

Audit Committee Meeting	Agenda Item:
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Meeting Date	19 September 2011
Report Title	Strategic Risk Register
Portfolio Holder	Performance and Finance
SMT Lead	Corporate Services Director
Head of Service	Head of Audit Partnership
Lead Officer	Head of Audit Partnership
Key Decision	No
Classification	Open

Recommendation	That Audit Committee note the Strategic Risk Register and the process leading to its creation (shown at appendix I)
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1 Purpose of Report and Executive Summary

- 1.1 The Council's Strategic Risk Register has been 'refreshed' so that it more closely reflects the Council's strategic objectives and the changed political and financial landscape. The Cabinet has endorsed the risk register so that action plans can be prepared to manage or mitigate the risks shown. Audit Committee is now asked to note the risk register in the context of its role of monitoring the effective development and operation of risk management in the Council.

2 Background

- 2.1 Risk management workshops have been held with Strategic Management Team and with Cabinet in order to identify the key risks to the delivery of the Corporate Plan. In addition a series of training sessions have been held with Senior Managers, Unit Managers and Members to increase awareness of risk management.
- 2.2 The attached Strategic Risk Register, which is shown at Appendix A of the report from Zurich Management Services (attached), sets out five key strategic risks.

3 Proposal

- 3.1 The new Register was developed through a risk workshop process which sought to identify the risks to the successful delivery of the Council's strategic objectives.

- 3.2 Each risk was discussed to ensure common agreement and understanding of its description and then prioritised according to likelihood and potential impact on the ability of Swale Borough Council to achieve its Mission, Aim and Corporate Priorities. The 'ownership' of each risk was then assigned to a senior manager who now has overall responsibility for ensuring that the risk is effectively managed; as follows:

Risk Description and 'Risk Owner'

- 'Prioritisation in the context of a reducing resource base' - Head of Corporate Strategy & Communications/Head of Finance
- 'Delivering regeneration' – Director of Regeneration
- 'Ability and capacity of people to take control of their own communities (in the context of the Big Society agenda)' - Head of Economy and Community Services
- 'Becoming the Council we need to be' – Corporate Services Director
- 'New service delivery arrangements/models' – Head of Commissioning and Customer Contact

- 3.3 Following the endorsement and adoption of the new strategic risk register by Cabinet on 24 August 2011, the risk owners have been asked to complete individual Management Action Plans setting out the action to be taken, who will take the action and the key dates for the action to be taken by.

- 3.4 The Action Plans will be entered onto the corporate performance management system, Covalent, so that actions can be monitored and tracked. The actions will be reported as part of the performance monitoring reports that are provided to Strategic Management Team and Cabinet.

- 3.6 The Council's Corporate Plan is currently under review. If changes are made to the Council's strategic priorities, the risk register will be amended as necessary.

4 Alternative Options

- 4.1 It is important that a process exists to ensure that key risks to the delivery of strategic objectives are identified and that action is taken to manage and mitigate the risk. The Audit Committee needs to be aware of the risk register and the process for creating it. There are no alternative options.

5 Consultation Undertaken or Proposed

- 5.1 The strategic risk register was prepared following consultation (through risk workshops) with Strategic Management Team and Cabinet. The register was

considered at a meeting of the Strategic Management Team on 2 August 2011 where some minor changes were made. The draft Register was reported to Cabinet on 24 August 2011 for endorsement and adoption.

6 Implications

Issue	Implications
Corporate Plan	The strategic risk register reflects the key priorities within the Corporate Plan.
Financial, Resource and Property	Some of the risks have financial and resource implications. Effective risk management will help protect the Council's budgets.
Legal and Statutory	None identified at this stage
Crime and Disorder	None identified at this stage
Risk Management and Health and Safety	Risk management is the basis of the report.
Equality and Diversity	None identified at this stage
Sustainability	None identified at this stage

7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report
- Appendix I: Strategic Risk Register Refresh workshop for Senior Management Team report (including, at Appendix A, the Strategic Risk Register) – Zurich Management Services.

