

STRATEGIC RISK MANAGEMENT

Agenda Item 7 (a)

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Background Papers:- Risk Policy, Strategy and Implementation Plan – Council 19th April 2006; Risk Management report – Cabinet 4th February 2008; Audit Committee 16th April 2008

Financial Implications:- None
Equalities Implications:- None
Legal Implications:- None

Options: To accept, add or delete the changes to the strategic risks
Risks: Reductions or detrimental changes to the risk management arrangements currently in place would have an adverse impact on the Council's CPA rating

EXECUTIVE SUMMARY

The report provides an annual resume of the Council's work and approach to Risk Management. Identifying the reviews undertaken which ensure that the strategic risks register is kept up-to-date and relevant.

DECISION

Members are asked to:

1. Accept the changes to the schedule of strategic risks.
2. Note that action plans for those risks with risk ratings above the risk tolerance line will be prepared and presented to the next meeting of the Audit Committee.

Details

Strategic Risks

A register of the strategic risks i.e. those risks that may affect the ability of the Council to achieve its objectives, was established in December 2003.

Management Board has ensured that the risk register continues to be current by regularly reviewing and updating the strategic risks. The latest review was undertaken in two parts on 15th May 2008. The first was with Management Board and the second was with members of the Cabinet, Audit Committee and Group Leaders. The workshops were facilitated by David Forster of Zurich Risk Engineering Services and were divided into three parts:

- A brief introduction to risk management and how it is addressed at the Council (essentially for members new to the subject)
- An introduction to the new Comprehensive Area Assessment, which is to commence in 2009. Outlining the proposed approaches to be used: for an area this will involve a joint inspectorate annual area risk assessment and reporting of comparative performance on the new national indicator set and for councils will involve a joint inspectorate annual direction of travel assessment and an annual use of resources assessment; and
- A review of the existing strategic risk register, agreed in November 2007.

The review of the 23 strategic risks on the register (as agreed in November 2007) identified changes required:

- To risk rating i.e. the likelihood of the risk occurring and the impact of the risk;
- To delete risks no longer relevant or are to be incorporated with other existing risks; and
- To refine and/or update the definitions used in the vulnerability, trigger or consequences of the risk.

A summary of the changes to the risk ratings is shown in the table below:

Risk Rating	November 2007	May 2008
B2 (<i>High likelihood/Critical impact</i>)	1	2
B3 (<i>High likelihood/Marginal impact</i>)	0	0
C2 (<i>Significant likelihood/ Critical impact</i>)	10	10
C3 (<i>Significant likelihood/ Marginal impact</i>)	3	0
D2 (<i>Low likelihood/ Critical impact</i>)	6	4
D3 (<i>Low likelihood/ Marginal impact</i>)	2	1
E2 (<i>Very low likelihood/ Critical impact</i>)	1	1
Total Risks on Strategic Register	23	18

A list of the risks, which were changed, is provided below:

Risk No.	Risk Rating	Vulnerability	Trigger	Consequences
6	B2 from C3	The Council undertakes a variety of projects, which require effective project management and staff do not always recognise what a project is. Successful service delivery is dependent upon effective performance monitoring. However performance management is	Projects are adversely affected due to council staff not having the relevant skills/capacity The Council's	<ul style="list-style-type: none">• Projects not managed to time or budget/authority muddles through• Projects fail to deliver objectives• Organisation fails to change and benefit from project• Partners are

