

STRATEGIC RISK MANAGEMENT

Agenda Item 6d

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Background Papers:- Risk Policy, Strategy and Implementation Plan – Council 19th April 2006; Strategic Risk Management report – Cabinet 11th May 2009
Financial Implications:- None
Equalities Implications:- None
Legal Implications:- None
Options: To add additional risks or change rating of risk on the register
Risks: Reductions or detrimental changes to the risk management arrangements currently in place would have an adverse impact on the Council's Use of Resources rating

EXECUTIVE SUMMARY

The report provides members with details of the Council's Strategic Risk register. Strategic Risks have been updated following the recent review of the register by Management Board and members of the Cabinet and Audit Committee and Group Leaders.

The number of risks requiring active management, as determined by their assessed risk rating, has reduced from 16 to 10. No new risks were added. The action plans for managing each of the ten risks are owned and maintained by members of the Management Board. These will be reported to the Audit Committee in January 2010.

DECISION

Members are asked to agree the updated schedules of strategic risks.

Strategic Risks

A register of 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 on 13th October 2009. This update was shared with members of the Cabinet and Audit Committee and Group Leaders at a meeting held on 29th October 2009.

The review of the 20 strategic risks on the register (from the last review in March 2009) identified a number of changes required:

- To risk rating i.e. the likelihood of the risk occurring and/or the impact of the risk; and
- To refine and/or update the definitions used in the vulnerability, trigger or consequences of the risk(s).

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

Risk Rating	March 2009	March 2009
B2 (<i>High likelihood/Critical impact</i>)	2	0
C2 (<i>Significant likelihood/ Critical impact</i>)	14	10
C3 (<i>Significant likelihood/ Marginal impact</i>)	0	1
D2 (<i>Low likelihood/ Critical impact</i>)	2	6
D3 (<i>Low likelihood/ Marginal impact</i>)	1	1
E2 (<i>Very low likelihood/ Critical impact</i>)	1	1
Total number of risks on Strategic Register	20	20

A copy of the current strategic risk register is attached at Appendix A.

Although no new strategic risks were proposed at the meeting on 29th October 2009, members did suggest three issues where the Council may be at risk in the future. The three issues were:

- The impact on Local Government following the General Election in 2010;
- Impact on the Council and its services of the possible unreliability of energy supply in the future should predictions, of some commentators, come to fruition; and
- A growing expectation for Local Government and other service providers in an area to work in partnership and possibly enter into shared services arrangements.

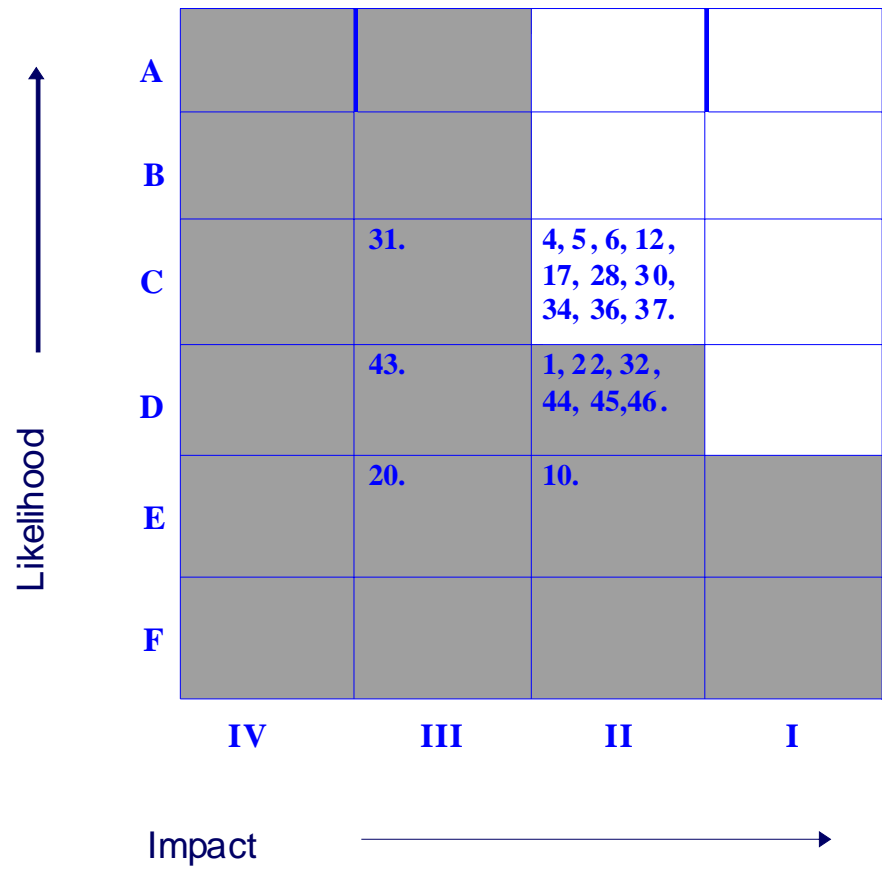
It was agreed that at the present time it was too early to determine whether these would become potential strategic risks for the Council, but they would each be reviewed again at the next update session in six months time.

