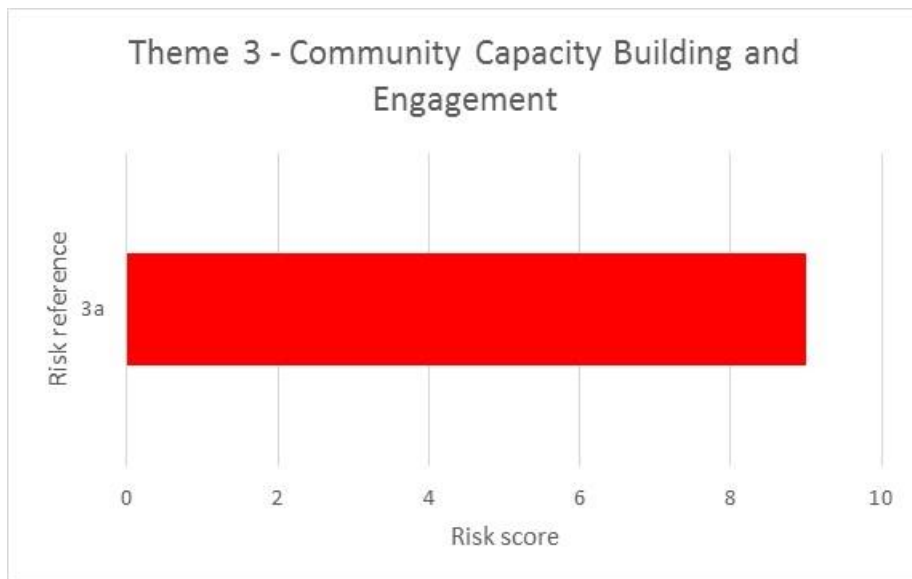
### 10.7 Theme 2:



10.7.1 Following group discussion and challenge, the inherent scores for risks 2a and 2b were decreased due to the consideration of external controls in place; 2a – the existence of the LEP reduces the likelihood score; 3b – It was considered the inherent likelihood and impact scores were reduced by the work undertaken by the Town Council and Chamber of Commerce. All current scores remain unchanged from the

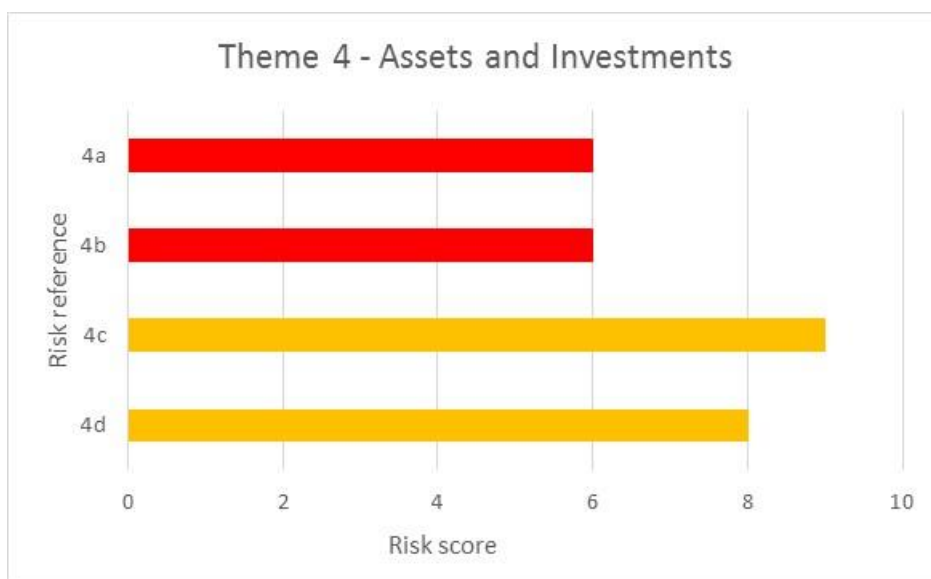
previous quarter, however mitigating actions have been updated to reflect the latest position.

