Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Customer Services
Executive Director: Douglas Hendry

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17 June 2013

SUPPLEMENTARY PACK 1

AUDIT COMMITTEE - **COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD** on **FRIDAY, 21 JUNE 2013** at **11:15 AM**

I enclose herewith item 14 **(STRATEGIC RISK MANAGEMENT UPDATE)** which was marked copy to follow on the Agenda for the above Meeting.

Douglas Hendry
Executive Director – Customer Services

ITEMS TO FOLLOW

14.   STRATEGIC RISK MANAGEMENT UPDATE
Report by Head of Strategic Finance (Pages 1 - 22)

AUDIT COMMITTEE

Martin Caldwell (Chair)   Councillor Gordon Blair
Councillor Maurice Corry   Sheila Hill
Councillor Iain MacDonald   Councillor Duncan MacIntyre
Councillor Aileen Morton

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ARGYLL AND BUTE COUNCIL	AUDIT COMMITTEE
STRATEGIC FINANCE	21 JUNE 2013

RISK MANAGEMENT UPDATE AND DISCUSSION

1 SUMMARY

1.1 This report sets out options for consideration on how the Audit Committee can use the strategic risk register (SRR) and risk management to discharge its role. The Audit Committee is asked to review these options and agree a way forward which officers can develop in more detail for September. It also asks the Audit Committee to consider how it would like risk management to be reported to it in the future. There is also an update on risk management activity.

2 RECOMMENDATIONS

2.1 The Audit Committee are asked to consider and decide the action officers should take in relation to how the Audit Committee can use the SRR and risk management to support its work (see proposals at section 3.14), the next steps for September (section 3.15) and reporting on risk management to the Audit Committee (section 3.21).

2.2 The Audit Committee are asked to note the progress updates in the summary of risk management activity.

3 DETAIL

Background

3.1 The Council has been developing its approach to risk management over a number of years. A review of the risk management framework was undertaken in 2010. The Council is a member of the CIPFA/ALARM Benchmarking Club and this allows the Council to consider its progress and identify areas for improvement in risk management. Heads of service also complete annual risk assurance statements. A risk management action plan is developed each year to set out improvement actions for risk management. Operational risk registers have been in place for a number of years and are reviewed quarterly with results summarised in scorecards. Quarterly reports on risk management have been submitted to the Audit Committee. The SRR is overdue for a review.

3.2 Members of the Audit Committee at its development day on 22 February were asked to consider the role of the Audit Committee and risk management. In the report on the development day it is noted that "Participants were asked to consider the three key strategic risks facing the Council. Members cited the following risk areas: demographic pressures; inadequate infrastructure and economic challenges within a context of a substantial reduction in government grant over the next seven years. The Audit Committee agreed to focus on risk management, in the first instance on risks set out in the Strategic Risk

Register, their currency and their alignment with the Council's key objectives. The Audit Committee defined its key role as that of commissioning work from internal audit or wider management seeking assurance in regard to risk control measures; and through reviewing effectiveness of risk management systems including shared understanding of risk control."

3.3 Further to the above a report was submitted to the Audit Committee on 15 March which set out how the Audit Committee could take forward its role in risk management. The report recommended "It is proposed that in moving to a more risk focussed approach to the work of the Audit Committee that the following is adopted:

- For June Audit Committee – Complete review of SRR and agree overall approach to utilising the SRR to support the work of the Audit Committee.
- For September Audit Committee – Develop and agree more detail of how this will work and the specific areas of audit interest.
- For December Audit Committee – Use the SRR and understanding developed at June and September meetings to set framework/guidance for 2014-15 internal audit plan.
- For March 2014 Audit Committee – Consider draft 2013-14 internal audit plan against SRR and whether it provides the Audit Committee with assurance that audit activity is targeted on the controls for key."

The Audit Committee And Risk Management

3.4 At the Audit Committee on 15 March it was agreed that a report be brought to the June meeting of the Audit Committee with details of the revised SRR and to stimulate a discussion on how the Audit Committee can best use the SRR to support its work.

3.5 The SRR is in the process of being revised. A draft has been developed by discussion with senior officers and was outlined at members seminar on 10 June. A revised draft will be submitted to the Council on 27 June. The Audit Committee has the opportunity to submit any comments it has on the SRR to the Council meeting on 27 June. A draft of the SRR will be issued separately and members of the Audit Committee are invited to consider the draft SRR.

