

BRECKLAND DISTRICT COUNCIL

Report of: Maxine O’Mahony - Executive Director of Strategy and Governance
To: Audit Committee – 12th June 2018
Author: Charlotte Paine – Senior Business Intelligence Officer
Subject: Risk Report – Quarter 4 2017-18
Purpose: To inform the Committee on the current status of the Councils’ strategic risks

Recommendation(s):

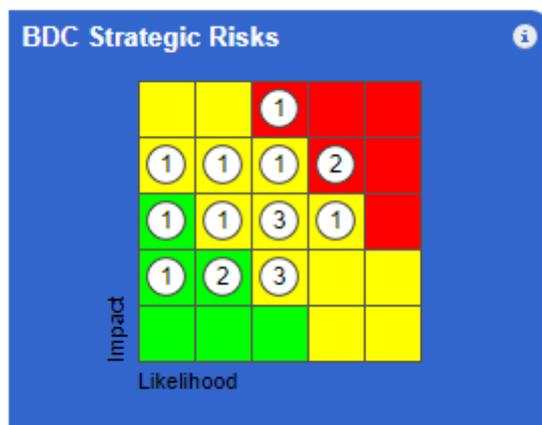
- 1) That the contents of the report are noted.

1.0 BACKGROUND

- 1.1 This report is has been compiled to include updates on strategic risks for quarter 4 of 2017-18.
- 1.2 Strategic risks are captured on the Corporate Dashboard which is available to the Executive Management Team (EMT) and reviewed by EMT quarterly. In addition, risks are reviewed monthly at the internal Performance, Risk & Audit Board chaired by the Executive Director of Strategy and Governance.
- 1.4. Strategic risks have been reviewed and updated with responsible members of the Executive Management Team. The strategic risk register includes 18 strategic risks (see Appendix A). These cover the over-arching risks that may affect the strategic direction of the council, rather than risks linked to business continuity or those that affect discreet service areas.
- 1.5 Strategic risks typically affect the whole of the organisation and not just one or more parts of it. Strategic risks can potentially involve very high stakes and often affect the ability of the organisation to survive, e.g. impact on the ability of the Council to achieve its corporate plan objectives and purpose. Strategic risks are managed at senior level (EMT) within the Council.
- 1.6 The Council’s risk scoring mechanism is based on a 5x5 matrix, and is comparable with best practice in other similar organisations. The risk matrix provides a comprehensive assessment and understanding of risk likelihood and impact. The matrix results in a numerical score which combines the impact of the risk occurring with the likelihood of it happening.
- 1.7 Risks fall into High, Medium or Low categories depending on their rating

High	
Medium	
Low	

- 1.8 Risks are tracked below in a heat map to represent the number of strategic risks currently reported at each score



- 1.9 There are three risks currently reported in the high category, this quarter has seen a change in the risks within this category. The ICT risk regarding possible critical breach has returned to a high risk due to a number of factors. Nationally there has been intelligence from the National Cyber Security Centre (NCSS) regarding possible increased threat from Russian government-supported malicious cyber activity. The ICT department are aware of the threat and the reviewing the mitigations suggested by the NCSS as well as continuing with the ongoing work to ensure the safety of our computer networks. Also, given the recent cyber security audit and the recommendations that were highlighted from this, the risk warranted a change in score. However, there has been work already undertaken to address these recommendations and ensure the security of our ICT remains viable.
- 1.10 The under occupancy of Riverside risk remains scored in the high category. This is because difficult market conditions have meant that it is taking longer than anticipated to let the remaining units. There is a significant level of activity underway to address this issue, including consideration of alternative uses of the units. It is likely that the risk will reduce by the next reporting period as there is agreement for 3 units to be let, this has not been reflected in the score yet whilst we await the contract and planning agreement.
- 1.11 The final risk scored in the high category is the impact of the Homelessness Reduction Act, this is a new risk that has been added given the potential impact of the introduction of the Act in April 2018. The risk has been updated post quarter 4 and therefore is relevant to the current position, subsequent to the introduction of the Act. It is clear that the Act has been responsible for an increase in demand on the housing service. Because of this, the risk is currently scored in the high category and there is work being undertaken to understand the ongoing impact of this and assign some of the £186,000 of the New Burden Fund that was provided to the Council to assist with the impact of the Act.
- 1.12 There are eleven risks which fall into the medium category. There has been some movement in this category in the quarter with 3 new risks, one reduced in score and one which has increased. The new risks include an additional risk regarding the recruitment and retention of staff which focusses on shared management staff. This risk has been added to establish the impact of the shared management model and to identify if there are any additional recruitment or retention concerns for those staff who are shared across the two councils. Currently there is a stream of work in progress regarding the benefits package for all staff, shared and place

