

Report to: Audit Committee

Date of Meeting: 14 March 2019

Report Title: Strategic Risk Register

Report By: Tom Davies
Chief Auditor

Purpose of Report

To inform Members of the current strategic 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 Strategic Risk Register is subject to periodic review at the Corporate Management Group 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 Strategic Risk Register is reviewed by the Audit Committee each year. It was last reviewed by the committee on the 21 September 2017 meeting alongside the Operational Risk Register to enable a holistic view of all risks facing the council although the committee were presented with a risk assessment of a no-deal Brexit at its meeting on 15 November 2018.
2. The Strategic Risk Register is intended to give the Audit Committee and Corporate Management Group a detailed view of the potential threats to the Council at strategic 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 Strategic 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 Strategic Risk Register can be found at Appendix A.

Highest risks to the Council

6. These very highest risks to the Council are those that are of high likelihood and would have a high impact. These are denoted as High2 at appendix A and are:

- High2 Reductions in Government funding.
- High2 Impact of economic climate and government spending reduction
- High2 Changes in Central Government policy and decision making and changes In European Legislation which impact on the Council.
- High2 Partnership regeneration programme needs to be re-appraised as affected by focus of regeneration resources to North England away from the South East .
- High2 Increased demand for council services because of economic/social deprivation as a consequence of economic constraints on public spending.
- High2 Insufficient capacity and Organisational change whilst maintaining service delivery.
- High2 Deterioration of the Council's assets and other infrastructures e.g. playgrounds and open spaces and sea front.
- High2 'Brexit' implications

7. Potential risks that would have a high impact and medium probability of occurring are denoted by High1 and those that would have a medium impact but high chance of occurring are denoted as High3 at appendix A. Since these are still high potential risks for the Council but not as high as those at High2 above, they are listed below:

- High1 Loss of key staff / skills / knowledge
- High1 Contractual partnerships: Breakdown in contractor performance
- High1 IT Systems/data loss. (IT Systems exposed to some vulnerability. Data loss is better protected through regular frequent back-ups)
- High1 Severe Business Disruption
- High1 Use of emergency and other powers may be subject to compensation Payment
- High1 Waste Collection arrangements, July 2019 and beyond
- High3 Extreme weather: Drought/Rain/Snow/high winds and landslip/Coastal Protection

8. The mitigating actions to the above risks are monitored periodically.
9. 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, new initiatives such as efforts to earn income. We will continue to monitor those risks carefully.

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

Appendix A - Strategic Risk Register.

Officer to Contact

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