3.6 The risk management update report to the Audit Committee on 15 March stated at section 3.4"In targeting audit resources the Audit Committee will want to understand the risks facing the Council and the effectiveness of the controls related to these risks. This will provide the Audit Committee with information to reach a view on whether it has sufficient assurance that risk management is effective and also the overall effectiveness of the Council's management control system. The mantra is "Risk, Controls, Assurance"".

3.7 Further at section 3.5 the risk management update to the 15 March Audit Committee stated "The SRR is a key tool in identifying the risks facing the Council. This should inform audit activity and should be kept under review. It was suggested that the SRR should be an item for consideration at each meeting of the Audit Committee not from the point of view of trying to manage

the risks on the SRR but to consider how it gets assurance on the adequacy of controls and overall control framework".

3.8   The role of the Audit Committee is to gain assurance/be satisfied on the adequacy of the Council's internal control system. Risk management is one aspect of the internal control system. The role of the Audit Committee is not to be responsible for managing risk but to test the adequacy of the arrangements in place to manage risks.

3.9   The Audit Committee will want to ensure that audit activity is planned in a way that is proportionate and risk based. This means the audit plan must take account of risk when it is being developed. The audit planning process should make clear how the strategic risks have been used to guide the audit plan. The Audit Committee may also wish to consider other risk factors in developing the audit plan such as findings from previous audits, financial materiality, operational risks and previous performance levels.

3.10   Internal Audit can be asked to review the system of risk management and report on areas for improvement in a similar way to that done on other aspects of the internal control system. There are days allowed in the internal audit plan this year and these could be retained for future years internal audit plans. As with other internal audit reports the findings from the review and proposed management action would be reported back to the Audit Committee.

3.11   The Audit Committee could review the SRR. This would allow the Audit Committee to consider and test the regularity and robustness of reviews of the SRR, the basis for the identification, inclusion and assessment of specific risks and action taken or planned in response to the risks. The Audit Committee could use the findings from this exercise to inform future internal audit plans or any revision to the current years internal audit plan.

3.12   Risk and risk management is not an isolated activity. Risk is present in all activities and aspects of the Council's business. An element of each internal audit could be to specifically consider and report on the risk management arrangements for each business activity subject to audit. Each internal audit report would include a specific comment on risk management – a short summary, the key issues and any areas for improvement identified during the audit.

3.13   The Audit Committee receives a progress report on the current years internal audit plan each quarter. This has tended to focus upon progress with planned audits (are they on track, how many audit days have been used). This could be amended to include a comment on any material changes in the overall audit risk environment and as a result any recommendations to vary the internal audit plan proposed by the Chief Internal Auditor.

3.14   In considering how the Audit Committee can use the SRR to support its work earlier sections in this report outlined ways in which the Audit Committee can use the SRR and risk management in order to discharge its obligations. To assist the Audit Committee it is proposed that members of the Audit

Committee consider the following proposals:

- The internal audit plan should be risk based and the risk assessment should take account of the SRR but also findings from previous audits, financial materiality, operational risks and previous performance levels.
- A separate audit of risk management is included in the audit plan each year.
- The Audit Committee sets aside time at one meeting each year specifically to review the SRR and from that identify issues to be factored into internal audit planning.
- The format of internal audit reports is amended to specifically draw out any relevant comments, conclusions and action points in relation to risk management for the activity being audited.
- Quarterly reports on progress with the internal audit plan identify any material changes in the risk environment and as a consequence any proposed variations to the internal audit plan.

Next Steps For September

3.15 Following consideration by the Audit Committee officers will bring forward a more detailed report to the September meeting. This will set out in more detail proposals on how the direction given by the Audit Committee in relation to the above could work.

Summary Of Risk Management Activity

3.16 Over the last quarter apart from the review of the SRR which is underway and referred to above the focus has been on reporting the position on operational risk registers (ORRs) at the end of March 2013 and reviewing and updating the ORRs for 2013-14 financial year based on service plans and the outcome of the March 2013 review.

3.17 The annual risk assurance statements have been received from each service and these are being reviewed along with the review of ORRs and will also be considered in updating the risk management action plan.

