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HAVANT BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

DATE 1 July 2015

REPORT TITLE – Review of the Council's Statement of Arrangements for Managing Risks and Quarterly Update on Corporate Risks from the Executive Board

Report by Jane Eaton, Executive Head: Governance and Logistics

FOR NOTING

Cabinet Lead for Governance & Logistics

Key Decision: No

1.0 Purpose of Report

- 1.0 Risk is a part of life and of business. If the Council avoided risk it would not be able to deliver its services or achieve its ambitions outlined in the Corporate Strategy. Risk management is a way of understanding, evaluating and mitigating risks to ensure we can achieve the Council's objectives. Efficient organisations have clear frameworks and processes led from Board level. The Council's Constitution names the Governance & Audit Committee as the Councillor board responsible for managing risk.
- 1.1 The details of how the Council manages risk are outlined in the statement of arrangements for managing risk. The Governance & Audit Committee reviews this statement every year in June. In their role as the Councillor body overseeing the way Council officers manage risk the Governance & Audit Committee reviews the highest risks remaining in the Council after each management meeting.
- 1.2 This report gives the Committee the updated annual statement to review and gives an update on the highest corporate risks reviewed by the Executive Board in, alongside the Health Check, in May. The report also updates the Committee on progress made against their request for more detail on the Council's risk registers made at their last meeting.

2.0 Recommendation

- 2.1 The Committee notes Council's arrangements for the management of risk for the year 2015/16.
- 2.2 The Committee notes the most serious corporate risks reviewed by the Joint Executive Board on 26 May.

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3.0 Summary

- 3.1 This report gives the Committee the annual risk statement to review and tells the Committee about the risks the Executive Board felt remained high after mitigation at their last review meeting.

4.0 Subject of Report

- 4.1 To ensure everyone who works for the Council understands the importance of risk identification and management we have a statement of arrangements for managing risk. We review this statement every year. The 2015/16 statement of arrangements is an appendix to this report (see appendix A). In their role as the Councillor body overseeing the way Council officers manage risk the Governance & Audit Committee receives this document annually.
- 4.2 To oversee the effectiveness of risk management the Governance & Audit Committee note the most important risks facing the Council at the last quarterly review of the risk registers by the Executive Board. The last quarterly review was on 26 May 2015.
- 4.3 The only risk showing red on our risk matrix (see appendix A, paragraph A6) after mitigation was a “Poor understanding or poor approach to competitive landscape for services leading to missed opportunities leading to too expensive or old fashioned services.” The Joint Executive Board felt this remained a high risk in the competitive dialogue phase of the 5 districts’ contract and in the consultation phase into the future of waste collection, landscape and open spaces, crematoria, public convenience and street cleaning. The Board has mitigated the risks around these services by appointing specialists in these services to the roles of Executive Head: Environmental Services and a Strategic Procurement Manager. The 5 Councils’ tendering exercise also has specialist legal, commercial and project management consultants supporting the project. Havant shares the cost of these officers with the other 4 councils involved. However, despite their confidence on the ability of these officers and consultants. The Executive Board felt the dependency of the Council’s financial sustainability on correct procurement of these services meant although the likelihood of a loss of this type is lower than before mitigation the risk remains at level B2, and is likely to remain so for at least another year until these contracts are satisfactorily let.
- 4.4 At the last meeting of the Governance & Audit Committee the Committee asked for further details of the risk registers. The Executive Team have responded to this request by including some extra resource for this work in the revised job description of the Information and Governance Manager. Recruitment to this post is underway. Reviewing the way the Council present its risk registers to the Committee will form one of the initial tasks for the new post-holder and should appear at the Committee’s next meeting.

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5.0 Implications

5.1 Resources: (*finance, staffing, property etc*)

There are no resource implications of this report because risk management is one of the regular funded functions of the management of the Council.

5.2 Legal:

There are no legal implications arising from this report.

5.3 Strategy:

Sound risk management supports the Council's objective of financial sustainability by ensuring financial risks are controlled and customer service excellence by ensuring the continuity of our services.

5.4 Risks: (Environmental, Health & Safety and Customer Access Impact Assessment)

This report forms part of the Council's risk management arrangements.

5.5 Communications:

There is no need for communications following this report.

5.6 For the Community:

There is no community impact from this report but it will assist in ensuring the community continue to receive vital council services.

5.7 The Integrated Impact Assessment (IIA) is not needed for this report because it does not contain a decision.

6.0 Consultation

Executive Board and the Risk Management Group.

Background Papers:

None

Agreed and signed off by:

Legal Services: 17/6/15

Executive Head of Governance & Logistics: 9/6/15

Cabinet Lead: 18/6/15

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HAVANT BOROUGH COUNCIL'S STATEMENT OF ARRANGEMENTS FOR MANAGING RISK 2015/16**A1. Purpose of this document**

A1.1. This document explains how we identify, control and record risks at Havant Borough Council.