A member of the Management Board is assigned responsibility for each strategic risk, however, the risks rated C2 are above the Risk Tolerance (see diagram at Appendix B) and as such require action planning and management over and above existing controls. This involves establishing a Management Action Plan, which assesses the adequacy of existing actions in place and the need for further action in order to move the risk to below the tolerance line. The plan also identifies responsibility for actions and key review dates.

As there are no new risks above the Risk Tolerance Line, there are no new Action Plans for consideration. The existing Action Plans will however be reviewed by the Audit Committee at its meeting in January 2010.

THE RISK PROFILE TEMPLATE

STRATEGIC RISK PROFILE
 Organisation Name: Braintree District Council October 2009



Likelihood:

- A Very high
- B High
- C Significant
- D Low
- E Very low
- F Almost impossible

Impact:

- I Catastrophic
- II Critical
- III Marginal
- IV Negligible

STRATEGIC RISK REGISTER

Updated 13th October 2009 - Management Board

APPENDIX A

RISK	CURRENT RISK	PREVIOUS	ABOVE	VULNERABILITY	TRIGGER	CONSEQUENCE	STRATEGIC OBJECTIVE	MANAGEMENT OWNERSHIP
Ref.	RATING	RISK RATING	TOLERANCE?					
6	C2	B2	Yes	The Council is undertaking and proposing to undertake a number of significant projects, which require effective project management. Successful service delivery is dependent upon effective performance monitoring. Performance management is not fully part of the culture and is not consistently applied across the Council. Examples of significant projects: - Witham Leisure Centre - Community Halls (Hubs) - Office accommodation - Town Centres Regeneration	Projects are adversely affected due to council staff not having the relevant skills/capacity The Council's performance drops.	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 disillusioned 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	We deliver excellent, cost effective and valued services	Chief Executive
30	C2	B2	Yes	Braintree District is undergoing change and redevelopment e.g. major house building and housing allocation, together with proposals for the development within M11 corridor including the potential expansion of Stansted airport. Local Development Framework for district currently in progress. New town proposal for the district (EERA consultation on growth within the district to 2031) Other issues include the Olympics and the A120	The Council fails to influence developments affecting the district	Opportunities missed Unsatisfactory solutions are reached Adverse impact on local economy Negative impact on local environment Adverse publicity Fail to attract additional external funding Drop in skill sets Businesses move away	The environment is clean and green Business is encouraged and the local economy prospers Housing and transport meet local needs Everyone can enjoy a healthy lifestyle	Corporate Director
4	C2	C2	Yes	The Council prides itself on amount of consultation it undertakes. However, MORI research shows a decline in satisfaction with the council's services. The Council has targeted a significant improvement in overall satisfaction over the next three years	Satisfaction levels fail to increase	Critical inspection report (CAA) Poor 'Place' survey - customer engagement, quality of life, civic pride Reputation of Council harmed	We deliver excellent, cost effective and valued services	Chief Executive
5	C2	C2	Yes	Transformational agenda - Looking for efficiencies with more efficient, effective and leaner business processes Alternative service provision Need for continuous improvement	Efficiency targets not going to be met Programme & Efficiency project timetable not delivered	Efficiency and Economy savings not realised Unplanned use of balances for budget purposes Services do not improve or decline Public criticism of Council Staff co-operation starts to reduce	We deliver excellent, cost effective and valued services	Corporate Director

