



**Report of the Assistant Executive Director of
Finance (Audit and Risk Management)**

AUDIT COMMITTEE – 26th March 2014

STRATEGIC RISK REGISTER – Full Review February 2014

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 23rd April 2014.
- 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 comments.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee considers, and comments accordingly upon the outcomes of the recent review of the SRR, in relation to the management, challenge and development of the SRR, and continue to receive periodic updates as to the progress of the actions taken and their impact on the SRR.**

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CABINET – 23rd April 2014

STRATEGIC RISK REGISTER – Full Review February 2014

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 corporate objectives.
- 1.2 Like all risk registers, it is important that the SRR remains up to date and reviewed regularly in order to accurately reflect the most significant risks to the achievement of objectives and facilitate timely and effective mitigations of those risks.
- 1.3 Following a full review of the SRR in October 2013, a further review of the SRR was undertaken in February 2014. The outcomes of the review are detailed within the body of this report.

2. Recommendations

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 Authority; 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**

3. Introduction

- 3.1 The embedding of a culture where Risk Management is considered a part of normal business processes is crucial to the successful delivery of the Risk Management Policy and Strategy and the implementation of good governance arrangements.
- 3.2 A robust and dynamic SRR sets the culture and tone for Risk Management across and throughout the Authority. The engagement of the Senior Management Team (SMT) in the Risk Management process through the 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.
- 3.3 The risks in the SRR are owned by the Senior Management Team, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Mitigation Action Managers (being those senior managers best placed to take responsibility to drive the implementation of those actions).

- 3.4 SMT is also responsible for ensuring that the SRR continues to clearly express those high level risks which have a significant bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.
- 3.5 In order to provide assurance that the SRR is being appropriately managed reviews of the register are facilitated by the Risk Management Section (RMS) on a six monthly cycle. The results of these reviews are discussed by the Authority's Directorate Risk Champions, and reported to SMT for further consideration and action. The outcome of this process is then reported to the Audit Committee and the Cabinet.
- 3.6 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 contributes to 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.

4. **Background and Context to the October 2013 Review**

- 4.1 The review that has been recently completed forms the second review of the SRR, which was significantly refreshed, following a 'zero-based' review of the SRR in May 2013.
- 4.2 The February 2014 review included:

- **Consideration of the correct expression of the risk;**
Risk Owners are encouraged to consider risks in terms of Event > Consequences > Impact, and these are logged within the risk title and risk consequences fields.

Consideration is given to the allocation of 'We Will Statements' (sourced from recent reports in respect of Corporate Plan Performance updates) which provide assurances that the identified risks are linked to performance management metrics, which in turn are linked to Corporate Plan outcomes.

- **Consideration of the level of 'concern' for each risk;**
Clearly, all risks logged in the SRR are significant. A 'traditional' quantitative Risk Management risk assessment of all SRR risks has been undertaken, and all of the risks logged in the SRR have been assessed as 'red', due to their high rating in terms of overall probability and / or impact.

Whilst risk mitigations 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 to improve it.

As part of the 'zero-based' review of the SRR in March 2013, the use of 'Concern' level was implemented. This qualitative assessment gives the risk owner (or SMT collectively) the opportunity to consider the following dynamic elements of each risk, rather than focus on the traditional probability and impact assessments:

Concern Rating 1 (Red)	Concern Rating 2 (Red)	Concern Rating 3 (Amber)	Concern Rating 4 (Amber)	Concern Rating 5 (Green)	Concern Rating 6 (Green)
<ul style="list-style-type: none"> ▪ Little confidence the risk can be improved; ▪ Unachievable Objective; ▪ Difficult to influence; or, ▪ Out of tolerance. 	Concern is between rating 1 and rating 3	<ul style="list-style-type: none"> ▪ Some confidence the risk can be improved; ▪ Moderately achievable Objective; ▪ Possible to influence; or, ▪ Barely tolerable 	Concern is between rating 3 and rating 5	<ul style="list-style-type: none"> ▪ Confident the risk can be improved; ▪ Achievable Objective; ▪ Easily influenced; or, ▪ Tolerable. 	Concern is less than rating 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, in a similar way to the 'concern rating' (detailed above). Risk mitigation owners are also asked to consider a further assessment as to the overall progress and achievement of each of the 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 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* the risk.

