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Rory Ringer – Democratic Services Manager
General Enquiries: Telephone No. 01362 656870
DX 743950 Dereham 2

To The Chairman and Members of the Audit
Committee

Contact: Teresa Smith
Direct Dial: 01362 656295

All other Members of the Council – for information

E-mail: teresa.smith@breckland.gov.uk

Date 08 December 2015

AGENDA SUPPLEMENT

Dear Sir/Madam

AUDIT COMMITTEE - FRIDAY 11 DECEMBER 2015

I refer to the agenda for the above-mentioned meeting and enclose the following items:

Item No	Report Title	Page Nos
7.	<u>Quarterly Update - Risk Management</u> Report of the Corporate Improvement and Performance Manager.	71 - 75

Yours faithfully

Teresa Smith

Democratic Services Officer

contactus@breckland.gov.uk

Breckland Council Elizabeth House, Walpole Loke, Dereham, Norfolk NR19 1EE
Telephone: 01362 656870 www.breckland.gov.uk

BRECKLAND DISTRICT COUNCIL

Report of: Julie Kennealy - Executive Director for Strategy and Governance

To: Audit Committee – 11 December 2015

Author: Greg Pearson, Corporate Improvement & Performance Manager
Christopher Dean, Business Intelligence Officer

Subject: Quarterly Risk Report

Purpose: To inform the Committee of the current status of the Councils' strategic risks

Recommendation:

- 1) That the contents of the report are noted

1.0 BACKGROUND

- 1.1 The last risk report to the Audit Committee was in September 2015 and covered the position of strategic risks up to the end of quarter 1, 2015-16. This followed a period where routine performance and risk reporting had been temporarily suspended to allow for the review of performance and risk frameworks and the implementation of a new corporate performance and risk monitoring system, known as Covalent.
- 1.2 This report is the second risk report to be generated using the new system, which contains status updates on strategic risks for quarter 2, 2015/16.
- 1.3 Strategic risks have been reviewed and updated with responsible members of the Executive Management Team (EMT). The strategic risk register includes 7 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. Current there are no strategic risks that are rated as high risks and there are appropriate mitigations in place to ensure that these risks are appropriately managed.
- 1.4 Strategic risks are captured on the Corporate Dashboard and reviewed by EMT quarterly. In addition, risks are reviewed monthly at the officer-led Performance, Risk & Audit Board chaired by the Executive Director of Strategy and Governance.
- 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 Board (EMT) Level.
- 1.6 The Risk Framework is currently under review, alongside the implementation of the new ICT system. As part of this review the risk matrix has been changed from a 3 x 3 to a 5 x 5 matrix, based on best practice in comparable organisations. This provides a more 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.

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost certain (5)
Critical (5)					
High (4)					
Medium (3)					
Low (2)					
Minimal (1)					

1.7 Risks fall into High, Medium or Low categories depending on their rating

High	
Medium	
Low	

2.0 OPTIONS

2.1 That the contents of the report are noted

3.0 REASONS FOR RECOMMENDATION

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 Corporate Priorities

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

5.2 Financial

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

5.3 Risk Management

5.3.1 The report provides details the Council's strategic risks

5.4 **Staffing**

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

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 No wards/communities are affected

7.0 **ACRONYMS**

7.1 EMT – Executive Management Team

7.2 ICT – Information & Communication Technology

Background papers:- None

Lead Contact Officer

Name and Post: Christopher Dean, Business Intelligence Officer
Telephone Number: 01362 656881
Email: christopher.dean@breckland-sholland.gov.uk

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 (December, 2015-16)

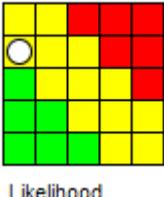
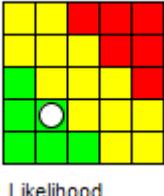
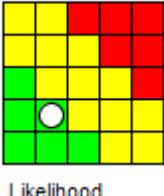
BDC Strategic Risk Register



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Title	Description	Impact	Likelihood	Risk Score	Latest Note
Medium Term Financial Plan Not Delivered	The council's medium term financial strategy has identified a budget gap, the transformation programme will need to make this level of saving for the organisation over that period to balance the budget.	3	3	9	The situation has improved as we are allowing a longer time to achieve the plan and therefore likelihood of success if improved. Plan has now been agreed.
Uncertainty over future government funding settlement	Government has indicated further cuts to public services, exact impact on the council as yet unknown	3	3	9	New financial plan being considered which reflects reduced dependency on government settlement
Failure to deliver the council's Corporate Priorities	Would lead to missed targets and failure to deliver objectives and may result in the Council suffering reputational damage and a failure to deliver priorities to residents.	2	2	4	The transformation programme provides mitigation against this risk

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Title	Description	Impact	Likelihood	Risk Score	Latest Note
Failure to effectively implement corporate business continuity plan	Failure to effectively implement the corporate business continuity plan, thereby exposing the authority to the risk of service outage following a major incident	4	1	4  Impact Likelihood	The council's business impact analysis, service continuity plans, out-of-hours procedures and mutual aid/support procedures with South Holland and other authorities are all in place. Business continuity plans are being reviewed regularly.
Failure to maximise trading opportunities	Failure to maximise trading opportunities could result in lack of commercial exploitation of assets or income from trading arms	2	2	4  Impact Likelihood	Commercial strand of transformation under way, programme manager recruited, opportunities identified.
Staff recruitment and retention at all levels within both organisations	Staff recruitment and retention issues could undermine the effectiveness of the organisations though loss of experience and knowledge	2	2	4  Impact Likelihood	There are no specific issues currently