3.18 The CIPFA Risk Benchmarking Survey is in the process of being completed and once the results are received they will be reported to the Audit Committee in September and will also be used to update the risk management action plan. The annual review of the risk management policy framework and guidance is also underway and the findings from this will be built into the risk management action plan with a summary of the issues included in the report for the September Audit Committee. These factors will also be used to updated the risk management action plan.

3.19 The risk management action plan is in the process of being updated as outlined above. A copy of the previous risk management action plan is attached for information.

3.20 Arrangements are being made with Zurich (the Councils insurers) to develop a training session for members on risk management. This will take place after

the recess which is later than planned as it had been intended to deliver this prior to the end of March.

Risk Management Reporting To Audit Committee

3.21 Over the last few years a quarterly report has been submitted to the Audit Committee on risk management activity. This has tended to focus on what has taken place in the last quarter and what activity is planned for the next quarter. Having regard to the rest of this report the Audit Committee might wish to consider the format and frequency of reporting on risk management going forward.

4 CONCLUSION

4.1 This report sets out a number of issues for the Audit Committee to consider in relation to its interest in risk management and how it can use the SRR to support the Audit Committee. A summary of risk management activity for the last quarter is also given.

5 IMPLICATIONS

5.1 Policy – None

5.2 Legal – None

5.3 Finance – None

5.4 Human Resources – None

5.5 Customer Service – None

5.6 Inequalities – None

5.7 Risk – Sets out proposals for the Audit Committee to consider in relation to its interest in risk management.

For further information contact Bruce West 01546-6064220

Bruce West
Head of Strategic Finance
14 June 2013

RISK MANAGEMENT ACTION PLAN – AS AT 31 MARCH 2013							
Theme	Management Activity	Improvement Areas	Specific Action Activity	Success Measures	Lead	Deadline	Status	Comment
Leadership & Management	Senior Management and Executive support & promote risk management	Information and decision making Escalation and reporting systems Accountability and management responsibility Leading risk management implementation	Formation of Strategic Risk Group Corporate Improvement Plan CG4	Maintain or Improve Assessed Level	SMT	31/3/13	Complete for 2012-13 but ongoing action.	Strategic Risk Group has been formed, terms of reference agreed and is scheduled to meet on a regular basis.
Policy & Strategy	Clear policies and strategies in place	Risk Management Policy	Review Policy, Framework and Guidance Corporate Improvement Plan CG7 Corporate Improvement Plan CG5	Maintain or Improve Assessed Level	Head of Strategic Finance	31/8/12	Complete	
People	People are equipped to manage risk	Culture Responsibility Skills and Guidance Communications	Develop and Deliver Training Programme Corporate Improvement Plan CG6	Maintain or Improve Assessed Level	Head of Strategic Finance	30/9/12	Off -Track	Discussion will take place will Insurance partners re options available to deliver RM training. Training to be delivered August /September 2013

Partnership & Resources	Effective arrangements for managing risk with partners	Partnerships Finance Tools	Develop Shared Risk Arrangements	Maintain or Improve Assessed Level	Head of Strategic Finance	30/9/12	Off Track	Discussions took place at Strategic Risk Group 31 January options for managing Shared Risk Arrangements. Being addressed through revised SRR and development of SOA.
Processes	Effective risk management	Links to business / service processes overview Risk identification and analysis Risk Response Risk Reporting and Review Investigation and root cause analysis Service continuity	Regularly Review ORR's and SRR's. Develop procedures for reporting risk movement	Maintain or Improve Assessed Level	Head of Strategic Finance	31/03/13	Complete for 2013-13.	Quarterly reviews and reporting is in place.

Risk Handling & Assurance	Risks are handled well and the organisation has assurance that risk management is assisting delivering successful outcomes and supports risk taking.	Risk Handling Assurance	Develop advanced annual Risk Assurance Statements	Maintain or Improve Assessed Level	Heads of Service	31/3/13	Complete for 2012-13.	Annual Risk Assurance Statements issued and completed.
Outcomes & Delivery	Risk Managements contributes to achieving Outcomes	Risk Management contribution to overall performance Contribution to specific outcomes	Annual review	Maintain or Improve Assessed Level	Heads of Service	31/3/13	On -Track	Review delayed to April/June period. Now underway.

