
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 15
DATE OF MEETING:	18th JUNE 2009	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/risk mgt/ monitoring reports/11-June 09
SUBJECT:	RISK MANAGEMENT – CORPORATE REVIEW AND MONITORING UPDATE	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 14

1.0 Recommendations

- 1.1 That the updated risk register and associated analysis is considered and noted.

2.0 Purpose of Report

- 2.1 To provide an update on risk management. This is designed to assist the Council in its day-to-day business by identifying and minimising key risks. This is in accordance with the Council's Risk Management Policy Statement.
- 2.2 The management of individual risks is part of service management. This report is a half-yearly consolidated review across the Council following the introduction of the new Corporate Plan and consideration of Service Plans for 2009/10.
- 2.3 Consequently, it shows how significant operational and corporate issues are being managed. It also provides an opportunity for the Council to assess its approved framework and to update the Council on any wider issues concerning risk management.

3.0 Detail

Background

- 3.1 Risk management is a key component of the Council's corporate governance framework. The arrangements for it are subject to regular review and annual assessment through the Use of Resources framework by the Council's External Auditors.

- 3.2 The Council maintains an overall risk register that contains the main risks that it faces in delivering its services. Effectively they are those contained within individual service plans and those identified by the Corporate Management Team and reported in the Corporate Plan.
- 3.3 Risk management cannot in itself guarantee that the risk will never occur. The process is to ensure that risks are managed as far as reasonably practicable, kept under review and monitored accordingly to mitigate the risk occurring, and/or to mitigate the consequences.
- 3.4 It is about ensuring that the management of risk is embedded into the day-to-day operations of the Council and that emerging/increasing risks are brought to the fore corporately for greater attention.
- 3.5 From a positive aspect, it helps to ensure that potential barriers to the Council delivering its priorities are reduced as far as practicably possible and those opportunities for improvement and development are taken.
- 3.6 Risks associated with the Council's finances are also covered in the Medium-Term Financial Plan and in particular, when considering the level of General Reserves required to be kept as a contingency.
- 3.7 Individual business risks are reviewed and moderated from time to time by the Council's Risk Management Working Group (RMG) who assesses the risks in the light of the Council's overall priorities and service delivery.
- 3.8 The current risk register is shown in the following matrix.

Risk Map for the Council (as at June 2009)
Number of risks identified in each category

HOW LIKELY

<p align="center">A HIGH</p> <p align="center">B PROBABLE</p> <p align="center">C LOW</p> <p align="center">D EXTREMELY LOW</p>			(1) 1	
	(0) 1	(15) 17	(3) 6	
	(2) 2	(20) 14	(9) 9	(1) 1
	(0) 0	(3) 4	(2) 1	(2) 2
<u>IMPACT</u>	4 VERY LOW	3 MODERATE	2 SERIOUS	1 CATASTROPHIC

3.9 In this matrix, the darker shading towards the right hand side highlights the high risks, the clear area the medium risks and the lighter shading on the left hand side the lower rated risks.

3.10 The overall register still shows **58** key risk areas of varying degrees, unchanged in total from that reported in November 2008. (Figures in brackets relate to the split in November).

3.11 All risks (by main Division) are shown in **Appendix 1**. These are reflected and monitored in service plans.

3.12 The main changes over the last 6 months are that 4 risks previously ranked as low, have been raised to medium (B3 and B2). These are as follows:

- Continuing loss of income from land charges compared to budget (B3)
- Capacity to deliver change, including changing organisational culture (B3)
- The longer-term financial position (**B2**)
- The impact of the Government's 2010 public sector spending review (**B2**)

- 3.13 In addition, one new risk has been added in category B2 concerning "Peak Oil" i.e. raising oil and gas prices to high levels and affecting security of supply.
- 3.14 Category **B2** is a critical category for the Council because it identifies those risks that are actually occurring or there is strong evidence to suggest that an issue could arise. It could also suggest that the impact level could be serious, i.e. financial loss, serious injury or material impact on service provision.
- 3.15 Two risks now falling into B2 concerning the Council's financial position and future Government resources can be consolidated together. These are considered corporate issues, the detail for which is contained in the medium-term financial plan.
- 3.16 These risks have been raised due to the on-going effects of the economic recession that could widen the longer-term budget deficit, together with Government indications that the next round of financial settlements for local government will be much tougher.
- 3.17 In addition, the efficiency target for local government will be increased to 4% from 2010/11 and perhaps higher thereafter. On the positive side, the Council does have a good financial base to work from and a longer-term plan. As **Pages 1 and 2 of Appendix 1** indicate however, the next review of the MTFP and options within it, will be a key indication of the Council's position in the future.
- 3.18 The other 3 risks in the B2 category continue to be:
- Closure of Sharpe's Museum and Tourist Information Centre
 - Failure of I.T. infrastructure
 - Breakdown of Telecommunications Systems

