Agenda Item No:	8
Report To:	Audit Committee
Date:	15th March 2016
Report Title:	Strategic Risk Management
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ASHFORD
BOROUGH COUNCIL

Summary: Over the past few months Officers have reviewed the content of the council's risk register in the light of the council's adoption of a new corporate plan and ongoing work to develop its supporting delivery plan. The refreshed corporate risk register aims to collate in one place and on a common structure the headline strategic risks identified by management as potentially affecting achievement of our corporate aims. By its nature the register represents a view at a particular point in time. Although the register and its detailed content will change over time, initial impetus for this creation comes from a number of risk workshops involving service and senior management at Ashford held in late 2015 and early 2016.

Although a number of different risks were identified and discussed at the workshops, this paper summarises those regarded as most prominent. In other words these are the risks that could present the greatest threat to the authority being able to achieve its corporate objectives.

Recommendations: **The Audit Committee be asked to:-**

1. **Consider the draft Strategic Risk Register.**

2. **Endorse the Strategic Risk Register ahead of receiving a review of the Register in six months.**

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Report Title: Strategic Risk Managament

Purpose of the Report

1.   The purpose of this report is to enable Members to view and comment on these risks and the initial assessments by management. Risk owners at senior management level are noted on the register. The owners will be responsible for continuing to assess levels of risk, and identify, create and monitor appropriate control measures.

2.   It is proposed to provide updates to the committee at six monthly intervals, allowing scope for the committee to explore any particular risk areas in more depth.

Background

3.   In September 2015 Members of the Audit Committee approved a new and refreshed approach to how the Council identifies and manages risk. At the heart of this approach was a common set of parameters to evaluate risk (while not removing the key role of informed judgement) and a dynamism that sought to ensure the highest priority risks identified were those that genuinely posed threats to the authority's achieving its objects at any given time.

4.   Following approval of that process, the Council's policy team – working with the advice and support of Mid Kent Audit – led a range of training events and workshops seeking to publicise and familiarise risk management as a discipline. As a parallel strand, the Council sought to revisit its 'corporate risk register', acknowledging that the present version both needed to be brought into line with both the new risk framework and the new corporate plan, as the original register had lost its currency since initial compilation.

5.   A further thread of the risk management work will be to roll it out across service level risk registers. This is an important aspect since an organisation can equally be derailed by a significant unexpected operational issue as it might a more strategic or corporate event – there are plenty of examples of this happening across local government. Once again led by the Council's policy team with support from Mid Kent Audit, this will take place through 2016 with the aim of building a fully comprehensive risk register, of which we will update Members on the highest priority matters.

6.   By its nature the register represents a view at a particular point in time. Although the register and its detailed content will change over time, initial impetus for this creation comes from a number of risk workshops involving service and senior management at Ashford held in late 2015 and early 2016.

7.   Although a number of different risks were identified and discussed at the workshops, this paper summarises those regarded as most prominent. In other words these are the risks that could present the greatest threat to the authority being able to achieve its corporate objectives.

Stages of Development

8.   The new approved risk identification and assessment framework (as reported to the Committee in September) was tested and then used by service management to create an initial set of service and project risks. That work however preceded the completion of the corporate plan and work to define its supporting delivery plan (essentially the portfolio of key projects and other objectives that are designed to secure delivery of the corporate plan over the coming years).

9.   Consequently work was refocused (in the short-term) to commence the identifying of those strategic issues that should be reflected in a strategic risk register supporting the main themes of the corporate plan.

10.   This strategic focus was the subject of the more recent workshops, and as such the draft register that is reported as part of this report is a distillation of that work involving the management team.

11.   As in the nature of the subject there was a wider set of risk topics that were identified, but the in the interests of focusing on the key issues some topics were combined or were agreed as not sufficiently strategic at this point.

12.   The longer list of topics is reported below:

   a. Council reputation
   b. Labour availability
   c. Limited resources
   d. The Local Plan
   e. Government policy
   f. Partnerships
   g. Technology
   h. Workforce skills and capacity
   i. Infrastructure
   j. EU referendum
   k. Community capacity
   l. Town centre
   m. Economic position

13.   From this long list the subsequent follow up work has blended outcomes from the initial work identifying key project and service risk issues with a refined list of key strategic risk themes that best capture the key issues and to which the council either has some influence over or must respond to, which may, if not mitigated, present the council with some difficulty in achieving its corporate aims.

14.   From the attached draft register members will see **seven** main themes with more description of the scope of the risk and of current 'controls'.

The Wider Risk Management Framework

15. In September 2015 the Committee received a report on the wider Risk Management Framework. Alongside the council's Strategic Risks, which are dealt with in this report, the wider Risk framework incorporates both Programme Risks and Service Risks

Programme Risks

16. A new Programme Manager was appointed in January, and has been working to enhance the council's overall processes in relation to project delivery and programme management. This will involve new documents and procedures to assist project managers, and new reporting and monitoring arrangements to ensure that senior management are made aware of the progress and status of initiatives. Included within this is a more comprehensive, shared understanding of the risk profile and status of individual projects.

Service Risks

17. The Policy and Performance Team is redeveloping the service planning template so that that it more easily supports management of risks and services are more able to identify and monitor risks.

18. Attitude towards risk are major influencers on corporate culture, and all staff should be aware of the relevance of risk to the achievement of their objectives, and how proper assessment and attitude towards risk can help improve performance. An awareness campaign will be developed showing staff how well managed risks can have a positive impact (examples will include reducing unnecessary controls, putting mitigation in place to avoid abortive work, and how acceptance of inherent risks are acceptable).

