

AUDIT COMMITTEE – 18th April 2018

STRATEGIC RISK REGISTER – Full Review March 2018

1. Purpose of the Report

- 1.1 This brief covering note presents the draft Cabinet Report for the latest review of the Strategic Risk Register (SRR), which has been programmed for consideration by Cabinet on the 16th May 2018.
- 1.2 This report forms part of the Audit Committee's assurance process where it was agreed that following the completion of each review of the SRR, the Audit Committee considers the latest iteration of the SRR, and where appropriate, provides comment.

2. Recommendation

2.1 It is recommended that the Audit Committee:

- I. Considers, and comments accordingly on the outcomes of the recent review of the SRR, in relation to the management, challenge and development of the SRR;**
- II. Considers whether any further information regarding the SRR review process is required from the Risk and Governance Manager;**
- III. Considers whether any further information is required from specific Risk Owners, or Risk Mitigation Action Owners regarding the progress towards managing and mitigating SRR risks; and,**
- IV. Confirms whether the Committee wishes to continue to receive periodic updates as to the progress of the actions taken and their impact on the SRR, or whether the Committee requires a deeper level of assurance that could be provided through the provision of a more detailed or focused report.**

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Date: 5th April 2018

CABINET – 16th May 2018

STRATEGIC RISK REGISTER – Full Review March 2018

1. Purpose of the Report

- 1.1 The Strategic Risk Register (SRR) contains those high level risks which are considered to be significant potential obstacles to the overall achievement of the Council's corporate objectives.
- 1.2 Like all risk registers, it is important that the SRR remains up to date and is reviewed regularly in order to accurately reflect the most significant risks to the achievement of corporate objectives and facilitate timely and effective mitigations of those risks.
- 1.3 Following a review of the SRR in October 2016, a further review of the SRR was undertaken in October 2017. The outcomes of that review are detailed in the body of this report.

2. Recommendation

2.1 It is recommended that:

- i. Cabinet confirms that the high level strategic risks articulated within the SRR fully reflect the current position of the Council; and,
- ii. Cabinet considers the content of this report, and continues to commit to support the Corporate Risk Management process and the embedding of a Risk Management culture within the organisation.

3. Introduction and Background

- 3.1 The Introduction and background to the SRR is included as Appendix One to this report.

4. Risk Profile

- 4.1 The table below sets out the distribution of the SRR risks across the six concern rating classifications:

Risk Concern Rating	Number of Risks (as at March 2018)	Percentage (as at March 2018)	Number of Risks (as at Oct 2017)	Percentage (as at Oct 2017)	Number of Risks (as at March 2017)	Percentage (as at March 2017)	Number of Risks (as at Oct 2016)	Percentage (as at Oct 2016)
1	0	0%	1	5%	0	0%	0	0%
2	3	15%	3	15%	3	16%	4	20%
3	7	35%	6	30%	5	26%	6	30%
4	9	45%	8	40%	9	47%	9	45%
5	1	5%	2	10%	2	11%	1	5%
6	0	0%	0	0%	0	0%	0	0%
Total	20	100%	20	100%	19	100%	20	100%

- 4.2 The total number of risks logged in the SRR has remained stable, however:

- Risk 4103 ('Waste PFI – Insurance Risk') has been removed from the SRR following its de-escalation;
- Risk 3027 ('Failure to manage organisational change - 'Risk of Destabilisation of the Organisation') has been removed and replaced with risk 4154 ('Failure to achieve the full benefit of our change work to date and to ensure it is sustainable for the future.');
- Risk 4170 ('Failure to ensure the Glassworks Programme delivers the appropriate levels of retail, market and leisure space that allows for a robust level of return on investment to be made that allows the Council to recover its borrowing within a suitable timescale and deliver the positive impacts on the Town Centre and wider economic landscape') is now included as a new risk.

4.3 The current review identified one risk that has had its risk concern rating increased:

- Risk 3029 ('Failure to safeguard information) – was concern rating '4', and is now logged with a concern rating '3: Reflects possible exposure to areas of non-compliance relating to the General Data Protection Regulations which re due to come into force in May 2018.

4.4 Details of the average risk category score for the SRR, from the 'zero-based' review in March 2013 are detailed below:

	Period										
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015	Oct 2015	Mar 2016	Oct 2016	Mar 2017	Oct 2017	Mar 2018
Average Risk Concern Rating	3.70 →	3.47 ↓	3.47 →	3.35 ↓	3.5 ↑	3.47 ↓	3.37 ↓	3.35 ↓	3.52 ↑	3.45 ↓	3.4 ↓

4.5 The slight variance in the average concern rating is directly attributable to the removal of risk 4103, the addition of risk 4154 and 4170, allied to the changes to risk 3029 detailed in section 4.2 – 4.3 of this report.