ARGYLL AND BUTE COUNCIL   **AUDIT COMMITTEE**
STRATEGIC FINANCE   **21 JUNE 2013**

REVIEW OF STRATEGIC REGISTER

1   SUMMARY

1.1   This report sets out the updated Strategic Risk Register (SRR). The SRR should be viewed as a starting point for managing strategic risks and kept under review on a regular basis.

2   RECOMMENDATIONS

2.1   The Audit Committee note the updated SRR and provide any comments for consideration at the Council meeting on 27 June.

3   DETAIL

Background

3.1   Officers have recently undertaken a review of the SRR. Appendix 1 to this report sets out the revised SRR for the Council. The updated SRR is the start of a process rather than the end. The updated SRR should be viewed as a starting point from which to consider how the Council monitors and manages strategic risks on an ongoing basis. It is not a definitive final statement of strategic risks. To ensure the Council actively monitors and manages its strategic risks it is proposed the SRR is reviewed and reported on each quarter.

3.2   Strategic risks are those which are fundamental to the success of an organisation. They tend to be organisation wide and significant representing key threats and opportunities to achievement of objectives. Strategic risks are those with the greatest consequences to an organisation and may have a material impact on its survival. They are not every high scoring risk. It is possible that there may be higher scoring risks on the operational risk registers that do not appear on the SRR.

3.3   The SRR focusses on the key risks facing the Council. It does not need to be a list of all risks. In considering the strategic risks a framework based around the following categories has been used:
- Finance – Income and funding.
- Finance – Expenditure.
- Infrastructure – Leadership and management.
- Infrastructure – Management of services and resources.
- Infrastructure – Conditional and suitability of overall infrastructure and asset base.
- Infrastructure – Civil contingencies and business continuity.
- Operating Environment – Demographic change.

- Operating Environment – Population and economic decline.
- Operating Environment – Partnership governance.
- Reputation.
- Engagement –Alignment of service delivery.
- Topical – Welfare reform.
- Topical – Health and social care integration.

3.4   Strategic risks have been assessed based on likelihood and impact. A gross risk score has been calculated and the effect of any mitigation has been considered and resulting residual risk arrived at. The risk assessment has been carried out based on a risk assessment matrix of 1-5 for likelihood and 1-5 for impact. A copy of the risk assessment matrix is attached as Appendix 2. Appendix 1 sets out the proposed SRR. A combined score of 15 or more is classed as a red risk, a combined score of between 6 and 14 is classed as an amber risk and a combined score of 5 or less is classed as a green risk.

3.5   The proposed SRR is set out in Appendix 1. The SRR will be kept under review. There may be changes to the risks, the likelihood and impact of risks and the effect of mitigating actions. A report will be prepared on a quarterly basis to review the SRR.

Summary Of SRR

3.6   The risks set out in the updated SRR are summarised below. There are a total of 13 strategic risks identified. The gross risk classes 7 as red and 6 as amber. After mitigation 1 is classed as red and 12 are classed as amber.

Risk	Description	Score/ Assessment
Finance – Income and funding.	A major reduction in income /funding as result of a reduction in grant funding, reduced collection of council tax or fees and charges This may arise from global or local economic circumstances, government policy on public sector budgets and funding or data that determines grant funding formula.	12 Amber
Finance – Expenditure.	Major unforeseen expenditure creates significant overspend or a need to make significant and unplanned reductions in expenditure or redirection of budgets.	8 Amber
Infrastructure – Leadership and management.	A lack of Strategic Leadership and Direction will have a negative impact on the ability of the Council to set out strategic objectives and then align service delivery and resources to ensure these objectives are achieved. May also the impact on development of the community planning partnership.	12 Amber