Similarly, some risks may be logged as having a concern rating of 'green' with actions logged as 'amber'. 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 within the register.

- **Consideration of Future Council activity';**

A recent Cabinet report (Cab.15.1.2014/6) submitted by the Chief Executive identified the vision and values that are to underpin a sustainable Future Council. This report identified three key risks that have been amalgamated into existing SRR risks, as follows:

Future Council Risk	SRR Risk
Destabilisation of the Organisation	3027: Failure to manage organisational change
Maintenance of current services	3033: Failure to adapt the Authority into a sustainable organisation
Failure of the Future Council to deliver the required level of savings	3034: Failure to deliver the Medium Term Financial Strategy (MTFS)

Furthermore, SMT members were asked to consider the wider implications of Future Council activity on the themes and issues identified within the SRR. This complemented existing activity within the Authority relating to the Future Council and the consideration of Business Units. It is envisaged that further consideration of the Future Council and the implications regarding Business Units will be reflected in further revisions to the SRR later in 2014.

4.3 Cognisance was also given during each update meeting with the Risk Owner regarding any new or emerging risks that should be considered.

4.4 Following each individual meeting with SMT members, a revised iteration of relevant risks was drafted, and presented back to the Risk Owner for comment and / or approval.

5. Outcomes from the February 2014 Review

5.1 There are no risks logged within the SRR that have **worsened** since the last review in October 2013.

5.2 There are no risks logged in the SRR that have **improved** since the last review in October 2013.

5.3 All risks currently logged in the Authority's SRR have remained static in terms of the level of concern for each risk. Despite the majority of risk mitigation actions having been progressed, the level of concern for these risks remains static. This indicates that of those mitigations that have progressed, most were designed to *maintain* the risk concern level, rather than *improve* it. This, in part is due to the significance of the risks logged in the SRR, many of which are of a long term nature, and despite best efforts to manage the probability and / or impact of these risks, there remains a significant residual element of negative impact. Furthermore, the uncertain environment the Authority currently operates in (with regard to Future Council activity and ongoing austerity measures) has also influenced risk owners to be pragmatic when considering any changes to the level of risk concern.

5.4 Appendix One details the completed mitigation actions following the February 2014 review.

5.5 It is proposed to continue to log 'completed' mitigations on the SRR, until the next programmed review and subsequent iteration of the SRR is produced. At

that time, it is likely 'completed' mitigations will then be logged in the 'Existing Control Measures' field within the SRR.

- 5.6 The following risk mitigation actions have are currently logged as being 'red', which indicates the action may not have the desired (positive) impact on the risk itself, or the action is not progressing at the pace that was expected:

3025 - Failure to Safeguard Vulnerable Service users:

- (8) Stronger Barnsley Together: Programme Board in place; Expressions of interest made. Governance arrangements in place which includes the overseeing of the Executive Group by H&WB Board but full suite of infrastructure not yet in place.

This mitigation requires attention to ensure the Stronger Barnsley Together Programme benefits from a robust infrastructure.

3034 - Failure to deliver the MTFS:

- (25) MTFS (15/16); and,
- Development of a range of budget saving options (KLoEs) to enable Future Council scenarios for 14/15 to be reflected in 15/16 budget.

This level of concern for this mitigation reflects the uncertainties regarding the development of the Authority's 2015/16 budget, due to austerity measures and the desire to 'front-load' budget savings.

- 5.7 Despite both of these mitigation actions being logged as 'red', risk 3025 is logged as having a concern rating of '4' (amber) which indicates that once difficulties regarding the Stronger Barnsley Together Programme infrastructure are dealt with, the broad risk regarding safeguarding remains within tolerance.