5. Highlights Arising from the March 2018 Review

5.1 The highlights of the March 2018 review include:

5.2 Significant / 'Red' Risks:

5.2.1 Risk 3026: Failure to achieve a reduction in health inequalities within the Borough:

Risk:	Risk Owner:
Risk 3026 – Failure to achieve a reduction in health inequalities within the Borough.	Director of Public Health
Consequences:	
Health inequalities persist. Life expectancy in Barnsley remains well below the national average. Such health inequalities challenge not just the health and social care services but every one interested in the future prosperity and well-being of the borough. <i>For more information, see Appendix Three.</i>	

During the review meeting, the Director of Public Health was challenged to consider whether the risk score could be changed. It was agreed to leave this risk as 'red' as analysis of the data that underpins this risks confirms that at this time is not improving.

5.2.2 Risk 3792: Failure to be prepared to assist in the event of an emergency resilience event in the region:

Risk:	Risk Owner:
Risk 3792 – Failure to be prepared to assist in the event of an emergency resilience event in the region.	Executive Director, Core Services
Consequences:	
Recent emergencies relating to industrial actions and flooding proves there is still an inappropriate reliance on the increasingly limited resources of the HS&ERS to manage and lead on the management of emergency events. <i>For more information see Appendix Three.</i>	

During the review meeting, the Head of Health, Safety and Emergency Resilience was challenged to consider whether the risk score could be changed. It was agreed to leave this risk as 'red' until further testing of the Councils resilience arrangements can be undertaken.

5.2.3 Risk 3793: Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident:

Risk:	Risk Owner:
Risk 3793 – Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	Executive Director, Core Services
Consequences:	
In the event of a business continuity threat the Council will be unable to recover in an effective manner resulting in lost time and resources. Inability for customers to be able to access services and a lack of access to IT systems to enable employees to undertake their duties effectively. <i>For more information see Appendix Three.</i>	

During the review meeting, the Service Director, Information Technology was challenged to consider whether the risk score could be changed. It was agreed to leave this risk as 'red' until further testing of the Councils resilience arrangements can be undertaken.

5.3 New / Emerging Risks:

5.3.1 There are two new risks logged on the SRR as follows:

- Risk 4154 – Failure to achieve the full benefit of our change work to date and to ensure it is sustainable for the future; and,
- Risk 4170 - Failure to ensure the Glassworks Programme delivers the appropriate levels retail, market and leisure space that allows for a robust level of return on investment to be made that allows the Council to recover its borrowing within a suitable timescale and deliver the positive impacts on the Town Centre and wider economic landscape.

5.4 Other Material Changes:

5.4.1 Details of all SRR risk concern ratings, including a direction of travel indicator to provide details of the 'trend' of the SRR risk profile are included as Appendix Two to this report.

6. Assurance

- 6.1 This report and the SRR (which is attached to this report as Appendix Three) itself will be submitted to the Audit Committee at their meeting of 18th April 2018, in order to provide assurances that these significant risks are being managed appropriately.
- 6.2 The Audit Committee have expressed a clear interest in receiving assurance from Cabinet that appropriate challenge and scrutiny of corporate risk management arrangements take place, and engagement with significant risks through reports on the SRR will be a key source of assurance. The Audit Committee will be informed of the outcomes of Cabinet's consideration of the SRR.

7. Future Review of the SRR

- 7.1 Future review of the SRR are now programmed with other governance related reports such as those relating to Corporate Finance and Performance Management in order for Cabinet to receive and consider these governance related reports as a broad suite of documents.

8. Delivering Corporate Plan Ambitions

- 8.1 The SRR lists those significant risks which could impact upon the delivery of the Council's priorities and objectives, as set out in the Council's Corporate Plan. Risks within the SRR are directly linked to the Corporate Plan in order to ensure that the register is focused upon those risks which are considered to be significant potential obstacles to the achievement of corporate objectives.

9. Risk Management Issues

- 9.1 The report focuses on the further development of the SRR and the contribution this will make to the embedding of a risk management culture throughout the Council.
- 9.2 Failure to develop the SRR will present a significant risk to the successful implementation of the required Risk Management culture within the Council.

10. Financial Implications

- 10.1 There are no specific financial implications arising directly from this report, although there is often a cost in taking (or not taking) specific action that was identified through the risk management process. Most individual Cabinet Reports have financial implications and so the application of good risk management practices is vital to ensure the most effective use of resources.

11. Appendices

Appendix One: SRR Introduction and Background
Appendix Two: Direction of Travel / Trend Report
Appendix Three: Full SRR as at October 2017

12. Background Papers

- 12.1 Various papers and electronic files and risk registers are available for inspection at the Westgate Plaza One offices of the Council.