A2. Types of risk

A2.1. Risks at the Council are managed at 3 levels: corporate risks, service risks and project risks.

A2.2. Corporate Risks are those potentially affecting the overall objectives and delivery Council business.

A2.3. Service risks are those potentially affecting the delivery of individual services provided by the Council.

A2.4. Project risks are those potentially affecting the delivery of high profile projects.

A3. Risk responsibilities

A3.1. It is the responsibility of every officer in the Council to identify risks as part of their role and to undertake training to assist them to do this. When an officer identifies a risk they discuss it with their line manager.

A3.2. It is the responsibility of every manager in the Council to identify, evaluate and manage risks in their service areas. These include risks they identify themselves, risks reported to them from their team(s) and risk allocated to them through the risk governance mechanisms.

A3.3. Managers below service manager must ensure their service manager knows about the risks they are managing so they can be incorporated on the service risk register.

A4. Risk governance

A4.1. The Council has an officer Risk Management Group that oversees all risk registers. It reviews the registers each quarter and develops our risk approach.

A4.2. The Council's lead officer on risk management is the Executive Head of Governance & Logistics. The Executive Head ensures the risk registers are maintained. Administrative support to the risk management process is provided by the Governance Officer. The Executive Head is the chair of the Corporate Risk Management Group.

A4.3. The Executive Board discusses Corporate Risks every month and members add any new risks to the register. Following a meeting of the Corporate Risk Management Group every quarter the Board reviews the full corporate risk register increasing or

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decreasing the likelihood the risks occurring, adding new risks and putting in and removing service areas where these issues are problem.

- A4.4. The Service Managers group discusses risk every month and the chair of the meeting raises any service risks moving towards a corporate level with the Risk Management Group.
- A4.5. Project Boards review project risks at every board meeting. The Project Sponsor agrees any risks developing corporate implications and the Project Manager raises with the Risk Management Group.
- A4.6. The Governance & Audit Committee has the Councillor role in risk management. This is detailed in its terms of reference in the Council constitution. The Governance & Audit Committee receive an update on these arrangements each year. They receive an update on the key corporate risks as last reviewed by the Executive Board at every meeting.

A5. Risk ownership

- A5.1. Each risk on our risk registers has a risk owner. This is the manager most able to address these issues. The risk owner decides, subject to scrutiny as part of our risk management process, how we manage the risk.

A6. Risk evaluation

- A6.1. Managers evaluate risks on a scoring scheme of A-D for likelihood and 1-5 for impact. The definitions we use are:

A6.2. Likelihood

- A** – Very Likely, a more than 75% chance of occurring within the current financial year
- B** – Likely, a 51%-75% of occurring within the current financial year
- C** – Unlikely, a 10%-50% of occurring within the current financial year
- D** – Very Unlikely, less than <10% of occurring within the current financial year

A6.3. Impact

- 1** – Major - Service unable to be delivered
- 2** – Significant - Material effect on resources and disruption
- 3** – Moderate - Could be contained within resources and service
- 4** – Minor - Hardly noticeable - very minor effect on organisation

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A6.4. Risk appetite

This chart gives a visual representation of the Council's risk appetite.

| | 1 | 2 | 3 | 4 |
|---|----|----|----|----|
| A | A1 | A2 | A3 | A4 |
| B | B1 | B2 | B3 | B4 |
| C | C1 | C2 | C3 | C4 |
| D | D1 | D2 | D3 | D4 |

A7. Risk control

A7.1. For each risk the risk owner decides how we will deal with the risk. If possible we try to avoid the risk, in these cases we can quickly remove it from our risk register. With the remaining risks the risk owner will decide to use one, or a mixture, of the following methods:

- risk transfer – if the risk can be transferred to another for a cost less than it would cost the Council to retain the risk we will transfer the risk. The owner normally does this through the use of insurance. Other transfer options include transferring to a specialist organisation.
- risk mitigation – the risk owner will develop ways of lessening the potential impact of the risk.
- risk acceptance – because the cost of mitigation or transfer outweighs the cost of the potential loss, the risk owner will decide to accept the risk or, in most cases, a residual part of the risk.

A7.2. The risk owner details their risk management approach in the risk mitigation section of the risk register.

A8. Maintenance of records

A8.1. The service and corporate risk registers are kept and updated each month in the governance area of the Kahootz information sharing solution. Risk registers for the current financial year and the year before are kept on Kahootz. Risk management service's administrator transfers the service and corporate risk registers from the financial year 2 years before this one to the relevant document management system.

A8.2. Project risk registers are stored on Kahootz with project documentation and are transferred to the document management system after the post-implementation review of the project is completed along with the rest of the project documentation.

A8.3. All risk registers are destroyed after 6 years.