### 10.8 Theme 3:



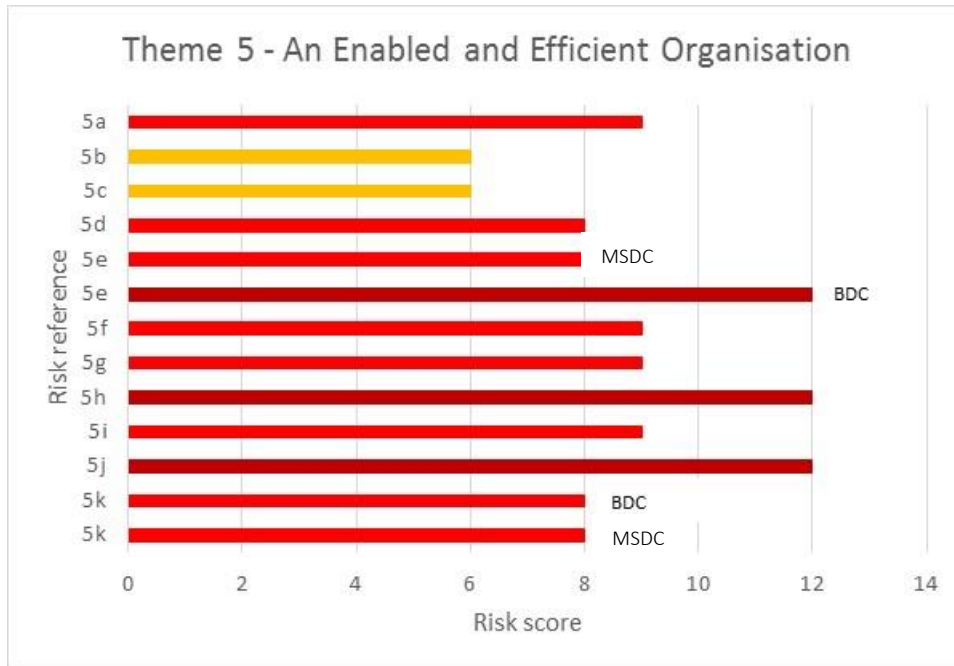
10.8.1 One risk under Theme 3 was removed and amalgamated with 3a – this was ‘*Failure to deliver Neighbourhood Plans*’. It was felt that this area was already being captured within the actions of risk 3a, therefore all mitigating actions relating to Neighbourhood Plans have been updated for this risk.

### 10.9 Theme 4:



10.9.1 The current score for risk 4c – *If we do not manage our asset portfolio effectively it may result in: lost opportunity; loss of capital value; increased revenue costs and loss of public confidence* has increased from a score of 6 (medium) to 9 (high). This was discussed as a group at the SLT risk review session and agreed that although the likelihood had decreased as a result of mitigating actions, the impact remained at a score of 3.

10.10 Theme 5:



10.10.1 Due to the progression of mitigating actions, two risks under Theme 5 were moved to the appropriate Operational Risk Registers for monitoring and review: *If we do not have robust governance arrangements that enable good decisions to be taken that are appropriate for the environment that we are operating in, then we will be unable to operate effectively and be at risk of potential legal challenge*, and *If SCC does not have a disaster recovery site for all systems hosted in Endeavour House and The Data Centre in Constantine House car park, then this could lead to the risks of integrity and availability of council information and services – off site back up is now in place at Bury St Edmunds.*

Operational registers can be viewed via the Audit and Risk Management section of Connect.

10.10.2 The Inherent score for risk 5e *If we do not understand our financial position and respond in a timely and effective way, then we will be unable to deliver the entirety of the Join Strategic Plan* in relation to **BDC** has had the likelihood score increased from a 3 to a 4 as it was felt that the scores for the two councils should reflect the different positions they are in.

