

## **RISK MANAGEMENT STRATEGY & STRATEGIC RISK REGISTER**

### **1. INTRODUCTION AND PURPOSE**

- 1.1 In 2009 the Cabinet endorsed a risk management framework and associated strategy that was both pragmatic and proportionate, adding value to existing processes and not introducing bureaucratic new ones.
- 1.2 At their recent meeting Cabinet approved a revised version of the Risk Management Strategy (Appendix 1) and an updated summary Strategic Risk Register (Appendix 2 & 3), which is once more pragmatic and proportionate.
- 1.3 These revised documents, along with a more detailed version of the Strategic Risk Register, are now presented to update the audit committee on the development and operation of risk management in the Council.

### **2. BACKGROUND**

- 2.1 Risk management aims to identify the significant risks that may impact on the Council achieving its objectives. Its purpose is to evaluate, design and implement effective measures to reduce both the likelihood and potential impact of these risks occurring.
- 2.2 The Council has a statutory responsibility to have in place arrangements for managing risks under the Accounts and Audit Regulations 2003 which require a sound system of internal control which facilitates the effective exercise of the body's functions and includes arrangements for the management of risk. The CIPFA/SOLACE 'Framework on Corporate Governance' similarly recommends that authorities should establish and maintain a systematic strategy, methodology and processes for managing risks and report publicly on its effectiveness. As such, it features strongly in the Council's Local Code of Practice for Corporate Governance and is one of the primary assurance strands in the Annual Governance Statement which places significant reliance on a robust risk management framework.

### **3. RISK MANAGEMENT FRAMEWORK**

- 3.1 The Council's Risk Management framework is made up of a number of elements largely embedded in existing processes. In addition to strategic risk management, illustrated through the proposed Strategy and Strategic Risk Register, it includes work place health and safety, ICT disaster recovery, business continuity planning and operational risk management including the provision of third party insurance cover and claims handling.
- 3.2 A shortened and more accessible version of the Risk Management Strategy previously set out in 2009 is presented at Appendix 1.

- 3.3 The updated Strategic Risk Register (Appendix 2) summarises the significant risks to the delivery of the Corporate Plan and the proposed actions of the Portfolio Holder to mitigate against these risks, consequently it is closely aligned to the Delivery Plan approved by Cabinet in June. It also analyses the level of risk associated with the achievement of each aim. This is in keeping with the previous version but reflects the introduction of the Corporate Plan Delivering for our Communities 2012-2016. A summarised version of the Register was presented for approval by Cabinet, the detail behind which is now presented to the Audit Committee for review of its effectiveness (Appendix 3).
- 3.4 To ensure the register is up to date and relevant the intention is that risks will be considered annually alongside the Corporate Delivery Plan and reported on during the year. The corporate plan webpages will be updated to reflect the risks to each of the corporate plan aims.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are none arising directly from this report.

#### **5. EQUALITY & DIVERSITY, ENVIRONMENTAL AND CRIME & DISORDER IMPLICATIONS**

- 5.1 There are none arising directly from this report.

#### **6. LEADER'S COMMENTS**

- 6.1 I believe this to be the right level of risk management, without increased duplications or unnecessary bureaucracy.

#### **7. RECOMMENDATIONS**

##### **It is recommended that the Audit Committee:**

- 7.1 Note the development of risk management through the revised Risk Management Strategy shown and Strategic Risk Register appended to this report; and
- 7.2 Advise Cabinet as to the effectiveness of the Council's risk management arrangements in satisfying the requirements and good practice recommendations set out within this report.