19. Training to support staff in risk management will be built into the 2016/17 training programme.

20. As noted above, since the agreement of a new Corporate Plan in December, this work was refocused (in the short-term) to commence the identifying of those strategic issues that should be reflected in the strategic risk register found in Appendix 1.

Handling and Next Steps

21. The overarching seven risk themes included within the Summary Strategic Risk Register in Appendix 1 have been discussed and agreed by the council's Management Team (and subsequent workshop).

22. Risk owners are currently working on the detail of their risks to ensure that existing and planned controls and overall risk ratings are fully considered, assessed and documented.

23.   Accordingly, and while noting that the thematic nature of the seven strategic risks means that they will change over time, the outcomes of this initial assessment are ongoing and will be tabled at the committee.

24.   Once the Committee has considered and adopted this framework the next step is for management to work up the necessary mitigation plans for each theme. It is recommended this work be completed over the next two months with progress being reported to the management team and the Committee in the summer.

25.   This would be ongoing at the same time as finalising the corporate delivery plan which provides a further opportunity to test the content of the strategic risk register.

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Appendix 1 – Ashford Borough Council's Summary Strategic Risk Register

From the work completed to date by the council's management team (with the support of the Internal Audit Team) there are seven particular areas of risk identified. These are summarised below, along with an indication of scoring against the guidelines in the risk strategy.

It is important to note that this is a summary; for each of these issues there will be a range of controls and mitigation processes and Members can obtain more detail from the relevant risk owner.

It is also important to note that this is a current position. In line with the aim of the risk strategy to produce a dynamic and current picture of the risk environment facing the Council, it will be kept up to date and so issues can and will change scores over the year and may fall from prominence among this summary group. However, the risks – insofar as they remain relevant – will continue to be monitored and controlled by the relevant officers.

Ashford Borough Council's Strategic Risk Register - Summary

Ref	Overarching Risk (short title)	Overarching Risk Description	Examples of Risk Elements in Scope	Risk Owner	Key Existing Controls	Inherent rating		
						Impact	L'hood	Grade
ABC1603/1	Workforce skills & capacity	ABC cannot recruit or retain sufficient capacity and capability in its workforce to pursue its corporate objectives.	• Risk that resources will not meet requirements on: staffing, funding, equipment (particularly IT), accommodation, training, elected members, etc., particularly with future organisational changes	**Michelle Pecci**	• Succession Planning Strategy • Engagement Strategy • Learning & Development Strategy • Flexible resourcing framework that gives ability to access to short term skilled staff • Business continuity plans • MTFP and budget monitoring processes • Programme management processes • Risk Framework			
ABC1603/2	Housing & Infrastructure	Infrastructure projects being delivered by others but required to support ABC's development goals are delayed, abandoned or mismanaged.	• Risk of individual affordability & skills gaps leading to inability to obtain housing • Lack of funding for necessary infrastructure needed to maintain prime location status • Risk of not attracting developers to ensure a supply & range of housing to meet diverse needs & emerging markets • Under provision across borough of new or refurbished sports, cultural and leisure facilities	**Richard Alderton**	• Town Centre Delivery Board • New Local Plan • HRA business plan			

ABC1603/3	Key Project Failure	One or more of the Council's key projects fails to deliver with consequent impacts on ABC's reputation, finances and service outcomes.	• Risk to momentum by losing key components of crucial projects, e.g failure to attract sufficient leisure /entertainment to ensure development of a vibrant town centre • Risk (to choice & to funding/investment) of not attracting sectoral industries	**Paul McKenner**	• ASDB • Programme management • Town Centre Regeneration Board			
ABC1603/4	Resource limitations	ABC suffers further loss of government income, failure to achieve income or successfully control expenditure.	• Risk (to self-sufficiency) of not generating an additional £2m p.a. by 2020 (split on NNDR; fees & charges; NHB & other income generation measures) • Risk (to income generation and housing supply) of housing growth not delivering predicted NHB levels (under new 4-year regime)	**Ben Lockwood**	• MTFP • NHB strategy • Budget monitoring • HRA business plan • Budget scrutiny • Borrowing policy • S151 officer • Pro-active income generation			
ABC1603/5	Partnerships	Loss of effective working relationships in one or more of the partnerships ABC has developed and relies upon to achieve its objectives.	• Risk that resources will not meet requirements for different organisational /partner relationships • The risks / opportunities provided by the devolution agenda and future shared services • Risk of managing ongoing contractor relationships	**Tracey Kerly**	• ASDB • H&WB • Contract management • Attendance of Kent & Medway Chief Executives • Town Centre Regeneration Board • East Kent Regeneration Board • JTB			

ABC1603/6	Community capacity	Insufficient capacity within Ashford to accommodate ABC's aims for working with the community.	• Consequences of not improving council-owned management of leisure & cultural facilities • Risk that the council can't meet evolving community expectations regarding service levels (especially in light of changes in delivery models) • Risk that the council is unable to meet demands in new communities • Risk of secondary impacts of devolution (on Parish Council or other hyper-local colleagues)	**Tracey Kerly**	• Parish forum • New Local Plan • Communications Strategy			
ABC1603/7	Reputation	The council is seen as unable to deliver on its priorities, or the wider expectations of the community and partners	• Risk that the council is not seen as a reliable partner in key project delivery • Failure to manage the housing landlord role & demands for housing • Risk of not delivering quality gateways, borough presentation & approaches to town centre • Risk that not all residents & businesses have a fair deal by inconsistent and/or insufficient enforcement of quality & compliance	**Tracey Kerly**	• Satisfaction surveys • Communications strategy			

Strategic Risk Register - Summary

		1	2	3	4	5
LIKELIHOOD	**5**					
	4					
	3					
	2					
	1					
		1	**2**	**3**	**4**	**5**

IMPACT