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12	C2	C2	Yes	The Council has challenging affordable housing needs. There are a declining number of sites for development in the district and the value of housing is intrinsically high Increasing gap between the availability of affordable housing and those needing them Growth in housing provision needs to be matched by appropriate infrastructure provision.	Target number of affordable houses not provided	District needs on affordable housing not met Many people in the district are unable to afford to buy their own house Young people/key workers leave the district Increased recruitment/retention issues for public bodies including Braintree Local economy declines Community not sustainable in longer term Use of Bed & Breakfast for homeless - cost implications for General Fund Difficulty in redressing the use of Bed & Breakfast once started	Housing and transport meet local needs	Corporate Director
17	C2	C2	Yes	Use of Assets. Utilisation of Causeway House, Millenium Tower, Cordons Farm post SLA with Greenfields Community Housing. Proposals to address the losses will each carry a number of project roles eg. significant office moves including computer/service downtime, disposal of marketable premises (links with RISK NUMBER 6) Strategy to transfer assets to other providers in the community wherever possible.	Failure to identify new partners. Failure to identify Council requirements.	Costs of services increase Inefficient use of space Empty buildings and offices Reduction in service standards Balances fully utilised	We deliver excellent, cost effective and valued services	Corporate Director
22	D2	C2	No	The Civil Contingencies Act requires the Council to assess the robustness of its business continuity planning process. Ensuring plans for disaster recovery, particularly IT, are in place.	A major incident occurs in the District/Council for which there is no effective business continuity plan.	Effective procedures not implemented Disruption to services Key information lost Local community at risk Resources used trying to rectify situation Community loses confidence in the Council Explicit reference in CAA inspection Adverse publicity	We deliver excellent, cost effective and valued services	Corporate Director
28	C2	C2	Yes	The Council does not continue to progress sufficiently with improvement in performance as measured by National Indicators, embedding its Data Quality Policy and delivering its improvement plans.	Adverse Audit Commission inspection.	Adverse effect on Council reputation Value for Money not achieved Auditor adverse comment Poor Direction of Travel assessment	We deliver excellent, cost effective and valued services	Chief Executive

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31	C3	C2	No	New agenda of change and performance management are highly dependent on partnership working.	The organisation is not clear about this agenda. Poor first CAA report.	Braintree District fails to receive reward / funding Local communities' priority issues not addressed Public perception drops further Poor rating from Audit Commission Inability to influence the agenda fully Loss of revenue through e.g. funding streams Tensions between partners Community cynicism	The environment is clean and green Business is encouraged and the local economy prospers Housing and transport meet local needs Everyone can enjoy a healthy lifestyle People take pride in their local areas We deliver excellent, cost effective and valued services	Chief Executive
34	C2	C2	Yes	MTFS identifies significant savings required over the next three years Over and above an annual efficiency / vacancy factor to be achieved which is already included. The Service level Agreements with GCH need to be managed and strategies determined and delivered for the services following completion of initial contract period A number of assumptions regarding key items of expenditure and income are made in updating the MTFS.	Insufficient savings identified Government reduces amount of grant significantly more than assumed in MTFS. Council unwilling to take difficult decisions.	Unplanned service cuts Balances used up Reduction in service standards Decline in Council reputation Indiscriminate cost cutting / saving exercise Ability to sustain Service Level Agreements after initial contract period	We deliver excellent, cost effective and valued services	Corporate Director
36	C2	C2	Yes	Community Leadership. The Council has a fundamental responsibility for the well being of the district Heightened role with local government Perceived change in role of front line members New ways of working, opportunities to engage with a range of players in area	Council fails to give leadership role through action.	Loss of reputation Satisfaction levels poor Fewer resources Poor CAA rating Poor performance Projects not well managed Elected members not being effective Ineffective community leadership	The environment is clean and green Business is encouraged and the local economy prospers Housing and transport meet local needs Everyone can enjoy a healthy lifestyle People take pride in their local areas	Corporate Director