		not fully part of the culture and is not consistently applied across the Council.	performance drops/improves	<p>disillusioned</p> <ul style="list-style-type: none"> • Adverse effect on performance • Adverse publicity • Managers are unaware of quality and performance standards being achieved. • Failure to address poor performance • Service quality falls • Censure by audit / inspection
17	C2 from D2	Long-term use of Council assets. Following housing transfer, council buildings (Causeway House, depot and Cordons Farm), technology, under-utilised and therefore expensive	Failure to identify new partners. Failure to identify Council requirements.	<ul style="list-style-type: none"> • Costs of services increase. • Inefficient use of space. • Empty buildings and offices • Reduction in service standards • Balances fully utilised
37	C2 from D2	<p>Workforce planning/Talent management</p> <p>Braintree is seeking to manage complex organisational issues and has recognised people management as a critical issue.</p> <p>There are a number of issues:</p> <ul style="list-style-type: none"> • Limited resource capacity • Loss of key staff to other organisations • Difficulties with recruitment • Succession planning and aging staff? <p>Business management expertise/lack of management development</p>	Braintree does not have the right people in the right place, with the right skills, to build on its improvement for the future.	<ul style="list-style-type: none"> • Increased key person dependency • No capacity for strategic issues • Not shaped for the future • Failure to maximise on business process re-engineering • Significant projects and initiatives not delivered • Work/initiative overload • Stress and absenteeism • Frustrated staff • Services suffer and standards fall • Threat to CPA improvement
43	D2 from C3	<p>Sustainability</p> <p>The Council has signed up to the Nottingham declaration on Climate change. This is becoming a significant issue for the Council and the Sustainable Energy Strategy is an important part of this</p>	Council fails to deliver on its climate change commitments	<ul style="list-style-type: none"> • Fail to give local community leadership • Public criticism • Critical CPA/CAA inspection report • Reputation of council damaged
3	Deleted	Anti Social Behaviour is a high profile issue for local	Perception of ASB fails to	<ul style="list-style-type: none"> • Perceived failure of council leadership

		residents and the Council has a lead role to play in managing the community to deal with this. This is a key ambition.	reduce, or actually increases	<ul style="list-style-type: none"> • Areas of Braintree and the District 'get a reputation' • Issue gets in the way of other key priorities
35	Deleted	The Council needs to demonstrate that we are providing VFM services across the authority	Poor CPA 'use of resources' judgement	<ul style="list-style-type: none"> • Possible CPA re-categorisation • Shared services/outsourcing • Low morale • Savings not delivered • Reputation diminished
40	Deleted	Governance arrangement across Essex. Essex County Council developing new governance arrangements for strategic partnership working across Essex. In taking forward Local Area Agreement process.	BDC unable to contribute to strategic debate and influence at a County level. ECC dictates local agenda	<ul style="list-style-type: none"> • Threat to leadership role. • Threat to effective development of Local Committee. • Insufficient focus on local priorities. • Braintree affected by issues more relevant to south Essex.
41	Deleted	Greenfields Community Housing (GCH) Transfer of housing stock to GCH. Establishing a new working relationship Strategic Housing role retained by Council Establishing strategic function-what this means for BDC.	Relationship less than amicable. GCH not assisting in current climate. Inadequate arrangements to provide emergency temporary accommodation for homeless.	<ul style="list-style-type: none"> • Use of Bed & Breakfast facilities for housing the homeless • Cost implications • Staff under increased pressure (sickness levels rise) • Indiscriminate cost cutting/saving exercise • Ability to sustain Service Level Agreements after initial contract period
42	Deleted	Local Committees Perceived change in role of front line members. Creation of local committees, providing focus on issues to area. New ways of working, opportunities to engage with range of players in area.	Members not engaging in 'new' approach	<ul style="list-style-type: none"> • Failed opportunity to engage members/new ways of working at local level. • Council seen as not supporting local community • Reputation of Council harmed. • Ensuring consistent approach. • Fail to give local community leadership • Critical CPA/CAA inspection report

The rationale for deleting the five risks is:

- For risks 3, 40 and 41 the issue is essentially about partnership working and therefore are now incorporated in risk 31, which is concerned with an increasing dependency on working with partners.
- Risk 35 is now incorporated in risk 28, which is concerned with performance and value for money.
- Risk 42 is around the Community Leadership role of the Council, an important part of which are the Local Committees. This is therefore covered in risk 36 which specifically covers Community Leadership.

Risks 6, 17 and 37 have increased risk rating scores and are now placed above the 'risk tolerance line'. A member of Management Board will actively manage these. An Action Plan will be drawn-up for each risk and these will be reported to the next meeting of the Audit Committee.

Finally, Management Board reviewed the current processes for managing the Council's strategic risks and concluded that the process continues to be relevant and appropriate. Strategic risks will therefore continue to be reviewed twice per annum.