	Risk that organisation is not focussed on outcomes /objectives resulting in poor decision making and inadequate governance arrangements.	
Infrastructure – Management of services and resources.	Services and resources are not effectively managed. Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives Resources are poorly managed with result that agreed outcomes and objectives are not fully achieved. Unable to achieve continuous improvement and improve effectiveness and efficiency.	6 Amber
Infrastructure – Conditional and suitability of overall infrastructure and asset base.	Infrastructure and asset base does not meet current and future requirements. Infrastructure and asset base is not being used or managed efficiently or effectively.	12 Amber
Infrastructure – Civil contingencies and business continuity.	The arrangements in place for civil contingencies and business continuity are not effective.	8 Amber
Operating Environment – Demographic change.	The Council fails to recognise, plan and deliver services in a way that takes account of demographic trends.	12 Amber
Operating Environment – Population and economic decline.	Projected population decline and potential economic decline and failure to identify factor causing the decline and then develop and action strategies to address that decline.	16 Red
Operating Environment – Partnership governance.	Inadequate Partnership Governance Arrangements. Risk that partnership arrangements are poorly defined and constituted leading to an inability to deliver outcomes and objectives or being democratically deficient.	9 Amber
Reputation.	Poor image and reputation including negative external scrutiny. The Council fails to maintain its general reputation with residents, the Community and the wider Local Government Community. Poor performance and poor audit and inspection results.	12 Amber

Engagement – Alignment of service delivery.	The Council fails to understand community needs and align service delivery to meet these.	8 Amber
Topical – Welfare reform.	Implementation of welfare reform is not managed with resulting in increased poverty and deprivation or short term crisis.	12 Amber
Topical – Health and social care integration	Implementation of health and social care integration is not managed effectively.	12 Amber

Operational Risks

3.7 Operational risks are managed through service operational risk registers (ORRs). The ORRs contain the most significant risks facing services. The ORRs are a split into demand risks which cover the risks around the demand/requirements for a service and supply risks. Supply risks relate to the matters that may become obstacles or issues in terms of a service achieving the commitments contained in the service plan. Demand risks are specific to each service but supply risks are categorised under the following headings:
- Finance,
- Human Resources,
- Assets,
- Supply Chain,
- Operating Processes,
- Information & IT,
- Projects,
- Partnerships.

3.8 Operational risks are assessed on the same 1-5 likelihood and impact risk assessment matrix as set out at Appendix 2. ORRs are reviewed on a quarterly basis and considered at service management teams with a summary of the position reported through performance scorecards and in Pyramid. Reporting on ORRs as well as summarising the overall ORR will also identify significant matters which may be high scoring risks, risks that are above the risk appetite, sudden changes in risk score or long term trends in risk score.

4   CONCLUSION

4.1 This report sets out the background to the updated SRR attached as Appendix 1.

5   IMPLICATIONS
5.1 Policy – Strategic risks should be considered as part of policy development.
5.2 Legal – None.
5.3 Human Resources – None.
5.4 Finance – None.
5.5 Risk Management – Sets out key risks to be monitored and managed by the Council.

5.6 Equalities – None.
5.7 Customer Service – None.

For further information contact Bruce West Head of Strategic Finance 01546-604220

Bruce West
Head of Strategic Finance
17 June 2013

DRAFT UPDATED STRATEGIC RISK REGISTER – APPENDIX 1

Risk No	Description Of Risk	Example Consequences	Gross Risk			Desired Outcome	Control Processes/ Mitigation	Residual Risk			Risk Owner
			Li	Im	Sc			Li	Im	Sc	
Finance – Income and funding	A major reduction in income /funding as result of a reduction in grant funding, reduced collection of council tax or fees and charges This may arise from global or local economic circumstances, government policy on public sector budgets and funding or data that determines grant funding formula.	Lack of income /funding to support Council objectives. Requirement to reduce service provision or budget allocations. Reduced income impacts on performance levels.	4	4	16	The Councils finances are managed effectively.	Effective framework for longer term financial planning that takes account of longer term funding projections. Monitoring of grant funding formula. Effective management arrangements for billing and collection of council tax and fees and charges.	3	4	12	Head of Strategic Finance and Head of Customer and Support Services
Finance - Expenditure	Major unforeseen expenditure creates significant overspend or a need to make significant and unplanned reductions in expenditure or redirection of budgets.	Resources need to be diverted. Reduced levels of performance.	2	4	12	The Councils finances are managed effectively.	Revenue and capital budget preparation including review of base budget, inflation, cost and demand pressures. Revenue and capital budget monitoring.	2	4	8	Head of Strategic Finance

| Infrastructure – Leadership and management | A lack of Strategic Leadership and Direction will have a negative impact on the ability of the Council to set out strategic objectives and then align service delivery and resources to ensure these objectives are achieved.

