

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to the Audit and Accounts Committee

8th February 2019

TITLE:	Risk Management Update (overview of strategic, operational and project risks)
EXECUTIVE COUNCILLOR:	Cllr Sybil Ralphs – Leader
CONTACT OFFICER:	Information Business Partner
WARDS INVOLVED:	Non-specific

Appendices attached:

Appendix A: Strategic Risks (by exception)

Appendix B: Operational Risks (by exception)

Appendix C: Project Risks (by exception)

1. Reason for the Report

- 1.1 The purpose of the report is to allow the robust scrutiny of the Council's Risk Management arrangements in accordance with generally accepted good practice.

2. Recommendations

- 2.1 That the committee notes the Council's current risk position and the mitigation plans summarised within Appendix A (strategic risks), Appendix B (operational risks) and Appendix C (project risks).

3. Executive Summary

- 3.1 The Council's Strategic, Operational and Project Risk Registers are reviewed by the Audit and Accounts Committee on an exception basis. This report is based upon the Council's position as at December 2018.
- 3.2 The latest analysis of the Strategic Risk Register reveals that the Council has identified and assessed 15 strategic risks, of which 40% are rated as 'high' and therefore above the Council's risk tolerance threshold. The six 'high' rated risks are listed in full at Appendix A.
- 3.3 The Operational Risk Registers reveal that the Council has identified and

assessed 31 operational risks in total, of which four are rated as 'high' and therefore above the Council's risk tolerance thresholds. The risks falling within the 'high' category are listed in full at Appendix B.

3.4 The project risk registers now cover eight projects and the risk profile is bulleted below:

- 0% Critical
- 10% High
- 10% Medium
- 80% Low

4. Evaluation of Options

4.1 There are no options to consider

5. How this report links to Corporate Priorities

5.1 Risk Management impacts on all service areas and therefore links to each of the Council's Corporate Plan aims.

6. Implications

6.1 Community Safety - (Crime and Disorder Act 1998)
None

6.2 Workforce
None

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Diversity and Equality Policies

6.4 Financial Considerations
Effective Risk Management contributes to financial objectives

6.5 Legal
None

6.6 Sustainability
None

6.7 Internal and External Consultation
None

6.8 Risk Assessment

The Council's Risk Registers are a critical element in the Council's Risk Management Framework.

ANDREW P STOKES

Executive Director (Transformation) & Chief Finance Officer

Background Papers

Location

Contact details

Risk Registers –December 2018

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7. Background and Introduction

- 7.1 The Council ensures that it undertakes a deliberate and systematic identification of the key risks that might prevent, degrade, delay or enhance the achievement of its objectives and priorities. The Council's Risk Management Strategy sets out the process for undertaking this on an ongoing basis.
- 7.2 In addition to the identification of risks, managers also have to quantify them in terms of likelihood and potential impact. The risks are then recorded in the Council's Risk Registers. These have three aspects – strategic, operational and project risks.
- 7.3 Under the Risk Management Strategy, the Council's 'risk tolerance' threshold is set along the border between 'medium' and 'high' rated residual risks. The Strategy stipulates that mitigating actions should be identified for all risks that exceed this threshold.
- 7.4 The Council's Strategic, Operational and Project Risk Registers are reviewed on a quarterly basis and reported into the Corporate Risk Management Group and the Audit and Accounts Committee on an exception basis. The appendices provide details of all risks that have been rated as 'high' or above, and therefore beyond the Council's risk tolerance threshold.

8. Strategic Risks

- 8.1 The Council's strategic risk profile is reflective of changes made to the strategic risk register following the voluntary desktop review carried out by Zurich last year. A fundamental review of the Alliance's strategic risk register took place with senior managers in autumn 2018, including the addition of root cause analysis and better assessment of opportunity risk across all registers.
- 8.2 The December 2018 analysis of the Strategic Risk Register reveals that the Council has identified and assessed 15 Strategic Risks, of which 40% are rated as 'high' and therefore above the Council's risk tolerance threshold. There are also now four opportunity risks within the register – housing growth, business growth, commercialism (trading) and effective contractor relations, which the alliance is working to reap the benefits from.
- 8.3 The Council's risk profile is displayed below and reflects the changes highlighted above and the transfer of project related risks to project risk registers.

Residual Risk Rating	Staffs Moorlands Risks	Alliance Risks	Total Risks
Critical	-	-	-
High	-	6	6
Medium	-	7	7
Low	-	2	2
Total Risks			15

