

NAME OF COMMITTEE	Audit Committee
DATE	11 April 2013
REPORT TITLE	Strategic Risk Assessment - 6 monthly update
Report of	Corporate Director (Alan Robinson)
WARDS AFFECTED	All

Summary of report:

In accordance with the Joint Risk Management Policy adopted by South Hams District Council on 10 May 2012 and by West Devon Borough Council on 17 May 2012, this report provides the required 6 monthly update for Members on the current situation with regard to corporate strategic risk assessment and a summary of the management/mitigation of the identified risks.

Financial implications:

There are no direct financial implications arising from the report, although effective corporate risk management may help protect the Councils from future losses.

RECOMMENDATIONS:

That the Audit Committees of both Councils review the strategic risks with scores over 16, as identified by officers, commenting on the nature of the risk and the risk management actions proposed, with the objective of improving corporate risk management.

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1. BACKGROUND

- 1.1 Following the recommendation of WDBC Audit Committee on 3 April 2012, the Council at its meeting on 17 May 2012 resolved to adopt the Joint Risk Management Policy.
- 1.2 Following the recommendation of SHDC Audit Committee on 5 April 2012, the Council at its meeting on 10 May 2012 also resolved to adopt the Joint Risk Management Policy.
- 1.3 The Joint Risk Management Policy requires the Senior Management Team to undertake reviews of the Corporate Risk Tables on a monthly 'light touch' basis

and more comprehensively on a quarterly basis. It also stipulates that a Corporate Director will provide update reports to both Audit Committees on a six monthly basis.

2. STRATEGIC RISK REGISTER

2.1 The risks currently monitored by SMT are set out in five tables (Confidential Appendix 1) as follows:

- Table 1 - Strategic Political Risks
- Table 2 - Strategic Management Risks
- Table 3 - Strategic Staffing Risks
- Table 4 - Strategic Financial and Asset Risks
- Table 5 - Corporate Issues Risks.

2.2 The tables include a summary of mitigating and management actions undertaken, or proposed, to manage the identified risks. Monitoring requires both a proactive approach to assessing potential risk, as well as carrying out retrospective reviews to improve learning from risk and embedding it across the organisations. Appended to the risk tables is a Risk Scoring Matrix which has been used to identify risk status. A risk rating is developed by assessing risk impact/severity and multiplying it by the likelihood/probability of the risk occurring. The risk score is the assessment based on the mitigation being successful.

2.3 The final attachment within Appendix 1 is a table which summarises the strategic risks, identifying the key risks at the point of the last review. The tables are therefore living documents and will regularly change in response to issues arising. Members should note that while risk is assessed collectively within SMT, the judgments in relation to the scores are inevitably subjective.

2.4 It is suggested that the Committees' attention is focussed on those risks with the highest score i.e. the risks with a score above 16. While members are invited to focus on the key risks, members are also welcome to review any of the risks identified, including questioning whether the risk is appropriately scored, or whether further mitigating actions are required.

3. HIGH RISK ISSUES IDENTIFIED BY SMT

3.1 Based on SMT's review of the attached risk tables, the high level risks are as follows (i.e. those with a risk score of 16 and above. For more detail please refer to the confidential risk tables attached):

Strategic Financial and Asset Risks

F3 (16) - Future major asset and service pressure;

F4 (16) - Robustness of medium term financial strategy and service blue-prints;

F6 (16) - Funding of future capital programme.

Strategic Management Risks

M2 (16) – Project Delivery – Failure to deliver projects on time and within budgets

M7 (16) - Management capacity to respond to the level of external demand generated by a combination of changes at the national level as well as customer/community requirements. This risk also relates to the capacity of staff as identified in S1 (see below).

Strategic Staffing Risks

S1 (20) - Officer capacity to implement the Connect Strategy and associated delivery plans, and the 2015 Transformation Programme, in tandem with service-based policy development, project delivery and day-to-day delivery.

S2 (16) – Loss of staff morale and inadequate resources for training and re-skilling in period of change.

Corporate Issues Risks

CI-7 (16) - Meeting Community Expectations in relation to Localism and the Planning Process.

CI-11 (20) - Tamar Valley Mining Heritage Partnership;

CI -12 (16) – Potential DNPA Enforcement Action re Travellers at Marley Head.

CI-17 (16) – Leaf sweeping – waste reclassification

- 3.2 Since the tables at Appendix 1 were last reviewed by the Committees in September 2012, a number of risks have been resolved and therefore removed from the risk register. As examples, risks that have previously been identified include those relating to HR policy differences between the two Councils; financial governance arrangements arising from shared services; and specific risks associated with the alignment of the Revenues and Benefits ICT systems across the two authorities and the potential outcome of legal action at the Focus site in Tavistock. SMT believe that all of these corporate risks have now largely been addressed.
- 3.3 Members may also wish to note that the strategic political risks initially identified in Table 1, that were associated with a combination of the election of the new Councils in 2011 in tandem with a significant reorganisation of staff, are now judged by SMT to have largely been mitigated and all the risks in this part of the register are deemed to be low.

4. LEGAL IMPLICATIONS

- 4.1 The Audit Committees have a role in keeping under review and recommending to their respective Councils improvements in relation to effective risk management.
- 4.2 There are no direct legal implications arising from the report although a strategic focus on risk management is good practice.
- 4.3 An assessment has been carried out as to whether the public interest in withholding the information in Appendix 1 outweighs the public interest in disclosing it. For some parts of the Risk Register, the public interest lies in non-disclosure due to the potential commercial/financial/legal nature of some of the risks identified.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications of the report, although effective corporate risk management may help protect the Councils from future losses.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Statutory powers:	None specifically identified
Considerations of equality and human rights:	Factored into individual risk assessments where appropriate. Equalities Impact Review of the Risk Management Policy in hand.
Biodiversity considerations:	Factored into individual risk assessments where appropriate
Sustainability considerations:	Factored into individual risk assessments where appropriate
Crime and disorder implications:	Factored into individual risk assessments where appropriate
Background papers:	Joint Risk Management Policy
Appendices attached:	APPENDIX 1 - NOT FOR PUBLICATION <ul style="list-style-type: none">• Table 1 - Strategic Political Risk• Table 2 - Strategic Management Risks• Table 3 - Strategic Staffing Risk• Table 4 - Strategic Financial and Asset Risks• Table 5 - Corporate Issues Risks• Risk Scoring Matrix• Summary of Corporate Risk Matrix