Risk 3034 is logged as having a concern rating of '5' (green). This indicates that once difficulties regarding the development of the Authority's 2015/16 budget are overcome, broad risks regarding the delivery of the MTFS remains within tolerance.

- 5.8 The following new mitigation actions have been identified as part of the February 2014 review:

3025 - Failure to safeguard vulnerable service users:

- Progressing management structure which includes consideration of Social Care roles and responsibilities to ensure there are improved opportunities for management scrutiny;
- Analysis of national guidance issued by College of Social Work includes recommendations regarding key posts and job families which may have consequences on grading, training and wider workforce. Report prepared and awaiting confirmation that it can be released and considered; and,
- Consideration of further Peer Review (last Peer Review took place in 2009/10) to ensure Future Council activity regarding the potential to join up Adults and Children's Safeguarding functions is appropriate (including reviewing impacts of changing portfolios for Elected Members as a result of Future Council)

3029 - Failure to safeguard information:

- IT Strategy and Roadmap to be produced and presented to SMT.

3034 - Failure to deliver the MTFS:

- (25) MTFS (15/16);
- Financial Monitoring (14/15) to ensure delivery is in line with plan;
- Monitoring of Assumptions and Constraints within MTFS to ensure relevance, materiality and appropriateness, such as the provision for Equal Pay claims (see Risk 1630), and the impact of the Digital Region Project (14/15);
- Horizon Scanning with regard to general issues that may impact on LA Funding (14/15); and,
- Development of a range of budget saving options (KLoEs) to enable Future Council scenarios for 14/15 to be reflected in 15/16 budget.

3035 - Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence:

- Fraud Risk Self Assessment (FRSA) to be circulated Sept/Oct 2014 due to significant change in structure/configuration of services e.g. business units.

5.9 During discussions with the ED Development, Environment and Culture, it was proposed to move the mitigations relating to the Customer Services Organisation Programme from risk 3023 (Failure to engage with stakeholders) to risk 3033 (Failure to adapt the Authority into a sustainable organisation). This reflects the broader objectives of the programme in terms of enabling broad change, rather than a more singular focus on engagement activity.

5.10 There were no new risks identified during the review of the SRR. However, acknowledgement was given to the emerging Future Council strategy, and the need to ensure the SRR is updated to reflect this activity.

6. Key Risks

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

Concern Rating	Number of Risks	Percentage
1	0	0%
2	1	6%
3	9	53%
4	5	29%
5	2	12%
6	0	0%
Total	17	100%

6.2 The risk that has been allocated a red 'concern rating' relates to:

3026 – Failure to achieve a reduction in Health inequalities within the Borough.

As per previous reports, it is important to note that despite this risk having been allocated a red concern rating, it does benefit from mitigation actions that are currently logged as green. The means that despite the initial concern regarding the risk, the actions that are being taken to mitigate these risks are for the most part, on track and achievable.

Furthermore, it is also acknowledged that whilst structures and processes are in place to control this risk, time is required to gauge the overall effect and impact of these new controls on the overall level of concern for this risk.

This risk and the implications of Public Health activities formed part of a recent presentation and awareness session with the Audit Committee.

7. Assurance

7.1 This report and the SRR will be submitted to the Audit Committee at their meeting of 26th March 2014, in order to provide assurance that these significant risks are being managed appropriately.

7.2 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.

8. Future Review of the SRR

8.1 It is proposed that the next review of the SRR dovetails with other governance reports relating to Corporate Finance and Performance Management, in order for Cabinet to receive and consider governance related reports as a broad suite of documents.

9. Delivering Corporate Plan Ambitions

9.1 The SRR lists those significant risks which could impact upon the delivery of the Authority's objectives as set out in the Authority's Corporate Plan. Risks within the SRR are linked to both the Corporate Plan, and the Peer Challenge Improvement Plan, in order ensure that the register is focused upon those risks which are considered to be significant potential obstacles to the achievement of corporate objectives.

