



AUDIT COMMITTEE – 22nd April 2015

STRATEGIC RISK REGISTER – Full Review February 2015

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 20th May 2015.

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 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, 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 – 20th May 2015

STRATEGIC RISK REGISTER – Full Review February 2015

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 is 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 review of the SRR in September 2014, a further review of the SRR was undertaken in February 2015. 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 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**

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 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.
- 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 and Governance Section on a six monthly

cycle. The results of these reviews are discussed with the Council'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 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 February 2015 Review

4.1 The review that has been recently completed is the fourth review of the SRR, which was significantly refreshed, following a 'zero-based' review of the SRR in March 2013.

4.2 The February 2015 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 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 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	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;

Concern Rating	Description
	Possible to influence; or, Barely 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 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 action 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;**

The current iteration of the SRR is aligned to risks that were identified in a Cabinet report (Cab.15.1.2014/6) submitted by the Chief Executive. Furthermore, SRR risk owners 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. The February review of the SRR identified a number of areas where Future Council activity has affected the ownership and 'placement' of certain issues within the organisation such as safeguarding and the general move from 'preparing' to 'delivering' for the Future Council.

4.3 Cognisance was also given during each update meeting with the Risk Owner regarding any new or emerging risks that should be considered, or any risk areas that were developing, and required consideration against existing risks.

4.4 During the update meeting with the Chief Executive, the Risk and Governance Section were asked to ensure colleagues gave specific consideration to the following risk areas:

- Child Sexual Exploitation, particularly in light of recent issues within South Yorkshire;
- The Customer Services Organisation (CSO) Programme, intended to assist with service re-design, incorporating the growth of online digital services; and,
- The development of a city region devolution deal which is envisaged to provide more opportunities to strengthen the sustainability of the organisation

by transferring a number of powers and policy levels from central Government to local leaders, including skills, employment, business support, transport and housing.

5. Outcomes of the February 2015 Review

5.1 The significant outcomes that are detailed within this document focus on:

- Significant / 'Red' Risks; and,
- New / Emerging Risks

5.2 Significant / 'Red' Risks:

Risk:	Owner:
Risk 3026 – Failure to achieve a reduction in Health inequalities within the Borough.	Director of Public Health

As per previous reports, the following risk is currently logged as having a concern rating of '2'. It is important to note that despite this risk having been allocated a red concern rating, it is recognised that population based outcome measures are often slow and demanding to change.

Risk:	Owner:
Risk 3030 – Failure to be prepared for an emergency response or business continuity threat.	Director - Human Resources, Performance & Communications

Issues described in previous reports have merited this risk being allocated a concern rating of '2' for the last two review periods. This reflects the changing state of the organisation, and the concerns that exist regarding the ability of the Future Council to be able to appropriately respond to emergency situations. This issue has further been compounded by the changing relationship between the Council and Bull, which has affected the Council's own business continuity arrangements.

5.3 New / Emerging Risks:

The ED Place has suggested that the existing risk regarding partnership working and supply chains should be refined prior to the next programmed review of the SRR in October 2015 to consider issues regarding the sustainability and effectiveness of the Council's commercial / trading arm.

Discussion at SMT following the last review of the SRR in October 2014 suggested that the Customer Services Organisation (CSO) programme is of such corporate significance that the programme demands its own, discrete risk on the SRR. Meetings between the Risk and Governance Section and the CSO Programme Manger (Head of Customer Support and Development designate) and the ED Communities have assisted in drafting risk 3514 ('Failure to be able to deliver the ambitions and outcomes associated with the Customer Services Organisation Programme (CSO)'). The consideration of the appropriate risk 'concern' rating for this risk is required from SMT.

The existing SRR risk regarding the economy of Barnsley (risk 3021 'Failure to build the economy of Barnsley') was reviewed by the ED Place, who has suggested a more refined version of the risk, that focuses on the adequate supply and subsequent development of land for housing and commercial purposes. Both the ED Place and

the Head of Regeneration have provided input into the development of risk 3543 ('Failure to ensure the adequate supply of land for housing and commercial property growth'). The consideration of the appropriate risk 'concern' rating for this risk is required from SMT, along with the consideration of risk mitigation actions.