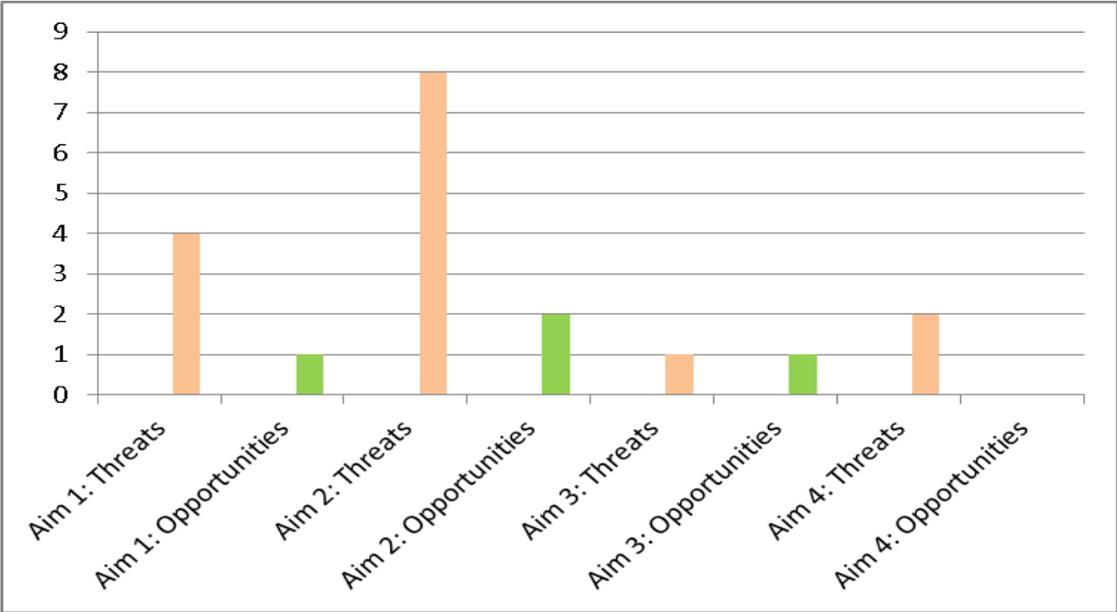
Matrix 1: Risk Threats

		Impact				
		1	2	3	4	5
Likelihood	5					
	4					
	3				- IT Security - MTFP - Ext Funding for Growth	- Contract Mngt - Investment into assets
	2					Safeguarding duty
	1					

Matrix 2: Risk Opportunities

		Impact				
		5	4	3	2	1
Likelihood	5					
	4			Effective contractor relations		
	3	Housing & Business Growth	Council Trading			
	2					
	1					

8.4 The six high rated risks are mapped on Matrix 1 above and the four opportunity risks are shown on Matrix 2. The categories of risk now recorded on the strategic risk register cover a broader range of risk types than before. The graphic below illustrates the risk profile across both threats and opportunities and also across our Corporate Plan aims.



9. Operational Risks

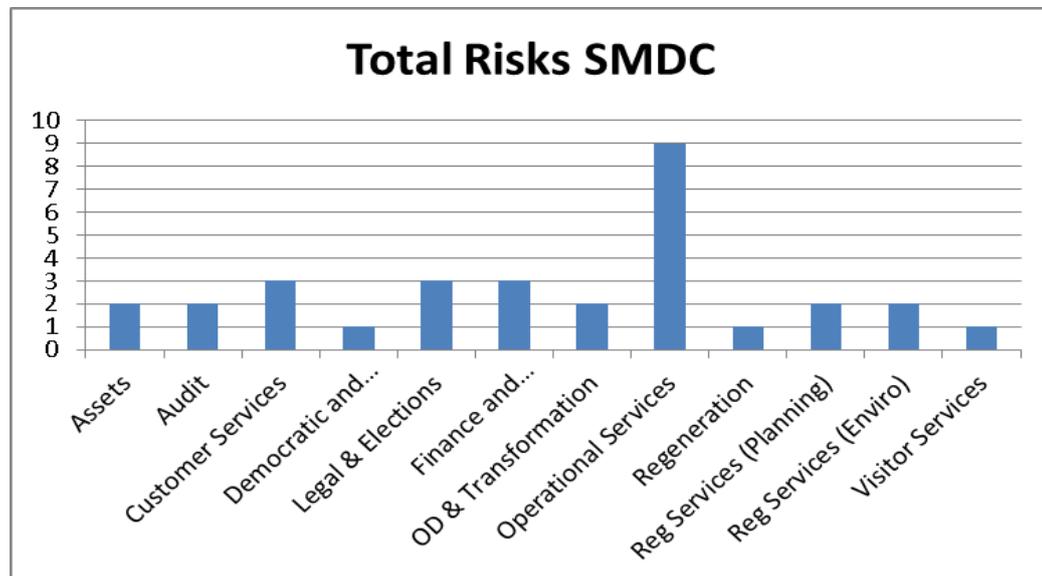
9.1 The December 2018 analysis of the Operational Risk Registers reveals that the Council has identified and assessed 31 operational risks in total, of which four are rated as ‘high’ and therefore above the Council’s risk tolerance threshold. The main change has been the transfer of the IT security risk from OD & Transformation onto the Strategic Risk Register due to the corporate significance of the risk.

9.2 The four risks falling within the ‘high’ category are listed in full at Appendix B. A full breakdown of the Council’s operational risk profile is given below:

Residual Risk Rating	Staffs Moorlands Risks	Alliance Risks	Total Risks
Critical	-	-	-
High	-	4	4
Medium	1	7	8
Low	1	18	19
Total Risks			31

9.3 The greatest number of operational risks sits within the Operational Services area, which encompasses waste and recycling; street scene, leisure, and horticulture.

9.4 An analysis of the alignment of risk to our corporate objectives shows that most operational risks relate to the use of resources in order to achieve value for money.



10. Project Risks

10.1 Project risks are assessed at the Business Case stage of the project management methodology in order to inform decision-making. December's risk review has seen the addition of three former strategic risk entries onto the project risk registers – Cornhill, Leek Mill Quarter and the Local Plan.

- Digital Portal
- Committee Management System
- Hybrid Mail
- AES Phased Implementation
- Management of Countryside sites (SM)
- Cornhill (SM)
- Leek Mill Quarter (SM)
- Local Plan (SM)

10.2 The profile of project risk threats overall is bulleted below:

- 0% Critical
- 10% High
- 10% Medium
- 80% Low

10.3 In addition, a total of six opportunity risks have been identified across two of the above projects. This is still a new area of assessment for the alliance and should increase as Managers become more versed in identifying and assessing the positive side of risk management.