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**Meeting:** Audit Committee  
**Date:** 31 March 2014  
**Subject:** Risk Update Report  
**Report of:** Charles Warboys, Chief Finance Officer  
**Summary:** The purpose of this report is to give an overview of the Council's risk position as at March 2014.

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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.

**Public Health:**

6. None directly from this report.

**Community Safety:**

7. None directly from this report.

**Sustainability:**

8. None directly from this report.

**Procurement:**

9. None directly from this report.

**RECOMMENDATION:**

**The Committee is asked to consider and comment on the contents of the report.**

**Background**

10. The Terms of Reference of the Audit Committee include the monitoring of the operation of the Risk Management Strategy. This report is the regular update report to assist the Committee in discharging its responsibilities.
11. The purpose of this report is to give an overview of the Council's risk position as at March 2014.

**Strategic Risks**

12. The March risk report is contained at Appendix A. The report contains 11 strategic risks.
13. There are 10 strategic risks with a residual risk score of 9 or more. A score of 9 or more generally represents an unacceptable risk exposure, with further mitigation required.
14. The risks have been reconsidered and the key revisions are set out below.
15. (STR0001), relating to the risks associated with significant reduction or redirection of funding has been updated to acknowledge the risks associated with the transfer of approximately £15.3 million into a pooled fund from health and social care in April 2016 to fund Central Bedfordshire's Better Care Plan. There has been no change to the residual risk score.

16. The Growth strategic risk (STR0003) has been reviewed and updated to reflect the current situation regarding the Development Strategy. Mitigating actions and further planned actions have been updated. There has been no change to the residual risk score.
17. The Waste risk (STR0005) has been reconsidered in the light of the current work on developing and delivering a plan for future waste disposal for Central Bedfordshire. As a result, it is no longer considered to be a strategic risk.
18. The Health and Safety risk (STR0006) has been reviewed. The descriptions, consequences and mitigating actions have been refreshed to reflect more emphasis on building related Health and Safety issues. The residual impact score has increased from 4 to 5, resulting in an overall residual risk score of 15 (was previously 12).
19. The risk of failure or disruption to key parts of the Council's ICT systems (STR0008) has been reviewed to reflect that the duration of any failure is a key issue in the impact of this risk. There has been a slight reduction in the residual risk score.
20. The mitigating actions for the Partnership risk (STR0009) have been updated to reflect that a review of the partnerships operating model is currently being undertaken to ensure that it remains fit for purpose. There has been no change to the residual risk score.
21. The residual impact risk score for STR0010 – Protecting Children – has been revised from 4 to 5, resulting in an overall residual risk score of 15 (increased from 12). The score has been increased slightly due the fact that whilst actions are in place there is a national 'crisis' around social workers. The Council has a recruitment campaign in place but there is high staff turnover. The Council recognises that this issue is not specific to children. The human resource need is a risk, as there is a large percentage of agency staff, some of whom have been with the Council for considerable time, but these impact on financial resources as agency staff are more costly.
22. The Information Management Strategic risk (STR0013) has been reviewed and reworded to recognise the risk of data protection breaches. There has been no change to the residual risk score.
23. The Localism risk (STR0015) has been reviewed and removed from the register, as it is no longer considered to be a strategic risk.
24. The Procurement risk (STR0022) has been reviewed and updated to reflect the risk of failure to adhere to procurement rules. There has been no change to the residual risk score.
25. The risk associated with the relocation of the Contact Centre from Bedford to Dunstable (STR0023) has been reviewed in the light of the commencement of a phased move to Dunstable, and other mitigating actions taken. As a result, it is no longer considered to be a strategic risk.

26. The top scoring operational risk for some time has related to the Assets Disposal programme. The failure to achieve capital receipts is now considered to be a strategic risk and has been added to the register. The main risk is seen to be from 2016/17 onwards, unless mitigating action is taken before then.
27. The future arrangements for the management of the council's residential care homes for older people have also been identified as a strategic risk. This risk will be further developed and included in future update reports to the Committee.
28. Work is planned to review both the strategic and operational risks for the SCHH directorate and the outcome of this review will be reflected within the strategic risk register, as appropriate. At this stage, there are no revisions to the strategic risks.
29. There are no revisions to the remaining strategic risks.
30. Work is continuing on developing and documenting assurance maps in order to provide a transparent overview of the assurance framework supporting the Council's key strategic risks. This work supports the development of the Internal Audit Plan and is also a source of assurance to support both the Annual Governance Statement and the Annual Internal Audit Opinion.
31. The Council's Risk Management Strategy has been reviewed. No required changes were identified.

#### **Operational Risks:**

32. The risk report 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.
33. The dashboard has listed the 7 operational risks with a risk score of 15 or above.
34. Work is also progressing with Public Health colleagues to bring their risk reporting into line with CBC.

#### **Conclusion and Next Steps**

35. Internal Audit and Risk will continue to coordinate and update the Strategic Risk register and an update will be presented to the September Audit Committee.

#### **Appendices:**

Appendix A – March 2014 Risk Summary Dashboard

#### **Background Papers:** (open to public inspection)

None