Other risk areas for consideration that were discussed during the February 2015 review of the SRR included:

- The delivery of the Council's Capital Programme; and,
- The emotional and physical health, safety and wellbeing of employees.

5.4 Details of risks logged on the SRR that have improved since the last review of the SRR are logged as Appendix One to this report.

5.5 Details of risks logged on the SRR that are proposed to be closed since the last review of the SRR are logged as Appendix Two to this report.

6. Risk Profile:

6.1 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 Feb 2015)	Percentage (as at Feb 2015)	Number of Risks (as at Sept 2014)	Percentage (as at Sept 2014)
1	0	0%	0	0%
2	2	13%	3	18%
3	6	40%	8	47%
4	5	34%	4	23%
5	2	13%	2	12%
6	0	0%	0	0%
Total	15	100%	17	100%

6.2 The total number of risks logged on the SRR has seen a slight variance following the consideration of the closure of risks 3021 ('Failure to build the economy of Barnsley') and 3032 ('Failure of partnership working / supply chains'), referred to in section 5.3 of this report.

6.3 It is likely the risk profile for the SRR will change again following the consideration of the proposed new risk regarding the CSO Programme (risk 3514 ('Failure to be able to deliver the ambitions and outcomes associated with the Customer Services Organisation Programme (CSO))), referred to in section 5.3 of this report, and consideration of the 'concern' rating for the new risk regarding the availability of land for housing and commercial growth (risk 3543 ('Failure to ensure the adequate supply of land for housing and commercial property growth')).

6.4 Details of the average risk category score for SRR risk, from the zero based review in March 2013 are detailed below.

	Period				
	Mar 2013	Oct 2013	Feb 2014	Sept 2014	Feb 2015
Average Risk Concern Rating	3.70 →	3.47 ↓	3.47 ↓	3.35 ↓	3.5 ↑

- 5.6.5 The slight improvement in the average category score for SRR risks can be attributed to the slight reduction in the number of risks being analysed, as a result of potential closed and new / emerging risks, detailed in section 5.3 of this report.

7. Risk Mitigation Actions

- 7.1 Appendix Three details the completed mitigation actions following the February 2015 review. 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.

6.3 'Red' Risk Mitigation Actions

- 6.4 Details of all risk mitigations with a 'red' status, 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 are detailed in Appendix Four to this report.

6.5 New or Significantly Updated Risk Mitigation Actions

- 6.6 Details of all risk mitigations that are new, or have been significantly updated as part of the February 2015 review are detailed in Appendix Five to this report.

7. Assurance

- 7.1 This report and the SRR will be submitted to the Audit Committee at their meeting of 22nd April 2015, 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 Future reviews of the SRR are now programmed 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 Council's Corporate Plan. Risks within the SRR are now linked solely to the Council's 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.

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 Council.
- 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

Appendix One:	Improved SRR Risks
Appendix Two:	Closed SRR Risks
Appendix Three:	Completed Risk Mitigation Actions
Appendix Four:	'Red' Risk Mitigation Actions
Appendix Five:	New or Significantly Updated Risk Mitigation Actions
Appendix Six:	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 Council.

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Appendix One: Improved SRR Risks

Risk Number	Risk Name	Reason for Improvement
3023	Failure to engage with stakeholders	At the review in September 2014, this risk has been upgraded in terms of the 'concern' rating that applies to the risk. This was based on concerns being raised regarding the Customer Services Organisation (CSO) programme. Discussions with SMT following the September 2014 review suggested that the CSO programme was significant enough to warrant its own specific risk for inclusion on the SRR. The consideration of a discrete risk regarding CSO is included under section 5.3 of this report, and on the basis that this recommendation is approved the risk regarding engagement with stakeholders can be downgraded to reflect the management of CSO programme risk elsewhere.

