

**PAPER NO. 3**

**REPORT TO THE EXECUTIVE MEETING OF 7 September 2015**

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**Meeting:** Executive

**Date:** 7 September 2015

**Subject:** Corporate Risk and Opportunity Register, Quarter One 2015/16

**Report of:** Beverley Jolly, Corporate Director – Resources

**Portfolio Holder:** Cllr. Liquorish – Business Planning and Performance

**Status:** For information and comment

**Relevant Wards:** All

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1 Purpose of the Report

1.1 To provide the Executive with information on the Council's Corporate Risks and Opportunities at the end of Quarter One of the 2015/16 year.

2 Recommendations:

2.1 **That the items contained within the Council's Corporate Risk and Opportunity Register (attached at Appendix A), be noted.**

3 Summary of Reasons for the Recommendations

3.1 Monitoring of the Council's Corporate Risks and Opportunities is prescribed by the Council's Risk and Opportunity Management Framework.

4 Key Facts

4.1 The Executive is provided with the Corporate Risk and Opportunity Register at the end of Quarter One of the 2015/16 year (set out at Appendix A to this report).

4.2 The Corporate Risk and Opportunity Register (attached at Appendix A to this report) sets out the Council's Corporate Risks and Opportunities. Corporate Risks and Opportunities are defined as issues that may have a significant impact on the delivery of the Council's vision and priorities. They are identified, monitored and managed via the Council's Risk and Opportunity Strategy Board which meets on a quarterly basis.

4.3 The Corporate Risk and Opportunity Register was last considered by the Risk and Opportunity Strategy Board on Tuesday 11<sup>th</sup> August 2015. At this meeting a number of amendments to the Register were made to reflect progress on actions which had been identified to:

- (i) reduce the likelihood of risks occurring, the impact the risk would have if it were to occur, or both.
- (ii) monitor opportunities.

4.4 At the end of the first quarter of the 2015/16 year there were 16 risks and opportunities on the Corporate Risk and Opportunity Register. Full details of the risks and opportunities, including scores and mitigating actions, are attached at Appendix A.

4.5 The Council’s Risk and Opportunity Management Framework uses a matrix which scores both impact and likelihood out of 4.

4.6 The Council’s Risk and Opportunity Management Framework categorises risks and opportunities in the following way:

<b>Score</b>	<b>Risk Category</b>
9 or above	Red
5-8	Amber
1-4	Green

Table 1 Risk and Opportunity Score and Categories

## 5 Points for discussion

5.1 A summary of the status of the Council’s 16 Corporate risks and opportunities can be seen in Figure 1 below:

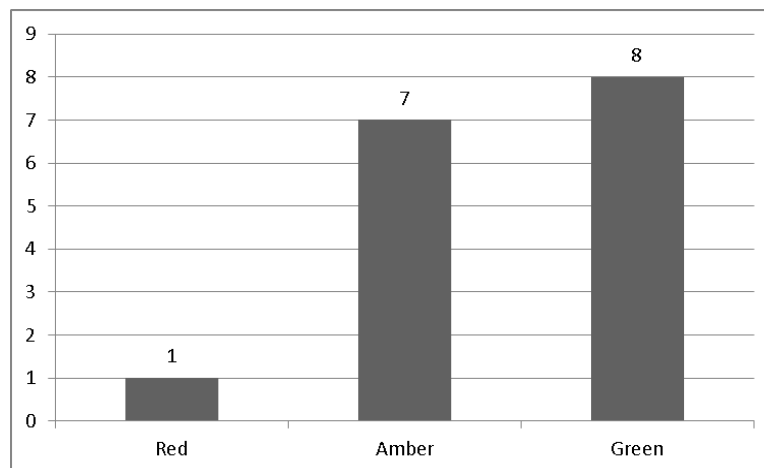


Figure 1 Summary of Risk and Opportunities Statuses

## 5.2 Red Risks/ Opportunities

Of the 16 risks/ opportunities on the Corporate Risk and Opportunity Register, one risk has been assessed as Red status (residual score of 9 or above). This means that the risk is still at a high level and requires close attention, even after actions have been identified to minimise its impact and the chance that it will occur. The red risk is: **CR 05 Significant Changes to National Financial Situation**. The residual score of this risk is 12, meaning that this risk remains of significant importance to the Council.

The Council's financial risks are managed through its Medium-term Financial Strategy. Despite this, there remains the potential for volatility and uncertainty around Council funding.

