

Agenda Item No: 8

Report to: Audit Committee

Date of Meeting: 16 January 2013

Report Title: Hastings BC Operational Risk Register

Report By: Richard Homewood
Director of Environmental Services

Purpose of Report

To inform Members of the current Operational Risks identified for Hastings Borough Council and the measures put in place to avoid or mitigate those risks.

Recommendation(s)

- 1. To acknowledge the risks identified in the report and comment as appropriate.**

Reasons for Recommendations

As part of the Corporate Risk Management Strategy agreed by Cabinet in July 2009, the Operational Risk Register is to be reviewed by the Audit Committee each year.

Introduction

Background

1. The Service Operational Risk Registers are subject to a routine monthly review and rigorous quarterly assessment at the relevant Departmental Management Team meetings. Any significant revisions to the Risk Assessment are fed into the quarterly meeting of the Corporate Risk Management Group. In accordance with the Risk Management Strategy, the combined Operational Risk Register is reviewed by the Audit Committee each year.
2. This is the third such report to be brought to this Committee and demonstrates the effectiveness of the process as the register becomes more refined and focused on the key operational risks to the local authority.
3. The Operational Risk Register is intended to give the Audit Committee and Corporate Management Group a holistic view of the potential threats to the Council at operational level, the danger each one represents, and the mitigation measures that have been put in place to minimise any impact. The processes involve: -
 - Identifying a risk to the Council;
 - Assessment of the probability of the risk occurring;
 - Monitoring of that risk;
 - Assessing the impact to the Council should it occur;
 - Identifying measures to mitigate that risk or avoid it;
 - Whether the costs of mitigation are justified.
4. The reason for reviewing these risks in this way is to manage risks that could potentially: -
 - Inhibit the Council's ability to operate effectively or efficiently,
 - Damage the reputation of the Council and/or affect funding opportunities/grants,
 - Put the Council at risk from legal proceedings
5. There are frequent changes to the Operational Risks and particularly to the sensitivity of some of them during the monthly and quarterly reviews. The Risk Management process fully recognises this and so there are procedures in place for highlighting these to the Audit Committee much sooner if necessary including although not restricted to, reporting through audit and other inspection reporting.
6. The detailed Operational Risk Register can be found at Appendix A.

Feedback on main changes to risks in the previous year

7. In January 2012, the main changes to risks during 2011/12 were reported to the Audit Committee. Most of those risks related to restructure of the council at that time and were identified as being both Strategic and Operational.
8. It was reported that "At an Operational level the risks are associated with resilience of some individual services as they are merged into the new structure with a reduction in senior management and technical expertise as a result of the reduction in the number of Heads of Service. Secondly the restructure sought to deliver a change in the culture of the organisation through increased delegation and empowerment of Heads of Service and Senior Managers, enabling them to agree outcomes and determine methods of achieving those outcomes without higher level intervention. This approach is not without significant risk and its success will depend on the ability and confidence of the organisation in, those Heads of Service and Senior Managers and the capacity of the organisation to mentor and develop their abilities still further".
9. It was agreed that these risks will be evaluated further and then incorporated into the next round of Risk Register Reviews. The individual risk assessment changes to the operational risk register have now been implemented although these have not been significant.
10. An independent report 'Effectiveness and capacity of the Senior Management Structure, and its working relationship with the Political Leadership' has been prepared 12 months on from the restructure and stated "whilst this is a positive start, there is still much to do". In summary, there has been a lot of activity on planning change. It is anticipated that it will be in the following year that the council will spend implementing these changes. Progress in how these risks have been and are being managed will be reported in 12 months time.

Other changes to risk ratings

11. Further work has been undertaken during the year refining the operational risk register. The number of highest risks remains at 8 although 2 are totally new.

Highest risks to the Council

12. The highest risks to the Council are those that have an overall rating of high/high in the current Operational risk Register. They are as follows in no particular order:
 - Reduction/Loss of Government Grant (budget deficit) in 2013/14.
 - Increase in empty commercial units / major tenant leaves
 - Loss of key staff: Turnover / Redundancy / Retirement
 - Loss of control of 'on-street' parking
 - An aging analogue CCTV system suffers serious failure
 - Failure of initiatives and projects to maintain delivery in the Housing Renewal Area mainly due to funding restraints and volatility in innovative schemes
 - Reputational risk of a bad PR story

- Bathing water fails to meet new EU standard by deadlines

13. A number of other potential risks that would have a high impact and medium probability of occurring or a medium impact but high chance of occurring are also categorised as high risks but are not as significant as the list above. These can also be found in the tables in Appendix A.

14. The majority of the high risks are resource related and revolve around the severe financial restraints and general poor state of the economy. We will continue to monitor those risks carefully.

Wards Affected

None

Area(s) Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People’s Views	No

Background Information

Appendix A - Operational Risk Register

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