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HAVANT BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

2 March 2016

QUARTERLY UPDATE ON CORPORATE RISKS FROM THE EXECUTIVE BOARD

Report by Cheryl Lincoln, Governance and Information Manager

FOR NOTING

Cabinet Lead for Governance & Logistics

Key Decision: No

1.0 Purpose of Report

- 1.1 There are several risks showing red on our corporate risk register after mitigation. 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.
- A 'risk' is a specific thing that might cause harm to the business
 - 'Risk management' is a good governance process to understand the threats to the business and put in place processes and actions that will bring greater safety and reduce risk
 - Inclusion of a risk on the risk register does not mean that managers believe that the risk will happen
 - The entry on the risk register will include an assessment of (a) the likelihood and (b) the impact of a risk, as well as the actions and processes in place to reduce both risk and impact
- 1.2 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.
- 1.3 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.
- 1.4 This report gives the Committee an update on the highest corporate risks reviewed by the Joint Executive Board in February 2016.

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2.0 Recommendation

2.1 The Committee notes the most serious corporate risks reviewed by the Joint Executive Board on 9 February 2016.

3.0 Summary

3.1 This report 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 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 9 February 2016.

4.2 There are several risks showing red on our corporate risk register after mitigation. The risks and the reasons are as follows:

- Contractual Arrangements – Preferred bidders have now been announced for those services being considered as part of the 5 Districts proposal. Cabinet agreed the recommendations for the preferred bidders on 3rd February 2016. Contracts will be awarded at the end of March.

The risk remains very high until such time as the contracts are signed.

- Manpower & Resources/Leadership Quality – With the Senior Management Resourcing review there is a risk of losing key staff during the reorganisation or potential risk to the organisation due to vacancies following the review. In addition the Legal Team is understaffed; the loss of key legal staff will have an impact on the organisation until such time as the recruitment drives have been completed. Whilst this remains red the Resourcing review is due to be completed in March 2016 and the recruitment campaign for Head of Legal Services is currently underway. The position of Assistant Solicitor has been successfully recruited to with a start date of 14th March 2016.
- Service Continuity during Organisation Change – There is a risk of services not being performed or lost during handovers following the implementation of the Senior Management Resourcing Review and during the transition of services as part of the 5 Districts project e.g. HR, IT and Finance. There needs to be clear transitional arrangements, a systematic approach to hand-over and the resources to ensure satisfactory cover during interim arrangements.

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- Funding Losses – Reductions in government funding e.g. New Homes Bonus and reductions in council tax and the review of business rates may lead to difficulties balancing the Councils budget and insufficient funds to deliver services. Medium term financial planning, structured budget setting, implementation of the Corporate Strategy programme will help to mitigate and work is currently underway on long term financial planning. This risk remains high as losses from further austerity are unclear and part of the councils funding is based on government grants.

4.3 Following this review, the remaining risks have either been further mitigated or remain unchanged.

5.0 Implications

5.1 Resources:

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:

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.

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6.0 Consultation

Executive Board and the Risk Management Group.

Background Papers:

None

Agreed and signed off by:

Legal Services: 4th February 2016

Executive Head of Governance & Logistics: 2nd February 2016

Relevant Executive Head: 2nd February 2016

Cabinet Lead: 10th February 2016

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