8 Background Papers

- 8.1 None

Private and Confidential



Strategic Risk Register Refresh workshop for Senior Management Team report

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1. Introduction

On 17th January 2011, a Strategic Risk Register refresh workshop was conducted with members of the Strategic Management Team at Swale Borough Council. This workshop provided an opportunity for attendees to identify and prioritise the key risks that could affect the ability of the Council to achieve its Mission, Aim and Corporate Priorities.

During the workshop, SMT attendees identified and prioritised the key strategic risks for the Council from their perspective but in doing so their discussion was also informed by the outcomes from a similar workshop undertaken with Executive Members on 8th December 2010.

As with the Executive Members workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised according to likelihood and potential impact on the ability of Swale Borough Council to achieve its Mission, Aim and Corporate Priorities. A further step was also taken in assigning ownership of each of the risks to a senior manager who then has overall responsibility for ensuring that the risk is effectively managed.

This report outlines the process used by Zurich Risk Engineering and the outcomes achieved from the workshop. In doing so it includes detail on the strategic risks that were identified and prioritised by the members of the Strategic Management Team.

This is a private and confidential document prepared exclusively for Swale Borough Council by Zurich Risk Engineering. It has been distributed to Jennie Daughtry, Audit Manager and a copy has been retained by Zurich Risk Engineering.

2. Executive Summary

The table below includes a summary of the risks that were identified and prioritised at the workshop and the initials of the risk owner that was assigned to each one.

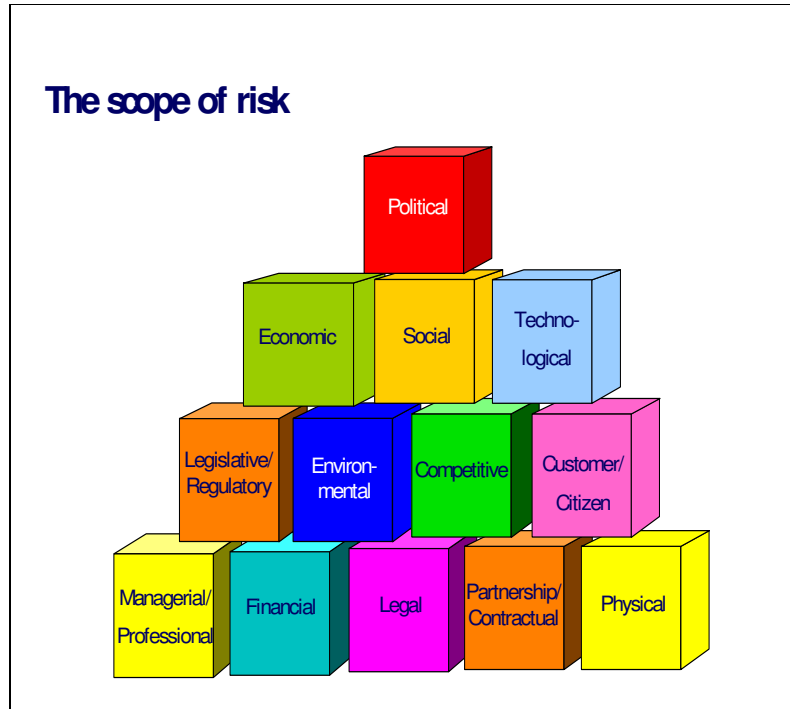
Summary of risks identified and prioritised

No	Risk Description	Prioritisation	Risk Owner
1	Prioritisation in the context of a reducing resource base	Significant (4) / Severe (3)	LM / NV
2	Delivering regeneration	High (5) / Severe (3)	PR
3	Ability and capacity of people to take control of their own communities (in the context of the Big Society agenda)	Significant (4) / Medium (2)	EW
4	Becoming the Council we need to be	Low (3) / Severe (3)	MR
5	New service delivery arrangements / models	Very Low (2) / Severe (3)	DT

3. The Process

Risk Identification

The first stage of the risk management cycle requires risk identification. In doing so, members of SMT considered the following categories of risk.



