

**Report to:** Audit Committee

**Date of Meeting:** 14 March 2019

**Report Title:** Operational Risk Register

**Report By:** Tom Davies  
Chief Auditor

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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.

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### **Recommendation(s)**

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

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### **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.

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## Introduction

## Background

1. The Service Operational Risk Registers are subject to a quarterly assessment at the relevant Directorate 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 21 September 2017 meeting alongside the Strategic Risk Register to enable a holistic view of all risks facing the council although the committee was presented with a risk assessment of a no-deal Brexit at its meeting on 15 November 2018.
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.

## Highest risks to the Council

6. 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) Fair Funding Review & Business rate retention - 2020/21
  - Reputational risk of a bad PR story
  - Reduction in funding for leisure services
  - Production of the Town Centre and White Rock Area Action Plan and other Local Plan related developments; work demands that are not programmed, for example, Neighbourhood Plans.
7. 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.
8. 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.
9. Details of all the operational risks can be found at appendix A.

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### Wards Affected

None

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### 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

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### Additional Information

Appendix A - Operational Risk Register.

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