Appendix Two: Closed SRR Risks

Risk Number	Risk Name	Reason for Closure
3032	Failure of partnership working / supply chains	<p>Despite a significant re-write of this risk in 2014, it has been expressed by a number of SMT members that this matter does not necessarily merit inclusion on the SRR. Previous iterations of the risk referred to significant partnerships and supply chains such as Barnsley Premier Leisure, Berneslai Homes, Bull / TCL and Norfolk Property Services. Revisions in 2014 provided a focus to this risk in terms of the One Barnsley partnership, and the Health and Wellbeing Board and Barnsley Economic Partnership. It has since been suggested by the ED Place that this risk should be refined prior to the next programmed review of the SRR in October 2015 to consider issues regarding the sustainability and effectiveness of the Council's commercial / trading arm. The issue of ownership of this risk is further clouded following confirmation from the ED HR, Performance and Communications that partnership management is no longer a function that is led from any central service, and this area of control has now been dispersed to the appropriate partnership lead officers.</p>
3021	Failure to build the economy of Barnsley	<p>The existing SRR risk regarding the economy of Barnsley (risk 3021 'Failure to build the economy of Barnsley') was reviewed by the ED Place, who has suggested a more refined version of the risk, that focuses on the adequate supply and subsequent development of land for housing and commercial purposes.</p>

Appendix Three: Completed Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action Name
3025	Failure to safeguard vulnerable service users	<ul style="list-style-type: none"> ▪ Implementation of Area Council Arrangements which includes the principle of facilitating community engagement to assist in supporting vulnerable people; Area Councils established; Phase 1 of Dearne Approach complete; Ward Alliances established. Report regarding Phase 2 of Dearne Approach being prepared and benefits of using the Phase 2 model is being considered in terms of roll-out elsewhere; ▪ Identification of opportunities to learn lessons from Safeguarding Board workload; Joint workshops planned; Reps from SAB on BSCB and vice versa; Joint Safeguarding Boards workshops planned; Joint audit of safer recruitment planned; Joint learning from regional DHR and SCR taken place; and, ▪ Progressing management structure which includes consideration of Social Care roles and responsibilities to ensure there are improved opportunities for management scrutiny.
3026	Failure to achieve a reduction in Health inequalities within the Borough	<ul style="list-style-type: none"> ▪ Undertake recruitment process to identify and recruit Director of Public Health: Final two day interview process to commence October 2014.
3023	Failure to engage with stakeholders	<ul style="list-style-type: none"> ▪ Assessment of capacity within Authority to be undertaken to identify issues regarding resources to delivery CSO outcomes.
3029	Failure to safeguard information	<ul style="list-style-type: none"> ▪ IT Business Plan produced and presented to 'check and challenge' session - now analysing other business plans to identify IT requirements and resourcing; ▪ Manage and deliver the refreshed Action Plan arising from the IT Security Health Check 2014; ▪ Review of current IT architecture complete - Action Plan developed and requires delivering; ▪ Implementation of EGRESS secure email solution; and, ▪ Reviewing of processes to ensure a robust check of third parties / contractors / partners IG arrangements are appropriate and consistent.
3032	Failure of partnership working / supply chains	<ul style="list-style-type: none"> ▪ (23) Contracting / Procurement: P2.net CorpS L&G P&C Contracting / Procurement - £6M savings identified regarding contracts, £3M savings identified in IT contracts - ongoing assurance review to ensure savings are now delivered; and, ▪ (17) Shared Commissioning across the Council / across the Borough: Feedback provided to SMT and Officer Group to feed into Future Council considerations.
3033	Failure to adapt the Authority into a sustainable organisation - 'Failure to maintain current services'	<ul style="list-style-type: none"> ▪ (27) Services as Business Units / Different Business Models: Check and Challenge sessions to moderate Business Plans; ▪ Development of budget saving options for front loaded 15/16 (agreed by Cabinet) and 16/17 (to be identified) budget and beyond that minimises disruption on service users and partners whilst not detrimentally affecting employee morale to ensure the pace and scale of change can be minimised and controlled where possible; and, ▪ (18) Customer Services Strategy / Review; Links to Customer Services Organisation