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1. Introduction

- 1.1 The embedding of a culture where Risk Management is considered a part of normal business process is crucial to the delivery of the Risk Management Policy and Strategy and the implementation of good governance arrangements.
- 1.2 A robust and dynamic SRR sets the culture and tone for Risk Management across and throughout the Council. The engagement of the Senior Management Team (SMT) in the Risk Management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.
- 1.3 The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Risk Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions).
- 1.4 SMT is also responsible for ensuring that the SRR continues to express those high level risks which have a significant bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.
- 1.5 In order to provide assurances that the SRR is being appropriately managed, reviews of the register are facilitated by the Risk and Governance Manager on a six monthly cycle. The results of these reviews are then presented to the Council's Directorate Risk Champions, and reported to SMT for further consideration and challenge. The outcomes of these processes are then reported to the Audit Committee, and subsequently, Cabinet.
- 1.6 This report provides a summary to Cabinet of the recent review, and highlights specific issues and actions for consideration. This ensures Senior Elected Members are aware of the SRR and can contribute to its development. The consideration of the SRR by Cabinet also contributes towards the role of Elected Members in assisting in the development of strategy and contributing to the identification of high level strategic risks, rather than simply monitoring the management of the Risk Management process.

2. Background and Context to the March 2016 Review

- 2.1 The review that has recently been completed is the fifth review of the SRR, which was significantly refreshed, following a 'zero-based' review of the SRR in March 2013.
- 2.2 The current review included:
 - **Consideration of the current expression of the Risk:**
Risk Owners are encouraged to consider risks in terms of Event > Consequence > Impact, and these are logged within the 'Risk Title' and 'Risk Consequences' fields.
 - **Consideration of links between Corporate Priorities, Outcomes and Risks:**
Each Risk is clearly linked to a Corporate Priority, and these are logged in the 'Priority' field.

Clear links between Corporate Outcomes and Risks have been identified and logged in the 'Existing Control Measures' field, to demonstrate the relevance of risks to the Council's performance management framework.

▪ **Consideration of the level of 'Concern' for each Risk:**

Clearly, all risks logged in the SRR are significant. A 'traditional' quantitative risk assessment of all SRR risks has been undertaken, and all of the risks logged in the SRR have been assessed as being 'red' due to their high rating in terms of probability and / or impact.

Whilst risk mitigation actions are in place, and efforts are being made to ensure the intended benefits of such risk mitigation actions are realised, the actual positive impact of these mitigations can often be hard to express in terms of the risk assessment itself, and ultimately, what are contextually small positive impacts on such significant risks may simply result in the *maintenance* of the assessment, rather than actually *improving* it.

As part of the 'zero-based' review of the SRR in March 2013, the use of a 'Concern Rating' was implemented. This qualitative assessment gives the Risk Owner, or SMT collectively, the opportunity to consider the following dynamic elements of the risks, rather than focusing on the traditional probability and impact based assessments:

Concern Rating	Description
1 - Red	Little confidence the Risk can be improved; Unachievable Objective; Difficult to Influence; or, Out of Tolerance.
2 - Red	Concern is between Rating 1 and Rating 3.
3 – Amber	Some confidence the risk can be improved; Moderately achievable Objective; Possible to Influence; or, Barley Tolerable.
4 – Amber	Concern is between Rating 3 and Rating 5.
5 – Green	Confident the Risk can be improved; Achievable Objective; Easily Influenced; or, Tolerable.
6 – Green	Concern Rating is less than 5.

▪ **Consideration regarding *existing* Risk Mitigation Actions, as well as consideration of any *new* Risk Mitigation Actions:**

Each risk mitigation action is allocated a red, amber or green rating, on a similar basis as the Risk Concern rating. Risk mitigation action owners are asked to provide an assessment as to the overall progress and achievement of each of these actions. Of note is the fact that some risks may be logged as being 'amber' or in some circumstances, 'red' in terms of the overall 'Concern Rating', but risk mitigation actions may be logged as 'green'. The implication of this is that the actions being taken are on track, but due to factors such as the 'long-tail' nature of some risks, the action may be something that is aimed at *maintaining* the risk, rather than *improving* it.

Similarly, some risks may be logged as having a 'Concern Rating' of 'green', with actions logged as being 'amber' or in some circumstances, 'red'. This reflects that whilst the risk itself may be acceptable, the actions themselves may be less so. In these circumstances, attention should be given to ensuring the action is resourced to ensure it is able to deliver the intended outcomes. This is in addition to the '% complete' field which is included within the register.

- **Consideration of Future Council Activity:**

As part of the current review, SRR Risk Owners were asked to consider the implications of the transition to the Future Council model, in terms of the ownership and positioning of the risk, along with any issues arising that may affect the delivery of risk mitigation actions.