May also the impact on development of the community planning partnership.

Risk that organisation is not focussed on outcomes /objectives resulting in poor decision making | No clear strategic direction/set of objectives.

Objectives not achieved as services and resources are not fully aligned to objectives.

Opportunities missed to demonstrate community leadership.

Confidence in, and reputation of, the Council harmed.

Fail to adapt to changing environmental, social and economic conditions. | 3 | 4 | 12 | The Council has a clear strategic direction and service and resources are aligned to ensure Council objectives are achieved. | Corporate Plan sets out overall Council objectives.

Community Plan/SOA sets out CPP objectives with clear links to Council contributions (being developed).

Corporate Improvement Plan.

PPMF and service planning and performance monitoring to ensure service outcomes and activity is in line with Council objectives and performance is meeting targets.

Community | | | | Maintaining an adequate contingency within General Fund reserve.

Adequate insurance coverage. | 3 | 4 | 12 | Chief Executive |

Risk	Description	Consequences				Desired Outcome	Controls / Mitigation				Owner
	and inadequate governance arrangements	Fail to meet service needs of citizens.	3	3	9		engagement and consultation to understand activity local needs. Development of a corporate plan	2	3	6	Executive Directors Heads of Service
Infrastructure - Management of services and resources	Services and resources are not effectively managed. Services fail to achieve agreed performance levels and as a result are not contributing fully to Council objectives Resources are poorly managed with result that agreed outcomes and objectives are not fully achieved. Unable to achieve continuous improvement and improve effectiveness and efficiency.	Poor performance. Increased costs. Negative publicity. Unable to demonstrate best value.	3	3	9	Performance targets achieved. Performance improves over time and compared to others. Improved use of resources.	Regular performance monitoring and review. Performance scorecards and Pyramid. PPMF and service planning. Corporate Improvement Plan and monitoring of progress.				

Risk	Risk description	Consequence	L	I	Score	Objective	Controls	L	I	Score	Owner
Infrastructure - Condition and suitability of overall infrastructure and asset base.	Infrastructure and asset base does not meet current and future requirements. Infrastructure and asset base is not being used or managed efficiently or effectively.	Infrastructure and asset base do not support overall Council objectives. Infrastructure and asset base do not support delivery of service outcomes. Infrastructure and asset base is allowed to deteriorate resulting in cost, lost opportunities and wasted resource.	4	4	16	The Council has an infrastructure and asset base that is maintained, safe, efficient and fit for purpose and which supports development of the area and achievement of objectives.	Corporate Plan. Capital planning process. Asset Management planning process.	3	4	12	Executive Director of Development and Infrastructure. Head of Facility Services.
Infrastructure - Civil Contingencies and Business Continuity	The arrangements in place for civil contingencies and business continuity are not effective.	Ineffective management of major emergencies affecting Council services and communities in Argyll and Bute in response to a major emergency. Incident and recovery phase of an emergency lead to greater inconvenience and hardship and a longer timescale for return to normal.	3	4	12	Effective plans and procedures in place to respond to a major event affecting Council services and/or the general public.	On-going training programme in place and continual update of Emergency Plans and procedures. Recent review of business continuity arrangements in 2012. All critical activities identified.	2	4	8	Head of Improvement and HR. Head of Governance and Law

Risk	Cause	Consequence	L	I	Score	Effect	Controls	L	I	Score	Owner
Operating - Demographic Change	The Council fails to recognise, plan and deliver services in a way that takes account of demographic trends.	Council unable to effectively deliver its own services as a result of an emergency. Mismatch of resources and service requirements. Services not configured to meet user/citizen requirements.	4	4	16	Performance of key priority services and other key areas identified by the public maintained or improved	Monitoring of population trends. Corporate and service planning process. Performance monitoring process (PPMF). Community Engagement Strategy.	3	4	12	Head of Improvement and HR
Operating Market - Population and economic decline	Projected population decline and potential economic decline and failure to identify factor causing the decline and then develop and action strategies to address that decline.	Economic decline results in a vicious circle of decline with reduced employment, lower earnings, failing businesses and poor perception of the area. Population decline reduces funding and reduces scoep for efficiencies and economies of scale in service delivery.	5	4	20	Sustainable economic growth and population growth in Argyll and Bute.	Single outcome agreement targets population and economic recovery. Plans will need to be developed to action commitments in SOA. Economic Development Action Plan.	4	4	16	Head of Economic Development