Peak Oil

- 3.19 Although at present, the price of oil has fallen back from the historically high levels of 12 months ago due to the global economic recession, it is expected that this could again be an issue when the worldwide economy strengthens. The high price of oil was beginning to have an impact on the Council last year, not least through additional cost pressures.
- 3.20 This is a risk that is being monitored within the Environmental Services' work programme around reducing energy consumption and pursuing alternative sources as part of its EMAS and climate change plans.

A Review of the Higher Risks

- 3.21 In addition to these medium risks, the Council has classified some high risks. These relate to issues that could have quite a significant effect on the Council being able to deliver its services across the board or where there could be serious implications affecting the Council and the local community.

3.22 Of the 58 risks, there continue to be 4 risks that are considered to be high - although the probability of them occurring (excluding Disabled Facility Grants) is very low, the potential impact if they did, could have serious consequences on the Council's services. The 4 risks are highlighted below.

Disabled Facility Grants

3.23 Meeting demand and generating sufficient funding for Disabled Facility Grants continues to be a real pressure.

3.24 The Council has on several occasions over the last 2 to 3 years, diverted additional resources to meet demand and been successful in generating additional external funding from Government and partnering organisations such as the PCT. Securing on-going funding continues to be an issue.

Business Continuity

3.25 The Council does have a Business Continuity Plan in place that is regularly reviewed and tested. The Plan is required by legislation and would help to tackle many problems should they arise.

3.26 Recently, plans and emergency planning to assist the wider community have been devised and refreshed to mitigate the effects of flu pandemic. In addition, a review was undertaken following the recent computer virus that affected the Council.

3.27 However, the main issue for the Council is the lack of alternative, specific accommodation to incorporate IT, Telecoms and sufficient space for all staff resources to enable the Council to operate longer-term. This is still currently under review through the formulation of a full Disaster Recovery Action Plan, which stretches beyond I.T.

3.28 However, as previously reported, until alternative accommodation is identified, this will continue to remain a higher risk. Longer-term, it is planned that a back-up facility will be housed within the Council's depot or accommodation elsewhere in the town centre. However, this may not be sufficient to accommodate all resources.

3.29 Although the likelihood of the whole administrative building becoming inoperative is low, should it happen, the Council would need to find alternative accommodation on the market at that time. Given the incidence of existing and new office space available within the District, the Council may be able to find alternative premises. This is kept under review in the Property Services Unit.

3.30 Given this, Property Services will now be reviewing potential sites and partner organisations locally, with the aim of having a list of contacts and a high level plan of action should the need arise. This may include an informal agreement to share accommodation (say with the County Council) in the event of a major issue occurring.

Public Events

- 3.31 This relates to an incident occurring at one of the Council's public events. These are relatively few in number over the course of a year with the Festival of Leisure and the Christmas Lights Switch-on being the largest.
- 3.32 As previously reported, before each large-scale event an emergency plan is produced which considers all the issues relating to a public event. The police and other statutory partners are involved in this process. Plans are refined after each event if necessary.
- 3.33 It is still considered that this risk is managed as far as reasonably practicable but should be kept under review and monitored accordingly.

Flooding

- 3.34 This is considered to be a higher risk due to a greater probability of incidents occurring and clearly the potential impact that has always existed. Warning systems are in place and substantial alleviation works have been completed. In addition, floodgate schemes are instigated at houses previously affected.
- 3.35 There are potential issues associated with the Fish Ponds where short term bagging of the weir and overflow is in place. The Council has now compiled a schedule of works and this, along with its funding, are due to be considered as part of another report elsewhere on this Agenda.

4.0 Financial Implications

- 4.1 None.

5.0 Corporate Implications

- 5.1 A review of the Council's risks on a regular basis helps to ensure that potential barriers to the Council delivering its services are reduced as far as practicably possible.

6.0 Community Implications

- 6.1 As above

7.0 Background Papers

- 7.1 None