based, which looks to ensure that we attract and retain the best quality staff. This work has ensured that the overall staff retention risk has reduced in the quarter.

- 1.13 Another of the new risks added this quarter includes contracts monitoring which was established in order to ensure that the councils' contracts are being effectively monitored, especially in the light of the high profile contract failures such as Carillion. The risk update confirms that there is work under way to establish the most accurate register of contracts including the analysis of financial data. The register allows the procurement and contract team to scrutinise the contracts we have to ensure they offer the best value for money and financial stability.
- 1.14 The remaining new risk in the medium category is failure to maximise income from investment asset portfolio which is raised given concerns that the overall portfolio is not considered in the same way as the Riverside occupancy. The overall investment portfolio occupancy for 2017/18 ended the year at 92% with the income target for the year exceeded with an achievement of £2,633,614 income received in the year.
- 1.15 The risk that increased in the quarter is the impact of County Council budget reductions and this is due to the possible changes to the waste related income that we receive from County Council, in particular the income from recycling credits. The Councils in Norfolk are working closely to monitor the proposals and the risk will reflect any changes as this work continues.
- 1.16 There are four risks which fall into the low category with a reduction in the risk regarding publication of the gender pay gap information. The reduction of this is given the fact that the deadline has been passed and the information was published within the timescale. The risk will continue to be monitored for the next period before recommending that the risk be reduced to an operational risk given it has met its target and no longer considered a strategic risk to the Council.

2.0 **OPTIONS**

- 2.1 That the contents of the report are noted.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 Not applicable

4.0 **EXPECTED BENEFITS**

- 4.1 That the Committee is made aware of the Council's strategic risks and understands that they are being managed and mitigated effectively.

5.0 **IMPLICATIONS**

5.1 **Carbon Footprint / Environmental Issues**

- 5.1.1 It is the opinion of the author that there are no carbon footprint or environmental implications.

5.2 **Constitution & Legal**

- 5.2.1 It is the opinion of the author that there are no direct constitutional or legal implications.

5.3 **Contracts**

5.3.1 It is the opinion of the author that there are no direct contract implications.

5.4 **Corporate Priorities**

5.4.1 The report contains information on strategic risks relevant to the delivery of the Council's corporate priorities.

5.5 **Crime and Disorder**

5.5.1 It is the opinion of the author that there are no direct crime and disorder implications.

5.6 **Equality and Diversity / Human Rights**

5.6.1 It is the opinion of the author that there are no direct equality or human rights implications.

5.7 **Financial**

5.7.1 The report contains information on strategic risks relevant to the Council's budgets and financial management.

5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the author that there are no health or wellbeing implications.

5.9 **Reputation**

5.9.1 Risks which come to fruition have some reputational consequence. It is the purpose of the risk management strategy to manage potential outcomes by means of control measures.

5.10 **Risk Management**

5.10.1 The report provides detail on the Council's strategic risks.

5.11 **Safeguarding**

5.11.1 It is the opinion of the author that there are no direct safeguarding implications as a result of this report

5.12 **Staffing**

5.12.1 The report contains information on strategic risks relevant to the delivery of the Council's corporate priorities.

5.13 **Stakeholders / Consultation / Timescales**

5.13.1 It is the opinion of the author that there are no direct implications arising from this report.

5.14 **Transformation Programme**

5.14.1 It is the opinion of the author that there are no direct implications arising from this report.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 Not applicable.

7.0 **ACRONYMS**

7.1 ICT - Information Communication Technology

7.2 EMT - Executive Management Team

Background papers: - [See The Committee Report Guide](#)

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Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service

Appendices attached to this report:

Appendix A Breckland District Council Strategic Risk Register Q4 2017-18