Risk Number	Risk Name	Risk Mitigation Action Name
3034	Failure to deliver the MTFFS - 'Failure of Future Council to achieve the required level of savings'	<p>Programme which includes a broader restructure to bring together Customer Services functions together. This also intends to identify opportunities for other service areas not yet included in CSO programme - concern regarding capacity within Authority to deliver outcomes;</p> <ul style="list-style-type: none"> ▪ Development of a range of budget saving options to enable Future Council scenarios for 14/15 to be reflected in 15/16 budget; and, ▪ MTFFS (15/16) – set and to be delivered.

Appendix Four: 'Red' Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action Name / Reason for 'Red' Status
3028	Workforce Planning Issues	<p>(12) Organisational Development: Monitoring OD Strategy via Corporate Plan with subsequent reports to Scrutiny and FC Board to ensure managers are promoting the correct message regarding FC to employees</p> <p><i>This risk mitigation action continues to reflect the concerns regarding the communication with employees by their Managers regarding the 'journey' towards the Future Council.</i></p>
3030	Failure to be prepared for an emergency response or business continuity threat	<p>Seek assurances from Business Units regarding their own business continuity planning and resilience arrangements to ensure they are robust and 'fit' with the Corporate Resilience Plan. Revised BCP template issued Jan 15; H&S audit programme supported by Internal Audit who will undertake specific reviews</p> <p><i>This risk mitigation action continues to reflect the need to ensure that resilience arrangements for the Authority remain robust and fit for purpose, both during the Future Council change programme, and beyond. The assurances required in this regard have now been factored into the 15/16 Internal Audit Plan, and it is envisaged that joint working with Internal Audit and Emergency Resilience colleagues will begin to have a positive effect on this risk mitigation, and subsequently, the risk itself later in 2015.</i></p>

Appendix Five: New or Significantly Updated Risk Mitigation Actions

Risk Number	Risk Name	Risk Mitigation Action Name / Reason for 'Red' Status
3025	Failure to safeguard vulnerable service users	Consideration of report to SMT regarding improvements identified following analysis of the Report of Inspection of Rotherham Metropolitan Borough Council (the 'Casey Report').
3026	Failure to achieve a reduction in Health Inequalities within the Borough:	Internal governance and assurance arrangements for the use of the public health grant across the council (Action 1 above) are necessary to assure PH England and the Department of Health that the grant is being used to improve public health outcomes.
3023	Failure to engage with stakeholders	<p>Review of the developing community offer to include consideration of how we tell our story, local welfare assistance, third sector provision and how we use our buildings and assets</p> <p>Building Community Capacity event in February 2015 - intended to provide support to fledgling companies and assisting in supporting communities to develop;</p> <p>Nesta Programme - development of volunteering capacity and capability in Barnsley; and,</p> <p>Formal review of third sector in Barnsley</p>
3030	Failure to be prepared for an emergency response or business continuity threat	Undertake weekend (minor incident) testing, and undertake annual (major incident) testing of IT resilience.
3029	Failure to safeguard information	Risk based Action Plan developed (following review of IT architecture) being delivered (all 'red' actions complete).
3033	Failure to adapt the Authority into a sustainable organisation – 'Failure to maintain current services'	Development of new Corporate Plan
3034	Failure to deliver the MTFs – 'Failure of Future Council to achieve the require level of savings	(25) MTFs (16/17) - set and to be delivered; and, Financial monitoring (15/16) to ensure delivery is in line with plan.
3035	Loss of assets and resources as a result of a one-off incident of fraud / corruption / bribery or a sustained or widespread occurrence	Fundamental review of all corporate anti-fraud and corruption policies, procedures and guidance as part of the work of the Corporate Fraud Team.