

## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Joint Audit and Standards Committee	<b>REPORT NUMBER:</b> <b>JAC/21/6</b>
<b>OFFICER:</b> Corporate Manager – Internal Audit and Data Protection	<b>DATE OF MEETING:</b> 27 <sup>th</sup> September 2021

### SIGNIFICANT RISK REGISTER REPORT AND RISK MANAGEMENT ACTIVITY

#### 1. PURPOSE OF REPORT

- 1.1 This report details the Significant Risks as of August 2021 and the work undertaken around risk management processes since April 2020.
- 1.2 Risk management as an activity must accomplish the following tasks: identify concerns; identify risks and risk owners; evaluate the risks as to likelihood and consequences; assess the options for accommodating the risk and prioritise the risk management efforts.

#### 2. RECOMMENDATIONS

- 2.1 That the contents of this report, supported by Appendix A and B, be noted.

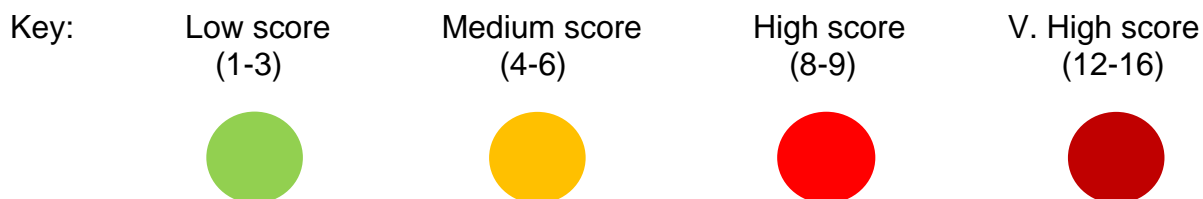
#### REASON FOR DECISION

To provide assurances that risk management processes in place are robust and effective

#### 3. KEY INFORMATION

- 3.1 Both Councils are committed to adopting good practice in its management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes.
- 3.2 The Councils are clear that the responsibility for managing risk belongs to everyone and that there needs to be an appropriate level of understanding of the nature of risk by all stakeholders.
- 3.3 The Councils consider and counter risk across a broad range of areas supported by an approved Risk Management Strategy. As part of good governance, the Councils manage and maintain a register of its significant risks which are linked to the Councils' priorities and regularly reviewed by the Senior Leadership Team and reported annually to this Committee.
- 3.4 This report provides Members with details of the Significant Risks as of August 2021 (see Appendix A) and the work undertaken around risk management processes since April 2020.
- 3.5 There are currently 20 risks on the register, of which risks 13 and 17 have been separated to reflect the different levels of risk scoring between the two Councils. In

summary, 14 risks have been scored as Medium; 6 have been scored as High; and 2 have been scored as Very High.



3.6 All Significant Risks have been plotted on the risk matrix below to provide an overview of levels of risks currently facing the Councils.

Impact / Consequence	Disaster	4	17 (MSDC)	17 (BDC), 18, 20	15	19
	Bad/Serious	3		2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13 (MSDC), 16	9, 13 (BDC), 14	
	Noticeable /Minor	2		1		
	Minimal	1				
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
Probability / Likelihood						

### Development of the Risk Register

3.7 The risk register has been enhanced to now include Target Scores. These scores are based on the successful completion of actions in the 'Further Actions/Comments' column as seen in Appendix A.

3.8 The Significant Risk Register was recently reviewed with consideration being given to de-escalating a number of risks to operational registers where they will be monitored at Corporate Manager level. This will be an ongoing exercise and should reduce the number of risks on the Significant Risk Register to a more manageable and meaningful number.

- 3.9 In addition to the above, an assurance review has recently been undertaken by the Internal Audit provider, TIAA, into the Councils' risk management arrangements. Their draft findings provided a 'Reasonable Assurance' audit opinion – *The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.*
- 3.10 The draft report will be presented to the Senior Leadership Team for their consideration. Management's response to the findings and recommendations within the document will be reported back to this Committee in November 2021 as part of Internal Audit's mid-term report.

### Top Risks

- 3.11 Below are details of those risks deemed to be 'top risks' facing the Councils at this point in time. These risks may not be the highest scored risks on the register but are those that are considered to be priority by members of Senior Leadership Team.

3.11.1 **Risk no. 12** – *Our data sources will not be reliable and efficient (current score 6)*

Not making best use of our multiple sources of data could result in the Councils not having a strong evidence base to support organisational decisions and assumptions. Using Power BI (Business Intelligence), which is a collection of software services, apps and connectors, now enables the Councils to join up and reconcile various databases to enable better decision making. A programme of work is being developed, which will enable end users to create reports and dashboards.

