

Report to: Audit Committee

Date of Meeting: 22 September 2016

Report Title: **Operational Risk Register**

Report By: Tom Davies
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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 periodic meetings 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 the 22 June 2015 meeting alongside the Strategic Risk Register to enable a holistic 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 year

6. Whilst there has been a lot of activity in the council since the Operational Risk Register was reviewed by the Audit Committee 15 months ago, the register has remained essentially the same.
7. A relatively small number of risks have emerged and some have evolved into something different but the core risk has remained the same.

Other changes to risk ratings

8. Further work has been undertaken during the last 15 months refining the operational risk register. There are 5 High/High risks.

Highest risks to the Council

9. 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 2016/17 and beyond.
 - Loss of key staff: Turnover / Redundancy / Retirement
 - Reputational risk of a bad PR story
 - Loss of EU funding programmes HBC is currently developing or pre signature due to 'BREXIT' and loss of EU transnational programmes due to 'Brexit' and EU programmes no longer requiring a UK partner
 - Over-commitment of Council resources on external funding opportunities
10. 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.
11. The majority of the high risks are resource related and revolve around the severe financial restraints, 'Brexit and general poor state of the economy. Also, a significant number high risks are related to demand for council services and the risk of over-commitment of the organisation with shrinking resources to obtain key objectives, for example, over-commitment of Council resources on external funding opportunities and new initiatives such as efforts to earn income. We will continue to monitor those risks carefully.
12. Details of all the operational risks can be found at appendix A.

Wards 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
Anti-Poverty	No

Additional Information

Operational Risk Register - Appendix A

Officer to Contact

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