

**CANNOCK CHASE COUNCIL****AUDIT & GOVERNANCE COMMITTEE****20 AUGUST 2012****REPORT OF THE HEAD OF GOVERNANCE****STRATEGIC RISK REGISTER****1. Purpose of Report**

- 1.1 To provide an update on the strategic risks facing the Council in delivering its objectives.

**2. Recommendations**

- 2.1 That the progress in addressing the Strategic Risks be noted.

**3. Key Issues**

- 3.1 Leadership Team undertake an annual assessment of the strategic risks that the Council faces in delivering its objectives for the forthcoming year, this includes a full review of the existing risks on the Strategic Risk Register. This review has been carried out for the current financial year and is reflected in the 2012-13 Strategic Risk Register.
- 3.2 Annual Review

In total there are 12 risks on the updated strategic risk register for 2012-13. All 12 risks have been carried forward from the 2011-12 risk register and no new risks added. 4 risks have been removed as they are no longer considered to be strategic risks. The 4 risks deleted are:

No	Risk	Reason for removal
6	Insufficient or inappropriate engagement with the Community	Due to the appointment of a Consultation & Engagement Officer and the publication of the Consultation & Engagement Strategy and Toolkit this is no longer considered to be a risk.
9	Failure to formulate a sustainable 30 year HRA Business Plan in accordance with the Governments HRA debt settlement process	The HRA Business Plan was approved by Council February 2012
14	Leisure Outsourcing – doesn't identify suitable provider(s), process is delayed, process is aborted due to lack of competition/interest	The Leisure outsourcing project completed on 1 <sup>st</sup> April 2012 with the commencement of the contract with WLCT.
16	Lack of political consensus on priorities for the District in 2011/12	The Council now has a political majority administration.

- 3.3 Risk number 3 "Districts needs not recognised by external stakeholders locally and nationally" has increased from a low to a medium risk. This reflects the fact that since the Local

Government Spending Review there has been a trend towards commissioning frameworks which are primarily led by Staffordshire County Council and the Clinical Commissioning Group. It is imperative that Cannock Chase is appropriately represented if the Council is to influence decisions and ensure the needs of the District are recognised.

- 3.4 The 12 strategic risks at the start of 2012-13 are summarised in Appendix 1 and are presented in risk score order (highest to lowest)

Full details of each of the potential risks are given in Appendix 2 together with details of the actions to be taken to address the risk.

- 3.5 As part of the annual review a decision was taken to revert to scoring the risks according to the Council's Risk Matrix. For the last 12 months risks have just been categorised as High, Medium or Low only. However, this has not shown progress where actions have resulted in a change of risk score but not an overall change in risk category.

4. **1st Quarter Review**

- 4.1 At the end of Quarter 1 the number of strategic risks remains at 12.

All risk scores have been reviewed and:

- All 12 risks remain as they were when last reported to the Audit & Governance Committee;

- 4.2 Actions have been identified to contain or reduce the risk for the High and Medium categories however; it is accepted that by their very nature some risks will always be present and it may not be possible to reduce them. They will however continue to be monitored for any changes in the risk score.

- 4.3 In summary the Council's risk profile has changed as follows:

Risk Colour	Number of Risks at 1 <sup>st</sup> April 2012	Number of Risks at June 2012
Red	1	1
Amber	11	11
<b>TOTAL</b>	<b>12</b>	<b>12</b>

It may be that some risks have reduced their score but not their overall risk category. It has not been possible to identify this during the first quarter but now that risk scores have been re-instated it will be possible to record such movements in future reports.

- 4.4 There is currently one red risk ie Adaptations (Disabled Facilities Grants "DFGs"). The risk score has not yet reduced. Currently this Council allocates approximately £200,000 per year to fund disabled adaptations in privately owned homes. This funding is by way of Disabled Facilities Grants which are a statutory requirement on the Council. Attempts are being made to secure some or all of this funding from Healthcare organisations.

- 4.5 A progress update for those actions due up to June 2012 is included in the full strategic risk register attached at Appendix 2. Those actions that have been completed are shaded grey and will be removed when the risk register is next reported to the Audit & Governance Committee.

**5. Background to Risk Management**

5.1 The Accounts & Audit Regulations 2011 state that-

*“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”*

5.2 Risk Management is defined as:

*“Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management implies adopting a planned and systematic approach to the identification, evaluation and economic control of those risks which can threaten the assets or financial and organisational well-being of the Council.”*

5.3 Risk management is not about being ‘risk averse’ – it is about being ‘risk aware’. Risk is ever present and some amount of risk-taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities and about achieving objectives once those decisions are made. By being ‘risk aware’ the Council is in a better position to avoid threats and take advantage of opportunities.

**6.0 Legal Implications**

6.1 The aim of risk management is to identify, evaluate and control those risks which can expose the Council to potential liability.

6.2 The Council is accountable for its actions and the resources expended in the provision of services. Inevitably, there are risks associated with the undertaking of such action and the use of resources, It is therefore, appropriate and prudent that the risks that exist in the organisation are identified and managed effectively so as to limit (if not eliminate) those risks that expose the Council to challenge and undermine the delivery, discharge and performance of the Council’s duties and obligations.

6.3 The failure to manage risks effectively could expose the Council to legal challenge through litigation whether that be through civil actions or criminal prosecutions, should appropriate and necessary steps not be undertaken.

**7. Financial Implications**

7.1 There are no direct financial implications arising from this report.

7.2 It is anticipated that the cost of implementing the actions outlined in the strategic risk register can be accommodated within existing budgets. If any additional funding is required this will be the subject of a separate report.

- 7.3 The management of risks in respect to claims and litigation and reviewing how risks are controlled could result in reduced financial costs to the Council. Good risk management contributes to the efficient use of resources.
- 7.4 A risk analysis is undertaken as part of the annual budget making process and determines the level of working balances to be maintained by the council.

8. **List of Background Papers**

None

9. **Annexes to the Report**

Appendix 1 – Summary of Strategic Risks 2012-13

Appendix 2 – Strategic Risk Register – Detailed

10. **Report Author Details**

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