Risk Area	Risk	Impact	L	I	Score	Objective	Controls	L	I	Score	Owner
		Combined population and economic decline may increase need and costs for some services.			(red)						
Operating Environment - Partnership Governance	Inadequate Partnership Governance Arrangements. Risk that partnership arrangements are poorly defined and constituted leading to an inability to deliver outcomes and objectives or being democratically deficient	Lack of Accountability. Lack of democratic input to key decisions. Partnership viewed as having failed and not achieving objectives. Wasted resources and effort. Reputational damage.	4	3	12 (orange)	SOA outcomes achieved.	SOA (currently being drafted). Clear line of sight from SOA to individual partner contributions (being developed). CPP governance arrangements and partnership agreement.	3	3	9 (orange)	Head of Improvement and HR Head of Governance and Law
Reputation	Poor image and reputation including negative external scrutiny. The Council fails to maintain its general reputation with residents, the Community and the wider Local Government Community.	Reputation declines. Negative impact on morale. Poor reputation undermines action being taken to target population and economic growth. Increased risk of	4	4	16 (red)	The reputation of the Council is protected and enhanced.	Community Engagement Strategy. Communications Strategy. Action plans to improve customer services. Planning and performance management	3	4	12 (orange)	Head of Improvement and HR

Risk	Cause	Consequence	L	I	Rating	Controls / Mitigation	Objective / Outcome	L	I	Rating	Owner
	Poor performance and poor audit and inspection results.	audit and inspection activity.				framework to ensure services properly planned and managed and performance targets achieved.					
Engagement – Alignment of service delivery.	The Council fails to understand community needs and align service delivery to meet these.	Gaps between community needs and Council services. Also impacts on reputation.	3	4	12	Community Engagement Strategy. Operation & development of: Panels & Forums - Young Peoples Panel - Youth Website - Citizens Panel etc	The Council understands local needs and aligns service deliver accordingly.	2	4	8	Head of Improvement and HR
Topical – Welfare Reform	Implementation of welfare reform is not managed with resulting in increased poverty and deprivation or short term crisis.	Increase in demand or costs for Council services. Financial crisis and hardship for individuals. Adverse impact on local economic development. Adverse impact on communities. Potential widening of inequalities gap.	5	4	20	Separate project established to manage welfare reform with clear plans, resources and risks identified. Joint working with DWP, CPP and other Agencies to plan response to potential impact. Discussions on-going at national level re local services support framework.	Well managed implementation of welfare reform in a way that minimise impact on individuals and communities but does not create a financial burden for the Council.	3	4	12	Head of Customer and Support Services

| Topical – Health and Social Care integration | Implementation of health and social care integration is not managed effectively. | Unable to proceed with health and social care integration on a managed basis and/or in accordance with timescales.

Integration has a negative impact on health and social care service delivery. | 4 | 4 | 16 | Planned and managed implementation of health and social care. | 3 | 4 | 12 | Establish a separate project to focus on implementation and identifying and addressing the issues arising. | Executive Director – Community Services |

Li = Likelihood
Im = Impact
Sc = Score

Risk Assessment Matrix – Appendix 2

	Likelihood		Impact
Score	Description	Score	Description
1	Remote – Very unlikely to ever happen.	1	None – minimal impact on objectives, budget, people and time
2	Unlikely – Not expected but possible.	2	Minor – 1%/10% budget, first aid, minor impact objectives,1wk/3 months delay.
3	Moderate – May happen occasionally.	3	Moderate – 10%/30% budget, medical treatment required, objectives partially achievable, 3/12 months delay.
4	Likely – Will probably occur at some time.	4	Major – 30%/70% budget, permanent harm, significant impact on service delivery, 1/2 years delay.
5	Almost certain – Will undoubtedly happen and possibly frequently	5	Catastrophic – Over 70% budget, death, unable to fulfil obligations, over 2 years delay.

A combined score of 15 or more is classed as a red risk.
A combined score of between 6 and 14 is classed as an amber risk.
A combined score of less than 5 or less is classed as a green risk.