

Agenda Item No: 7

Report to: Audit Committee

Date of Meeting: 27 June 2013

Report Title: 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, 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. It was last reviewed by the committee on 16 January 2013 but has been brought to the 27 June 2013 meeting alongside the Corporate Risk Register to enable a total view of all risks facing the council.
2. The Operational Risk Register is intended to give the Audit Committee and Corporate Management Group a detailed 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.
3. 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
4. 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.
5. The detailed Operational Risk Register can be found at Appendix A.

Feedback on main changes to risks in the previous half-year

6. Whilst there has been a lot of activity in the council since the Operational Risk Register was reviewed by the Audit Committee 6 months ago, the register has remained essentially the same.
7. The 2 most significant events to have occurred in that time were closure of the "Contact Centre" project and its transfer across from Marketing and Communications to Corporate Services and secondly, where on-street parking services were taken back by East Sussex County Council. Details of these risks can be found on pages 18 and 32 of appendix A, respectively.
8. A very small number of risks have evolved into something different but the core risk has remained the same. There have, however, been 2 new risks to emerge. These are:

Hastings Country Park Nature Reserve Grant Subsidy, &

Housing Renewal, Extending Additional Licensing and/or introducing Selective Licensing to the town.
9. Again, details of these risks can be found on pages 25 and 36 of appendix A respectively.

Other changes to risk ratings

10. Further work has been undertaken during the last 6 months refining the operational risk register. The number of highest risks is 7.

Highest risks to the Council

11. 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 2014/15 and beyond.
 - 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
 - Reputational risk of a bad PR story
 - Bathing water fails to meet new EU standard by deadlines (2015)
12. 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.

13. 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

Operational Risk Register - Appendix A

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