#### **For Further Information Please Contact:**

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#### **Background Papers:**

Cabinet 04/09/13 Report B (Risk Management Strategy and Strategic Risk Register)

Cabinet 04/02/09 Report B (Risk Management)

# RISK MANAGEMENT STRATEGY

1		<p><b>New Forest District Council actively manages risk in order to contribute to meeting its objectives and statutory obligations. The Council will use this strategy as a tool to promote innovation and safeguard against threats in support of the Corporate Plan</b></p>
2		<p><b>Definition</b> – Risk is an event or uncertainty that may enhance (an opportunity) or impede (a threat to) the Council's ability to achieve one or more of its objectives effectively</p>
3		<p><b>Risk Identification</b> - Strategic risks will be identified against corporate challenges and priorities within the corporate plan. Operational risks will be identified within the day to day issues that managers and staff encounter</p>
4		<p><b>Risk Analysis</b> - Risks will be analysed to determine the frequency/likelihood of an adverse event or outcome occurring and the impact/severity if it did occur. They will then be prioritised for action. Risks will also be analysed to support strategic policy decisions and financial planning within reports</p>
5		<p><b>Risk Control</b> - To mitigate against identified risks the Council will opt to control the risk by taking action to manage the likelihood and/or impact down, to accept the risk, to transfer the risk through insurance or contractual arrangements or terminate the risk by ending the activity or taking the decision not to do something</p>
6		<p><b>Risk Recording</b> - Risks will be recorded in a series of risk registers. Risks to the achievement of the Corporate Plan will be contained by Portfolio in the Strategic Risk Register and service specific risks recorded in the relevant Service's register. In the case of significant projects the Project Manager will ensure that risks are considered in line with the Council's Project Management Guide</p>
7		<p><b>Risk Monitoring and Reporting</b> - As far as possible Risk Management is embedded within existing practices and aligned to the Performance Management Framework. The Strategic Risk Register will be reported annually to Cabinet. The effectiveness of the risk management framework will be reported annually to the Audit Committee within the annual audit and assurance report</p>
8		<p><b>Roles and Responsibilities</b> - Elected Members have a responsibility to understand the strategic risks that the Council faces and will be made aware of how these risks are being managed through the annual performance process. The Audit Committee is responsible for monitoring the development and operation of Risk Management. Officers are responsible for the delivery of the strategy</p>
9		<p><b>Guidance and Review</b> - Detailed guidance in support of the Council's Risk Management arrangements is available to Members and Officers and the Risk Management Framework will be kept under review</p>
10		<p><b>Contacts</b> – There are several strands to the Council's overall approach to Risk Management. In addition to strategic Risk Management it includes workplace health &amp; safety, ICT disaster recovery, business continuity and operational risk management which includes the provision of insurance cover. For more information on any of these activities contact the Performance Management Team</p>

Portfolio	High Risk Areas Identified	To Mitigate against these risks the Portfolio Holder will:
Leader's	Economic conditions limit growth and employment in the district	<ul style="list-style-type: none"> <li>▪ Review the Council's economic development strategy</li> <li>▪ Engage with relevant Local Enterprise Partnerships (LEPs) to identify funding opportunities</li> <li>▪ Develop a web based business portal to offer a single point of contact with the Council to support businesses within the district</li> </ul>
Finance & Efficiency	Continued financial austerity, lower levels of government funding and the introduction of legislative changes	<ul style="list-style-type: none"> <li>▪ Develop a Medium Term Financial Plan including Service Review Programme that delivers the Council's priorities</li> <li>▪ Fully implement the localised Council Tax reduction scheme and undertake a post implementation review</li> <li>▪ Introduce Universal Credit for new benefit claims from October 2013</li> <li>▪ Monitor business rate growth and the impact on the Council's finances</li> </ul>
Housing & Communities	Affordable housing does not meet the needs of the district	<ul style="list-style-type: none"> <li>▪ Implement introductory tenancies for all new tenants</li> <li>▪ Continue to acquire properties on the open market and construct new Council properties</li> <li>▪ Continue to work with partner Registered Providers to deliver additional homes in the District</li> </ul>
Health & Leisure	Maintaining 5 quality Health & Leisure Centres	<ul style="list-style-type: none"> <li>▪ Monitor business performance to support current spending</li> </ul>
Environment	Protecting the Coastline	<ul style="list-style-type: none"> <li>▪ Have in place a coastal maintenance programme identifying priority projects</li> <li>▪ Undertake agreed coastal monitoring studies</li> </ul>
Planning & Transportation	External pressure for development	<ul style="list-style-type: none"> <li>▪ Deliver the Sites and Development Management Plan</li> </ul>