10.10.3 Risk 5h – *If we fail to protect the safety, health, welfare and wellbeing of our employees and other persons to whom we owe a duty of care, then there could be significant consequences at corporate and individuals levels.* The score for this risk has decreased from 16 to 12 following the progress of the H&S action plan and actions put in place, significantly reducing the possibility of financial penalties.

10.10.4 Risk 5j - *If we experience challenges with staff recruitment and retention, then this will start to impact on performance, our income, the costs of potential legal challenge, government scrutiny, staff morale and public confidence*, is a new risk added to the register under Theme 5. Issues with staff retention and recruitment are being experienced particularly within the Planning department currently and actions are being taken to manage this.

- 10.10.5 Risk 5k is a new risk added to the register relating to not working together to realise efficiencies.
- 10.10.6 All other risk scores under Theme 5 remain unchanged from the previous quarter however, mitigating actions have been updated.
- 10.11 All Significant Risks have been plotted on the risk matrix below to provide an overview of levels of risks across the five themes:

Impact / Consequence	Disaster	4		4d, 5d, 5e, 5k	5e, 5h	
	Bad/Serious	3		1c, 1d, 1e, 2a, 2b, 2c, 4a, 4b, 5c	1b, 2d, 3a, 5a, 5f, 5g, 5i	5j
	Noticeable /Minor	2		1a	4c, 5b	
	Minimal	1				
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
			Probability / Likelihood			

10.12 Senior Leadership Team continue to meet quarterly with the Risk Team to review and challenge all risks on the register and discuss current and emerging issues that may require consideration for the register. These meetings are structured by way of an agenda and minutes captured. This provides evidence of the rationale behind the decision-making process.

**Operational Risks:**

- 10.13 A great deal of work has gone into improving and embedding risk management across the Councils in the past year and in addition to enhancements to the Significant Risk Register, Operational Risk Registers have been created. One new amalgamated risk register is now in place which captures significant, operational and project risks all in one place. This excel formatted document is located on the Audit and Risk Management page of Connect and can be accessed by all staff and Members at any point in time. The Operational Risk Registers are living documents which are being updated at any point in time.
- 10.14 Previously operational risks have only been captured on a sporadic basis and where registers have existed, they have not been in a consistent format or located in one central location. New Operational Risk Registers have now been created as above, and each service area sits under their appropriate strategic theme. These registers also include cross references to performance indicators and projects where relevant.
- 10.15 A presentation was given at the Corporate Managers Network meeting in January 2018 by the Risk Officer and Performance Officer, detailing what was required of managers to complete their registers and equipping them with the tools to do so. The

Risk Officer has spent a considerable amount of time with various officers assisting them to complete their registers. We are pleased to confirm that all 27 Operational Risk Registers have been populated and are available to view on Connect.

10.16 The next steps will be to put a process in place to ensure that these are updated on a regular basis and that there is a mechanism to make sure that these are communicated with relevant Assistant Directors to ensure any risks seen to be escalating, can be considered for inclusion on the Significant Risk Register. Analysis will also be undertaken to identify any generic risks which may pose a bigger risk.

Other work:

10.17 The Audit and Risk Management team continue to work with report writers offering guidance and assistance with capturing and recording the appropriate risks and scores in Committee reports. These are 'signed off' before submission to ensure continuity of risk wordings and scorings with the corporate Risk Matrix.

10.18 A reputational risk workshop for key staff was due to be held on 1<sup>st</sup> March 2018 but was unfortunately cancelled due to the heavy snow the region experienced. This has now been rescheduled and will be delivered by an external risk expert in May 2018.

10.19 Going forward into 2018/19, we aim to further embed risk management across the Councils and hopefully the creation of the Operational Risk Registers will enable this at all levels.

## 11. Appendices

Title	Location
(a) Significant Risk Register	Attached
(b) Risk Matrix	Attached

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