
Meeting: **Audit Committee**

Date: **23 January 2012**

Subject: **Risk Update Report**

Report of: **Chief Finance Officer**

Summary: The purpose of this report is to give an overview of the Council's risk position as at the end of November 2011. A regular report was requested by the Audit Committee on 4 April 2011.

Contact Officer: Kathy Riches, Head of Internal Audit and Risk

Public/Exempt: Public

Wards Affected: All

Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

Good risk management enables delivery of the Council's aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification and control of the risks that threaten the delivery of objectives, protection of assets, or the financial wellbeing of the Council.

Financial:

1. None directly from this report.

Legal:

2. There are no direct legal implications.

Risk Management:

3. The specific strategic risks are as set out in the report below. The Audit Committee has, in its terms of reference, the responsibility to monitor the operation of risk management within the Council and to provide independent assurance on the adequacy of the risk management framework.

Staffing (including Trades Unions):

4. There are no direct staffing issues.

Equalities/Human Rights:

5. None directly from this report.

Community Safety:

6. None directly from this report.

Sustainability:

7. None directly from this report.

RECOMMENDATION:

That the Audit Committee notes the risks facing Central Bedfordshire Council, as contained in the risk summary dashboard attached at Appendix A.

Background

8. The Audit Committee in its terms of reference has the responsibility to approve the Risk Management Policy Statement, and monitor the operation thereof. At its meeting on 4 April 2011 the Audit Committee agreed and endorsed the Council's 2011/12 Risk Management Strategy. In order to meet the responsibility of monitoring the operation of the Risk Management Policy Statement the Committee requested a regular report.
9. The purpose of this report is to give an overview of the Council's risk position as at the end of November 2011.

Strategic Risks

10. Since the last meeting of the Committee the strategic risks have been reviewed and updated. The November risk report is attached at Appendix A. The report contains twelve strategic risks. The key issues identified are summarised in this report.
11. The two risks with the highest residual score continue to be financial pressures (STR0001) and staffing (STR0004- increased pressure on staff /low morale). The residual risk score on both of these remains at 16.
12. The Adult Social Care Strategic Risk (STR002- failure to improve performance and safeguarding practice) has been reviewed. The inherent risk has been scored as 25. Whilst the mitigating actions have been updated the residual risk exposure remains at 15.
13. The Growth Agenda Risk (STR0003- failure to deliver Growth Agenda) has been reviewed. Although the residual risk score remains the same, an additional mitigating action has been added. This reads "The October Executive resolved to support the preparation of the Development Strategy, Gypsy and Traveller Plan and Site Allocations Plan/Neighbourhood Plans".

14. The description of the Staffing Strategic Risk (STR0004) has been amended to remove the reference to changes in terms and conditions, which have now been effected.
15. The Health and Safety Strategic Risk (STR0006- failure to comply with Health and Safety legislation) has been reviewed by the Assistant Chief Executive – People and Organisation and the Interim Health and Safety Manager. The risk description, inherent risk, consequences and mitigating actions have all been revised, and the residual risk has increased to 16.
16. The Contract Strategic Risk (STR0007- failure in the competition process) has been reviewed and refreshed by the recently appointed Head of Procurement and has been expanded to capture failure in the whole competition process. The residual risk exposure has increased to 12.

Operational Risks

17. The risk summary dashboard also highlights the key operational risks facing the Council. These have been drawn directly from Directorate risk registers as uploaded onto the JCAD risk management system.
18. Work is ongoing to further develop the risk registers for the newly formed Corporate Services, which includes Resources and People, and input the registers into JCAD.
19. The payroll contract remains the highest rated risk on the Directorates' risk registers. Six risks appear in the Top Ten Operational Risk Tracker for the first time. These relate to insufficient capacity, expertise and competence to deliver the Adult Social Care and Housing Agenda (SCHH0008), Failure to manage resources (SCHH0004), Health and Joint Commissioning Partnership risks (SCHH0007), insufficient capacity, expertise and competency to deliver Procurement agenda (RES0006), delivering the Welfare Reform Agenda within Revenues and Benefits (RES0017), and the failure to address the financial implications of changes in legislation and the need to "do more for less" (RES0018).

Emerging Strategic Risks

20. Although some of the strategic risks have been rephrased, no new risks have been added since the last update.
21. The Medium Term Plan identifies a number of drivers for change with implications for service delivery, including;
 - Devolved services to Town and Parish Councils
 - A trust for a range of services such as leisure, culture and adult learning
 - Shared services with other Councils
 - A trading arm for commercial services
 - Market testing for private sector providers/externalisation
 - Outsourced services to other public sector providers
 - Social enterprises/mutuals etc.

22. Whilst partnerships and shared services are captured on the Strategic Risk Register, other service delivery options are not currently reflected. Consideration is currently being given to risks associated with these options and will be reflected in the Strategic and Directorate risk registers accordingly.

Appendices:

Appendix A – CBC Strategic Risk Register Matrix – Residual Risk Rating

Background Papers: None

Location of papers: N/A