- 2.3 Consideration was also given during each update meeting with Risk Owners regarding any new or emerging risks that should be considered, or any risk areas that may be developing that could influence the consideration of exiting risks.

Appendix Two: Direction of Travel / Trend Report

Risk Number	Risk Title	Mar 2018	Oct 2017	Mar 2017	Oct 2016	Mar 2016	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3021	Failure to build the Economy of Barnsley	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	3 ⇕	3 ⇕	3 ⇕	3 -
3022	Inability to direct Corporate Strategy	4 ↑	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕ 2	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 -
3023	Failure to engage with Stakeholders	5 ↑	4 ⇕	4 ↑	3 ⇕	3 ⇕	3 ⇕	3 ↑	2 ↓	3 ⇕	3 ⇕	3 -
3024	Lack of Educational Attainment	4 ⇕	4 ⇕	4 ⇕	4 ↑	3 ⇕	3 ↓	4 ⇕	4 ⇕	4 ⇕	4 ↑	3 -
3025	Failure to Safeguard Vulnerable Service Users	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ↑	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -
3026	Failure to achieve a reduction in health inequalities within the Borough	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 ⇕	2 -
3027	Failure to manage Organisational Change ('Risk of destabilisation of the Organisation')	Closed -	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 -
3028	Workforce planning issues	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ↓	4 -
3029	Failure to Safeguard Information	3 ↓	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ↑	3 ⇕	3 ⇕	3 ↓	4 -
3030	Failure to be prepared for an emergency response or business continuity threat	Closed -	Closed -	Closed -	Closed -	Closed -	2 ⇕	2 ⇕	2 ↓	3 ⇕	3 ↓	4 -
3031	Strategic Performance, Governance or Compliance failure	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -
3032	Failure of Partnership Working / Supply Chains	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	4 ⇕	4 ⇕	4 ⇕	4 -
3033	Failure to adapt the Authority into a sustainable organisation ('Failure to maintain current Services')	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ↑	3 ⇕	3 ⇕	3 ↓	4 -
3034	Failure to deliver the Medium Term Financial Strategy ('Failure of the Future Council to be able to deliver the required level of savings')	4 ⇕	4 ⇕	4 ↑	3 ⇕	3 ↓	4 ↓	5 ⇕	5 ⇕	5 ⇕	5 ⇕	5 -
3035	Loss of assets and resources as a result of one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ↓	4 ⇕	4 ↓	5 -
3047	Failure to protect the population from preventable health threats	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 ⇕	3 -
1630	Equal Pay Claims	Closed -	Closed -	Closed -	Closed -	Closed -	Closed -	3 ⇕	3 ⇕	3 ⇕	3 ↑	2 -
3514	Failure to be able to deliver the ambitions and outcomes associated with the Customer Service Organisation (CSO) Programme	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -	-	-	-	-
3543	Failure to ensure the adequate supply of land for housing and commercial property growth	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ↑	3 -	-	-	-	-
3699	Failure to ensure the Council's commercial / trading arm is effective in its operations, and is a well governed organisation	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 ⇕	4 -	-	-	-	-	-

Risk Number	Risk Title	Mar 2018	Oct 2017	Mar 2017	Oct 2016	Mar 2016	Sept 2015	Feb 2015	Sept 2014	Feb 2014	Oct 2013	June 2013
3792	Failure to be prepared to assist in the event of an emergency resilience event in the region	2 ↕	2 ↕	2 ↕	2 ↕	2 -	-	-	-	-	-	-
3793	Failure to ensure that appropriate disaster recovery arrangements are in place to ensure the Council is able to recover in the event of a business continuity threat or incident	2 ↕	2 ↕	2 ↕	2 ↕	2 -	-	-	-	-	-	-
3794	Failure to ensure the governance arrangements underpinning and controlling the emerging City Region Deal Devolution Deal enable an appropriate blend of risk and reward for the Council	3 ↕	3 ↓	4 ↕	4 ↕	4 -	-	-	-	-	-	-
3842	Failure to ensure the transfer of 0-19 services that are coming back into Council control ensure customers remain safe, there is continuous service and that during and after the transition period customers remain safe	Closed -	Closed -	Closed -	2 -	-	-	-	-	-	-	-
4103	Waste PFI – Insurance Risk	Closed -	1 -	-	-	-	-	-	-	-	-	-
4154	Failure to achieve the full benefit of our change work to date and to ensure it is sustainable for the future	4 -	-	-	-	-	-	-	-	-	-	-
4170	Failure to ensure the Glassworks Programme delivers the appropriate levels of retail, market and leisure space that allows for a robust level of return on investment to be made that allows the Council to recover its borrowing within a suitable timescale and deliver the positive impacts on the Town Centre and wider economic landscape	3 -	-	-	-	-	-	-	-	-	-	-