Risk Analysis and Prioritisation

At the workshop 5 key strategic risks were identified, these were then prioritised using the matrix below. In doing so, attendees prioritised residual risk by taking account of actions already in place to manage the risks.

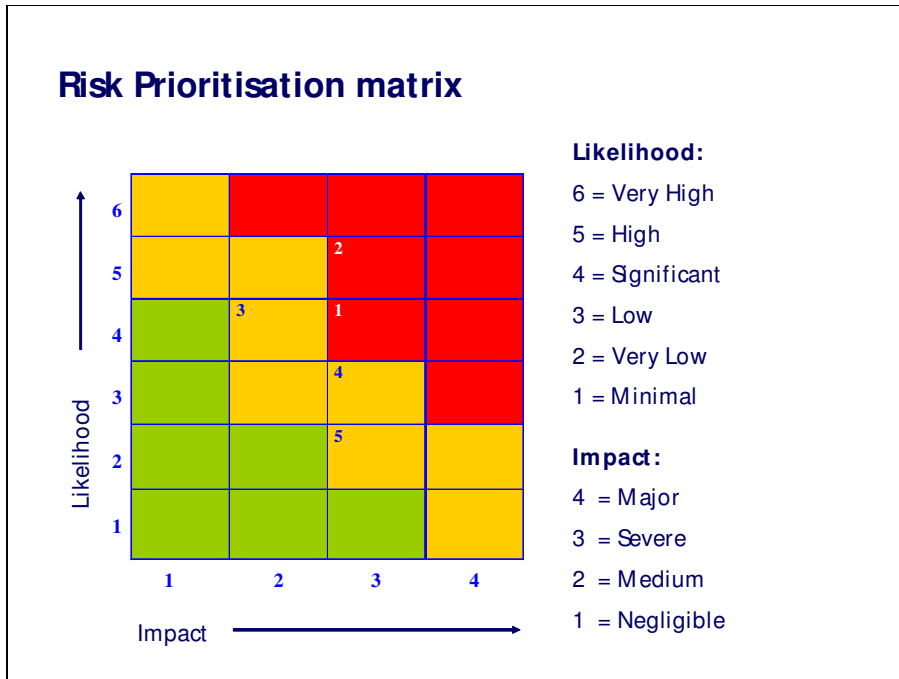
Risk 1 – Prioritisation – in the context of a reducing resource base

Risk 2 – Regeneration

Risk 3 – Ability and capacity of people to take control of their own communities (in the context of the Big Society agenda)

Risk 4 – Becoming the Council we need to be

Risk 5 – New service delivery arrangements/models



4. Next steps

Risk Management and Monitoring

At the workshop, senior managers were assigned ownership of each of the risks and in doing so were given overall responsibility for ensuring that each risk is effectively managed.

It is therefore recommended that action plans for addressing each of the risks are completed as soon as possible. These plans should include a summary of actions already in place, an assessment of how adequate these actions are and also further actions required (including responsibilities for actions and timescales).

It is also important that the risks and associated action plans are monitored and reviewed on a regular basis to ensure that they remain relevant and up to date and risks owners have a key role in overseeing the development and review of the plans.

Strategic Risk Register

Risk Scenario 1: Prioritisation.

Risk Owner: LM / NV

Risk Description:	Prioritisation in the context of a reducing resource base		
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact
<p>The Council needs to prioritise its activities (including service delivery) in the context of a reducing resource base.</p> <p>This includes ensuring that ambitions / priorities are matched to the resources available and that a realistic strategy is outlined in the Medium Term Plan.</p>	<p>Focus is directed in the wrong areas / fail to focus resources where needed.</p> <p>Ambitions fail to be accurate / realistic.</p> <p>Lack of ownership of the Medium Term Plan.</p>	<ul style="list-style-type: none"> • Unrealistic plans • Resources over-committed • Breakdown of officer / member relations • Fail to deliver in key areas • Lack of confidence in the Council / unhappy residents / challenges to decisions • Stakeholder dissatisfaction 	<p>Significant (4) / Severe (3)</p>

Risk Scenario 2: Regeneration.