10. Risk Management Issues

10.1 The report focuses upon the further development of the SRR and the contribution this will make to the embedding of a risk management culture throughout the Authority.

10.2 Failure to fully develop the SRR will present a significant risk to the successful implementation of the required Risk Management culture.

11. Financial Implications

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

12. Appendices

- 12.1 Appendix One – Completed SRR Mitigation Actions
Appendix Two – Strategic Risk Register (full version)

13. Background Papers

- 13.1 Various paper and electronic files and risk registers which are available for inspection at the Westgate Plaza One offices of the Authority.

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Date: 7th March 2014

Appendix One: Completed SRR Mitigation Actions

STRATEGIC RISK REGISTER - Full Review February 2014

The following risk mitigation actions have been completed as part of the February 2014 review of the SRR:

3023 - Failure to engage with Stakeholders:

- (5) Volunteering Strategy: Service Level Agreement in place with Voluntary Action Barnsley to deliver core part of Strategy which is linked to Area and Ward plans. Employee Supported Volunteering in place internally. Need to consider opportunities to expand the use of volunteers; Refresh of Carers Strategy may have impact on 'hidden' volunteering; Health and Well Board approved creation of 'Engagement Hub' which is intended to align engagement opportunities across all statutory bodies.

3024 - Lack of Educational Attainment:

- (10) Barnsley Challenge: The Barnsley Challenge Plan has been refreshed and presented to the Challenge Board, and Senior Management Team. The refreshed Plan now requires approval by Cabinet, programmed for November 2013; Approved and completed as at February 2014.

3025 - Failure to safeguard vulnerable service users:

- Children's Services Scrutiny Board (sub-committee of Overview and Scrutiny Committee) 13/14: Executive Director Children's Services met Scrutiny Board to undertake review of their workplan for 13/14 and to ensure some contingency remains within their plan; Board up and running as at February 2014 with workplan in place.

3026 - Failure to achieve a reduction in Health inequalities within the Borough:

- (7) Health and Well-Being Strategy and Board (13/14): Board established; Joint Strategic Needs Assessment undertaken, and inequalities identified; Health and Well Being Programme Boards now established.

3047 - Failure to protect the Health of the population from preventable health threats:

- Health Protection Board to be established to provide assurances relating to preventable health issues; and,
- Adapting to new ways of working / culture following transition into BMBC.

3027 - Failure to manage Organisational Change:

- (20) Communications: Revised Communications Strategy being developed and programmed for presentation to Senior Management Team.

3029 - Failure to safeguard information:

- Undertake annual Information Technology Security Health check to ensure compliance with Government Code of Connection requirements (2013) and ensure the associated Action Plan is managed and completed.

3030 - Failure to be prepared for an emergency response or business continuity threat:

- Analysis of 12/13 Annual Governance Statement returns and sampling / challenge of returns (13/14);
- Further development of Corporate Resilience Plan in liaison with Services and Senior Management Team; and,

- Incorporation of Public Health into existing Council resilience and continuity plans and full refresh of Directorate resilience and continuity plans completed - submission of joint Flu Plan to Cabinet by Health and Safety and Public Health.

3032 - Failure of partnership working / supply chains:

- (21) Partnership Working (including focus on Local Strategic Partnership): One Barnsley Partnership Governance Framework strengthened and streamlined.

3034 - Failure to deliver the Medium Term Financial Strategy (MTFS):

- (25) MTFS (14/15) - set and delivered;
- Development of a range of budget saving options (KLoEs) to enable Future Council scenarios for 13/14 to be reflected in 14/15 budget;
- Financial Monitoring (13/14) to ensure delivery is in line with plan;
- Monitoring of Assumptions and Constraints within MTFS to ensure relevance, materiality and appropriateness, such as the provision for Equal Pay claims (see Risk 1630), and the impact of the Digital Region Project (13/14); and,
- Horizon Scanning with regard to general issues that may impact on Local Authority Funding (13/14).