	Aim	Risk Score
LEADER'S	<b>Engaging the Public</b> <i>'the community feels involved and informed by its democratic leadership'</i>	Low
	<b>Delivering through people</b> <i>'Services are provided by a motivated and flexible workforce, with the appropriate skills to deliver and meet changing needs'</i>	Moderate
	<b>Supporting local businesses</b> <i>'The local economy performs well'</i>	High
	<b>Dealing with local emergencies</b> <i>'Reassurance is provided that should local emergencies arise, measures are in place to minimise disruption'</i>	Moderate
FINANCE & EFFICIENCY	<b>Managing our Finances</b> <i>"Local council tax payers and users of services receive value for money"</i>	High
	<b>Managing our physical assets</b> <i>"Public assets are optimised, through appropriate and efficient use"</i>	Low
	<b>Delivering customer benefits through technology</b> <i>"More efficient, simpler, faster and joined up services provided and choice and flexibility offered to customers by technology"</i>	Low
	<b>Maintaining strong governance</b> <i>"Decisions taken within the Council have an effective framework of accountability"</i>	Moderate
HOUSING & COMMUNITIES	<b>Managing our housing</b> <i>"The housing stock meets the aspirations and needs of existing and future tenants"</i>	High
	<b>Helping provide affordable housing for local people</b> <i>"Additional affordable housing is provided"</i>	High
	<b>Valuing and supporting older people</b> <i>"Older people's needs are championed"</i>	Moderate
	<b>Working with partners to keep crime and anti social behaviour low</b> <i>"The community feels safer"</i>	Moderate
HEALTH & LEISURE	<b>Encouraging active communities through leisure and culture</b> <i>"Local agencies are supported to provide leisure and culture for local people"</i>	Moderate
	<b>Helping improve people's health</b> <i>"The health and wellbeing of local people is promoted"</i>	Moderate
	<b>Managing our leisure facilities well</b> <i>"Quality facilities are provided to encourage active, healthy and vibrant communities"</i>	High
	<b>Promoting opportunities for children and young people</b> <i>"Children and young people are provided for within the Council's activities"</i>	Moderate
ENVIRONMENT	<b>Ensuring streets and public spaces are clean</b> <i>"The environment is attractive and safe for people to live, work and visit"</i>	Moderate
	<b>Protecting the environment and promoting the wise use of natural resources</b> <i>"Precious natural resources are protected and damage to the environment through landfill is reduced"</i> <i>And "The Council's own activities will operate with a reduced carbon footprint and environmental impact"</i>	Moderate
	<b>Delivering the waste collection service people want</b> <i>"The waste collection service efficiently meets the needs of New Forest residents"</i>	Low
	<b>Managing our coastline</b> <i>"The coastline's protection is promoted"</i>	High
	<b>Protecting communities from health hazards</b> <i>"The community is able to enjoy the environment"</i>	Moderate
PLANNING & TRANSPORTATION	<b>Enabling development which meets local aspirations</b> <i>"Development recognises the New Forest's unique environment and varied character"</i>	High
	<b>Using planning to protect the environment and maintain local distinctiveness</b> <i>"High standards of development secured which recognise the special and varied character of the New Forest"</i>	Moderate
	<b>Securing appropriate sites for employment and housing in line with the core strategy</b> <i>"Housing and employment development which is appreciative of the unique environment"</i>	Moderate
	<b>Improving transport and traffic management</b> <i>"The movement of people who live, work and visit the New Forest is encouraged and safe"</i>	Moderate

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

Leader's Portfolio				
Aim	Ref	Risk	Likelihood x Impact	Residual Risk Score
<b>Engaging the Public</b> 'the community feels involved and informed by its democratic leadership'	L.1	Community engagement is ineffective	1x1	1 Low
<b>Delivering through people</b> 'Services are provided by a motivated and flexible workforce, with the appropriate skills to deliver and meet changing needs'	L.2	Staff performance and productivity are poor due to low morale, increase in staff dissatisfaction and capability cases	3x2	6 Moderate
		Difficulty in maintaining some services due to reduced resources	3x2	6 Moderate
<b>Supporting local businesses</b> 'The local economy performs well'	L.3	Economic conditions limit growth and employment in the district	3x3	9 High
<b>Dealing with local emergencies</b> <i>'Reassurance is provided that should local emergencies arise, measures are in place to minimise disruption'</i>	L.4	Inability to respond to local emergencies	1x3	3 Moderate