3.11.2 **Risk no.13** – *We may be unable to react in a timely and effective way to financial demands (NB This risk is specific to Babergh District Council only) (current score 9)*

If the Council does not respond to their projected financial position then they may be unable to deliver the entirety of the Joint Corporate Plan. Work is ongoing to identify options over the next 4 years under the 3 categories of: review; remodel and reinvent. The aim is to have a 4-year costed action plan rather than looking at just the next year. A detailed budget challenge across all service areas to be undertaken incorporating revenue, capital and reserves. Identifying specific areas of focus to achieve cost reductions or additional income in-year and over the medium-term.

3.11.3 **Risk no. 16** – *Achievement of our strategic priorities and ambition of the New Corporate Plan may be impaired (current score 6)*

Current organisational change, available skills, resources and demand for our services may mean we may be unable to achieve our strategic ambitions within our desired timescales and not able to meet our communities and stakeholder's expectations. Mitigating actions include the development of a programmes and project approach; development of People Strategy and action plan; development of strategies, key policies/procedures; realignment of roles/responsibilities.

3.11.4 **Risk no. 18** – *The Councils will not be carbon neutral by 2030 (current score 8)*

Without adequate funding and industry solutions developed to take advantage of (e.g. alternative fuelled refuse trucks), the Councils may not be carbon neutral by 2030 resulting in the motion not being met and the Councils actively contributing to climate decline. Approval of a Carbon Reduction Management Plan and a Biodiversity Action Plan show that the Councils are committed to reducing their carbon footprint and increasing biodiversity. Both Councils have created an Environment Earmarked

reserve to support the action within those plans. Access to external funds is being maximised.

**3.11.5 Risk no. 19** – *There is a risk that COVID 19 will impact on the efficiency and effectiveness of service delivery (current scores 16)*

The COVID-19 pandemic has had a significant impact on the Councils' finances – loss of income; delayed collection of income; and increases in expenditure. The Councils have quickly mobilised an emergency response structure and now working on the recovery phase, which is being monitored by the Senior Leadership Team.

The Councils' S151 Officer is closely monitoring the authorisation of emergency expenditure and use of reserves. Three tranches of funding have been provided to date by the Ministry of Housing, Communities & Local Government (MHCLG). Projected loss of income and additional expenditure compared against reserve levels have been provided to give assurance to external audit on 'going concern' concept.

Emergency response structures which have been stood down from the summer pandemic can be re-instigated quickly and effectively. Critical services have been identified, staff redeployment systems are effective and resource can be repositioned to support critical services if needed. National and local track and trace arrangements will help to control the spread of the virus from confirmed cases to the wider staff body.

#### Operational risks

3.12 As mentioned above, a number of risks have been de-escalated from the Significant Risk Register and are now monitored via the appropriate operational register. These registers continue to be updated and discussed between Corporate Managers and their Assistant Directors.

#### Other work

3.13 The Corporate Manager for Internal Audit and Risk Management continues to work with report authors offering guidance and assistance with capturing and recording the appropriate risks and scores in Committee/Cabinet reports. Once reviewed, reports are 'signed-off' before submission to ensure correct use of risk wording and scoring is applied.

3.14 The Corporate Manager for Internal Audit and Risk Management is a member of the Public Realm Working Group tasked with unifying the service delivery arrangements across both Councils with responsibility for identifying, managing and reporting on risks of developing a single in-house operation.

## **4. LINKS TO CORPORATE PLAN**

4.1 The Corporate Plan and the Work Programme to deliver covers all of the service delivery and development activity planned to be undertaken across both Councils in the forthcoming years. The way we manage key corporate risks is therefore intrinsic to the successful delivery of the plan will be embedded in each key activity, project and programme.

## 5. FINANCIAL IMPLICATIONS

As detailed in the report.

## 6. LEGAL IMPLICATIONS

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

## 7. RISK MANAGEMENT

7.1 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

## 8. CONSULTATIONS

8.1 Risk owners were consulted on their relevant risks.

## 9. EQUALITY ANALYSIS

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

Equality Impact Assessment (EIA) not required.

## 10. ENVIRONMENTAL IMPLICATIONS

10.1 Significant Risk 18, recognises the environmental implications associated with Climate Change and becoming carbon neutral by 2030.

## 11. APPENDICES

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

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