

NOT FOR PUBLICATION

EXEMPT INFORMATION – Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information). Note that ‘person’ may include a corporate body.
(Applies to all Appendices)

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Audit Committee
DATE	3 April 2014
REPORT TITLE	Strategic Risk Assessment - 6 monthly update
Report of	Head of Finance and Audit
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 to Members. The report includes the current corporate strategic risk assessment and a summary of the management and mitigation actions to address the identified risks.

Financial implications:

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

RECOMMENDATIONS:

1. That the Committee review the strategic risks and makes recommendations to Council on any further action the Committee concludes should be considered.

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1. BACKGROUND

- 1.1 The Council at its meeting on 10 May 2012 resolved to adopt the Joint Risk Management Policy.
- 1.2 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 member of the Senior Management Team will provide update reports to the Audit Committee on a six monthly basis. This is the responsibility of the Head of Finance and Audit.

2. STRATEGIC RISK REGISTER

- 2.1 The risks currently monitored by SMT are set out in five tables (Appendix 1) as follows:
- Table 1 - Strategic Financial and Asset Risks
 - Table 2 - Strategic Management Risks
 - Table 3 - Strategic Staffing Risks
 - Table 4 - Corporate Issues Risks.
 - Table 5 – Transformation Programme 2018
- 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 two Councils. The risk tables refer to both shared risks as well as risks affecting only one Council, on the basis that there is a benefit in understanding risks faced across the two organisations and an opportunity to share learning from managing those risks. 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 identified is the assessment based on the mitigation being successful.
- 2.3 The final attachment within Appendix 1 summarises the strategic risks, identifying the key risks at the point of the review. The tables are 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 and Member challenge of the officer conclusions is therefore welcomed.
- 2.4 It is suggested that the Committee's 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 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

FA06 (16) – Funding of the future capital programme.

Strategic Management Risks

MT07 (16) - Management capacity to respond to the level of external demand which is generated by a combination of national policy changes as well as customer/community requirements. This risk also relates to the capacity of staff as identified in ST01 (see below).

Strategic Staffing Risks

ST01 (20) - Officer capacity to implement the Connect Strategy/associated delivery plans and the Transformation Programme, in tandem with service-based policy development, ongoing project implementation and day-to-day delivery.

ST02 (16) – The potential loss of staff morale, including key staff leaving, coupled with the risk of inadequate provision of resources for training and re-skilling during an ongoing period of significant change.

Corporate Issues Risks

CI07 (16) - Meeting community expectations in relation to Localism, particularly within the planning process.

CI23 (16) – Compost Protocol changes and the potential impact on recycling performance and costs.

Transformation Programme 2018

T18 23 (2-25) – Senior Management restructure and the appointment process fails to deliver senior management capability needed to ensure the success of the T18 model.

Resolved Risks

3.2 The Councils retain a register of all the risks that have been judged to have been resolved. These have not been repeated in the Appendices as they are all under a risk score of 16 and are deemed to be resolved. These are kept under review and if the risk score changes they will reappear back on the risk registers.

- 3.3 Members may also wish to note that the strategic political risks associated with major organisational change to embed shared services are now judged by SMT to have largely been mitigated. Therefore the risks in this part of the register are deemed to be low or resolved.

Transformation Programme 2018

- 3.4 The Transformation Programme 2018 potentially addresses many of the strategic risks facing both the Councils; however a large scale change programme also generates significant risks for the Councils. These are detailed in the report.

4. LEGAL IMPLICATIONS

- 4.1 The Audit Committee has a role in keeping under review and recommending to Council 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 most 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 Council 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 place.
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:	APPENDICES – NOT FOR PUBLICATION Table 1 - Strategic Financial and Asset Risks Table 2 - Strategic Management Risks Table 3 - Strategic Staffing Risks Table 4 - Corporate Issues Risks. Table 5 – Transformation Programme 2018