## Strategic action to identify and manage higher risks within the Portfolio

Economic conditions limit growth and employment

To mitigate these risks the Council will:

- Review its economic development strategy
- Engage with relevant Local Enterprise Partnerships (LEPs) to identify funding opportunities
- Develop a web based business portal to offer a single point of contact with the Council to support businesses within the district

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

Finance & Efficiency Portfolio				
Aim	Ref	Risk	Likelihood x Impact	Residual Risk Score
<b>Managing our Finances</b>  <i>“Local council tax payers and users of services receive value for money”</i>	FE.1	Continued pressure on Council finances result in an inability to deliver services	3x3	9 High
	FE.2	Changes introduced by the Local Government Finance Bill and other legislative changes are not implemented effectively	3x3	9 High
	FE.3	Benefit changes and the introduction of Universal Credit adversely affect income recovery	3x3	9 High
	FE.4	Changes to business rate retention and grant regime adversely affect finances	3x3	9 High
<b>Managing our physical assets</b>  <i>“Public assets are optimised, through appropriate and efficient use“</i>	FE.5	Assets are not optimised or appropriately managed to meet the Council’s needs	1x2	2 Low
<b>Delivering customer benefits through technology</b>  <i>“More efficient, simpler, faster and joined up services provided and choice and flexibility offered to customers by technology”</i>	FE.6	Benefits of new technology not realised	1x2	2 Low

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

<p><b>Maintaining strong governance</b></p> <p><i>“Decisions taken within the Council have an effective framework of accountability”</i></p>	<p>FE.7</p>	<p>Decisions taken are outside the Council’s agreed process</p>	<p>1x3</p>	<p><b>3</b> Moderate</p>
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**Strategic action to identify and manage higher risks within the Portfolio**

Continued financial austerity, lower levels of government funding and the introduction of legislative changes

To mitigate these risks the Council will:

- Develop a Medium Term Financial Plan including Service Review Programme that delivers the Council’s priorities
- Fully implement the localised Council Tax reduction scheme and undertake a post implementation review
- Introduce Universal Credit for new benefit claims from October 2013
- Monitor business rate growth and the impact on the Council’s finances



# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

Housing & Communities Portfolio				
Aim	Ref	Risk	Likelihood x Impact	Residual Risk Score
<b>Managing our housing</b>  <i>“The housing stock meets the aspirations and needs of existing and future tenants”</i>	HC.1	The housing stock does not meet the decent homes standard	1x3	3 Moderate
	HC.2	The number of suitable houses within the Council’s housing stock is insufficient to meet demand	3x4	12 High
<b>Helping provide affordable housing for local people</b>  <i>“Additional affordable housing is provided”</i>	HC.3	There is insufficient affordable housing to meet the needs of the District	3x4	12 High
<b>Valuing and supporting older people</b>  <i>“Older people’s needs are championed”</i>	HC.4	Older people within the district feel unrepresented	2x3	6 Moderate
<b>Working with partners to keep crime and anti social behaviour low</b>  <i>“The community feels safer”</i>	HC.5	The fear of crime and incidences of crime and anti social behaviour are not managed	2x3	6 Moderate

## Strategic action to identify and manage higher risks within the Portfolio

Affordable housing does not meet the needs of the district

To mitigate these risks the Council will:

- Implement introductory tenancies for all new tenants
- Continue to acquire properties on the open market and construct new Council properties
- Continue to work with partner Registered Providers to deliver additional homes in the District