Risk Owner: PR

Risk Description:	Delivering regeneration		
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact
<p>Delivering regeneration is a key priority for the Council and this requires significant infrastructure (including human infrastructure) to be in place.</p> <p>However this is at a time of difficult global and local economic conditions, reductions in central government funding and significant financial pressures on investors.</p> <p>The Council is also starting from a low base as the borough has significant areas of deprivation.</p>	<p>Prolonged funding cuts.</p> <p>Private and public investment slowed down or stopped.</p> <p>Forced into making short term decisions / wrong decisions.</p>	<ul style="list-style-type: none"> • Quality of life in the borough fails to improve e.g. lack of employment opportunities, new housing etc. • Loss of confidence from the public / from potential investors in the borough • Infrastructure doesn't come forward • Sites remain vacant • Reputation of the Council and borough undermined 	<p>High (5) / Severe (3)</p>

Risk Scenario 3: Big Society agenda.

Risk Owner: EW

Risk Description:	Ability and capacity of people to take control of their own communities (in the context of the Big Society agenda)		
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact
<p>The Council needs to support local people in taking control of their own communities across the borough. This includes engaging with them and supporting them in identifying and developing the capacity and skills required.</p> <p>This is in the context of a need to clarify what the Localism and Big Society agendas mean in reality and how they can be delivered on (there is a perception of some cynicism and apathy from the community on this).</p>	<p>Fail to get appropriate levels of support from the community.</p> <p>Skills and capacity required from the community not available.</p> <p>Members and officers fail to fully understand and grasp the agenda.</p>	<ul style="list-style-type: none"> • Polarisation of communities and places • Potential service failures • Loss of critical mass • Loss of economies of scale • Breakdown of democratic process • Loss of confidence in the Council • Loss of reputation 	<p>Significant (4) / Medium (2)</p>

Risk Scenario 4: Becoming the Council we need to be.

Risk Owner: MR

Risk Description:	Becoming the Council we need to be.		
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact
<p>Becoming the Council we need to be will involve e.g. reviewing the shape and size of the organisation and undertaking effective workforce planning, adopting new ways of working, identifying skills sets required, building strong relationships with partners, determining the appropriate business model and culture.</p>	<p>Fail to get the business model / culture right.</p> <p>Lack of buy-in from staff.</p> <p>Fail to move fast enough.</p>	<ul style="list-style-type: none"> • Council is left behind • Possible industrial action • Lost opportunities • Breakdown of officer / member relations • Reputation undermined 	<p>Low (3) / Severe (3)</p>

Risk Scenario 5: New service delivery arrangements / models.

Risk Owner: DT

Risk Description:	Implementing new service delivery arrangements / models e.g. contractual and non-contractual partnership working		
Vulnerability / Contributing factors	Trigger(s) / Event(s)	Potential Impact / Consequences	Likelihood / Impact
<p>The Council needs to undertake effective joint working with the public and private sector in order to deliver key services.</p> <p>Challenges to this include following due commissioning and procurement processes and ensuring that partnerships are sustainable and viable.</p> <p>Challenges also include ensuring that robust contractual arrangements / partnership agreements are in place.</p>	<p>Too many partnerships.</p> <p>Fail to find the right partners.</p> <p>Partnerships fail to deliver.</p> <p>Inadequate governance arrangements.</p> <p>Contracts not robust.</p>	<ul style="list-style-type: none"> • Non delivery of services • Breakdown of relations • Time and resources used to resolve issues • Officers spread too thinly • Less resilience • Reduced sustainability of partnerships • Breach of regulations 	<p>Very Low (2) / Severe (3)</p>