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37	C2	C2	Yes	Workforce planning/talent management Braintree is seeking to manage complex organisational issues and has recognised people management as a crucial issue. There are a number of issues: - limited resource capacity - Loss of key staff to other organisations - Difficulties with recruitment - Succession planning and aging staff? - Business management expertise / lack of management development.	Braintree does not have the right people in the right place, with the right skills, to build on its improvement for the future	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 Use of Resources improvement	We deliver excellent, cost effective and valued services	Chief Executive
44	D2	C2	No	The Council invests its surplus monies with financial institutions. The impact of the current economic climate on financial institutions makes the selection of a strong counterparty, with which to invest, crucial.	Failure of a counterparty	Loss of the principal sum and/or interest due Unplanned service cuts and/or use of balances Decline in Council reputation	We deliver excellent, cost effective and valued services	Corporate Director
45	D2	C2	No	The Council has a number of high value contracts for the provision of key services, eg. SERCO provides the Council's IT service; DC Leisure manages the Council's sports facilities, Zurich Municipal provides all of the Council's insurance cover.	Company providing a service to the Council ceases trading	Temporary loss of services to public and council departments Additional cost of seeking alternative provider or bringing service back in house Depletion of balances Indiscriminate cost of cutting / saving exercise	We deliver excellent, cost effective and valued services	Corporate Director
46	D2	C2	No	The Council wants to assist those in the district that are facing difficulties in the current recession. It has an established forward planning process outlining its aims and objectives (Corporate Strategy), service provision (Business Plans) and finances (MTFS). These are based on a series of assumptions regarding, for example, service demand and usage, inflation and interest rates etc.	The severity of the current economic climate places increased demand on services, increased costs, reduced income etc.	Reduction in service standards Indiscriminate cost cutting / saving exercise Depletion of balances	We deliver excellent, cost effective and valued services	Corporate Director

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32	D2	C2	No	Essex Waste Collection and Disposal Authorities are carrying out an options appraisal for the joint delivery of waste services across the County	Benefits to BDC not realised Increased costs Not all authorities sign up Waste contractors not interested in collection element	Individual decision of one Council could impact on other Councils costs Failure to agree a waste contract process Prospect of further support cost reductions Staff dissatisfaction Lack of local control	The environment is clean and green	Corporate Director
1	D2	D2	No	The Council's pension fund, managed by the county council, is currently under funded and may require even further additional contributions into the fund.	Pension fund continues to under perform OR Stock market fails to improve Financial economic downturn Actuarial review	Further contributions required Reserves unable to fund level of increase required Resources diverted from service delivery Performance indicators deteriorate Council tax has to increase Negative publicity Criticism from council tax payers Relationship with county council sours	We deliver excellent, cost effective and valued services	Corporate Director
20	E3	D2	No	Capital resources required to fund capital projects are not received as expected. Need for capital investment in infrastructure and key projects.	Insufficient surplus Council land and property for disposal Delay in receiving planned capital receipts New sources of capital funding not found	Projects/initiatives cannot be funded Council aims and objectives not met Assets not fit for purpose Properties closed, impacting on service delivery Unexpected use of balances Loss of interest earned for revenue account	The environment is clean and green Business is encouraged and the local economy prospers Housing and transport meet local needs Everyone can enjoy a healthy lifestyle	Corporate Director
43	D3	D3	No	Sustainability. 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. Introduction of a Climate Change Strategy.	Council fails to deliver on its Sustainable Energy Strategy	Fail to give local community leadership Some public criticism Critical CAA inspection report	Everyone can enjoy a healthy lifestyle People take pride in their local areas	Corporate Director
10	E2	E2	No	Braintree provides high profile and high-risk services, which concern safety to the community, liabilities and health and safety.	High profile incident leading to sustained media and legal attention (e.g. through failure of asset/management)	Negative impact on rest of organisation Loss of confidence in Council Reputation of council damaged Recruitment is inhibited Loss of quality staff Loss of public trust Senior officer charged with corporate manslaughter	We deliver excellent, cost effective and valued services	Chief Executive