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

Health & Leisure Portfolio				
Aim	Ref	Risk	Likelihood x Impact	Residual Risk Score
<b>Encouraging active communities through leisure and culture</b>  <i>“Local agencies are supported to provide leisure and culture for local people”</i>	HL.1	Local people don't have the opportunity to engage locally in leisure and culture activities to the detriment of their health and wellbeing	1x3	3 Moderate
<b>Helping improve people's health</b>  <i>“The health and wellbeing of local people is promoted”</i>	HL.2	Local health needs are not addressed resulting in adverse health & wellbeing implications	2x3	6 Moderate
<b>Managing our leisure facilities well</b>  <i>“Quality facilities are provided to encourage active, healthy and vibrant communities”</i>	HL.3	Funding austerity limits the maintenance of Health & Leisure Centres is insufficient to support the business and Council assets are not appropriately maintained	3x3	9 High
<b>Promoting opportunities for children and young people</b>  <i>“Children and young people are provided for within the Council's activities”</i>	HL.4	A high proportion of young people fail to access services and activities provided	2x3	6 Moderate
<b>Strategic action to identify and manage higher risks within the Portfolio</b>  Maintaining 5 quality Health & Leisure Centres  To mitigate these risks the Council will: <ul style="list-style-type: none"> <li>Monitor business performance to support current spending commitments</li> </ul>				

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

Environment Portfolio				
Aim	Ref	Risk	Likelihood x Impact	Risk Score
<b>Ensuring streets and public spaces are clean</b>  <i>“The environment is attractive and safe for people to live, work and visit”</i>	E.1	Streets and public spaces are not safe and attractive	1x3	3 Moderate
	E.2	Insufficient burial space to meet the needs of the district	3x2	6 Moderate
<b>Protecting the environment and promoting the wise use of natural resources</b>  <i>“Precious natural resources are protected and damage to the environment through landfill is reduced”</i>  <i>And</i>  <i>“The Council’s own activities will operate with a reduced carbon footprint and environmental impact”</i>	E.3	Recycling rates and energy usage do not support the protection of precious natural resources and damage to the environment through landfill	2x3	6 Moderate
	E.4	The Council’s own activities have an adverse impact on the environment	1x3	3 Moderate
<b>Delivering the waste collection service people want</b>  <i>“The waste collection service efficiently meets the needs of New Forest residents”</i>	E.5	The waste collection service does not meet the needs of residents during a time of financial austerity	1x2	2 Low
<b>Managing our coastline</b>  <i>“The coastline’s protection is promoted”</i>	E.6	Changes in funding regime result in the inability to deliver schemes to protect the coastline	3x3	9 High

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

<p><b>Protecting communities from health hazards</b></p> <p><i>“The community is able to enjoy the environment”</i></p>	<p>E.7</p>	<p>The health of residents and visitors is compromised</p>	<p>2x3</p>	<p><b>6</b> Moderate</p>
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**Strategic action to identify and manage higher risks within the Portfolio**

Protecting the Coastline

To mitigate these risks the Council will:

- Review opportunities for obtaining additional burial space
- Have in place a coastal maintenance programme identifying priority projects
- Undertake agreed coastal monitoring studies

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

Planning & Transportation Portfolio				
Aim	Ref	Risk	Likelihood x Impact	Risk Score
<b>Enabling development which meets local aspirations</b>  <i>“Development recognises the New Forest’s unique environment and varied character”</i>	PT.1	External pressures leads to development that does not meet the aspirations of local communities	3x3	<b>9 High</b>
<b>Using planning to protect the environment and maintain local distinctiveness</b>  <i>“High standards of development secured which recognise the special and varied character of the New Forest”</i>	PT.3	Development is detrimental to the area	2x3	<b>6 Moderate</b>
	PT.4	Insufficient resources to progress planning policies	2x3	<b>6 Moderate</b>
<b>Securing appropriate sites for employment and housing in line with the core strategy</b>  <i>“Housing and employment development which is appreciative of the unique environment”</i>	PT.5	Economic and housing needs are not met	2x3	<b>6 Moderate</b>
<b>Improving transport and traffic management</b>  <i>“The movement of people who live, work and visit the New Forest is encouraged and safe”</i>	PT.6	Transport infrastructure and traffic management does not support the safe and efficient flow of traffic	1x3	<b>3 Moderate</b>

# STRATEGIC RISK REGISTER – DELIVERING FOR OUR COMMUNITIES 2012-2016

PT.7	Public parking facilities are underutilised	1x3	<b>3</b> Moderate
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**Strategic action to identify and manage higher risks within the Portfolio**

External pressure for development

To mitigate these risks the Council will:

- Deliver the Sites and Development Management Plan