## 5.3 Amber Risks/ Opportunities

Of the 16 risks/ opportunities on the Corporate Risk Register (attached at Appendix A to this report), seven have been assessed as Amber Risks with a residual score of between 5 and 8. The seven Amber risks/ opportunities are shown below:

### 5.3.1 COR OPP 01: Business Growth Leading to Business Rates Retention

This opportunity has a residual impact of 2 (Moderate) and a residual likelihood of 3 (Likely), with a residual score of 6. The resulting residual score of 6 means that this opportunity is categorised as Amber status.

The Council aims to provide the right conditions for the growth of businesses in the District. The Harborough Innovation Centre is the source of many of the District's new businesses. The Council is developing the feasibility of creating 'grow-on' space to enable established businesses to move out of the Harborough Innovation Centre and encourage the retention of business rates in the District.

### 5.3.2 COR OPP 02: Acquisition of Assets to Generate Income Opportunities

This opportunity has a residual impact of 2 (Moderate) and a residual likelihood of 3 (Likely), with a residual score of 6. The resulting residual score of 6 means that this opportunity is categorised as Amber status.

The Council aims to maximise the financial return from the Council's building through: active marketing of lettable space within the Council's building; whole-life costing and business cases developed as part of any asset proposal; inclusion within the Capital Programme provision for development and speculative land assembly.

### **5.3.3 CR 01 The Council does not meet its income Generation Aspirations and Targets**

This risk has a residual impact of 2 (Moderate) and a residual likelihood of 3 (Likely), with a residual score of 6. The resulting residual score of 6 means that this risk is categorised as Amber status.

Mitigating actions taken to control the score of this risk include:

- the creation of stretch income targets for the 2015/16 and 2016/17 years.
- The use of marketing consultants to provide advice on the commercial approach to the Council's Trade Waste, Building Control and Lifeline services.

### **5.3.4 CR 04 Impact on Council's resources of welfare reform are not yet known**

This risk has a residual impact of 2 (Moderate) and a residual likelihood of 3 (Likely), with a residual score of 6. The resulting residual score of 6 means that this risk is categorised as Amber status.

The initial impact of the introduction of Universal Credit has had minimal impact on the Council to date. However, the impact of the full roll-out of Universal Credit remains to be seen. Further welfare reform changes have been agreed by Government but the effective dates of some of these are unknown at present. As a result, this risk remains categorised as Amber status.

### **5.3.5 CR 09 Poor management and monitoring of major contracts (leading to loss of service, financial and/or reputational damage)**

This risk has a residual impact of 2 (Moderate) and a residual likelihood of 3 (Likely), with a residual score of 6. The resulting residual score of 6 means that this risk is categorised as Amber status.

The Council's major contracts include its Environmental and Leisure Services contracts.

The Council controls the risks associated with major contracts via various mechanisms including, for example:

- Monthly operational meetings with service providers
- Monitoring of Key Performance Indicators
- Monitoring of contractor scorecards
- Health and safety assessments

### **5.3.6 CR 18 Failure to procure an affordable waste and environmental service within budget and timescale**

This risk has a residual impact of 2 (Moderate) and a residual likelihood of 3 (Likely), with a residual score of 6. The resulting residual score of 6 means that this risk is categorised as Amber status.

The Environmental Services Contract has been extended to 2022/23 with a break clause at the 1st April 2017 that would need to be notified in April 2016. Potential increase in net costs of £1.4 million by 2018/19 due to changes in income sources. This is unaffordable. Risks are mitigated through setting up an Environmental Services Project Board to look at re-procurement from 2017/18; Member Project Board established; specialist technical advice and options appraisal provided by AMEC; legal support from Freeths; specialist project manager appointed to lead the project; service redesign option discussed with FCC for continuation of the service until 2022/23; discussions on waste minimisation and service options discussed with Waste Collection Authority (LCC).

### **5.3.7 CR 22 The Council does not meet its service delivery obligations for the Lifeline Service**

This risk has a residual impact of 3 (Significant) and a residual likelihood of 2 (Unlikely), with a residual score of 6. The resulting Amber status suggests that more can be done to influence the risk.

To control the score of this risk, the Council has created a Project Board to manage the relocation of the Lifeline service. There is also a Project Board which is developing the commercialisation of the service. Alongside this the operational arrangements are also being reviewed

## **5.4 New Risks and Opportunities**

### **5.4.1 One new Corporate Risk was added to the Corporate Risk and Opportunity Register during the first quarter of the 2015/16 year.**

The new risk is: CR 22 - The Council does not meet its service delivery obligations for the Lifeline Service. Information on this risk is contained in paragraph 5.3.7.

## **5.5 Risks and Opportunities Removed**

### **5.5.1 One Corporate Risk was removed from the Corporate Risk and Opportunity Register during the first quarter of the 2015/16 year. CR 17, shown below, is no longer a Corporate-status risk. This risk has been reclassified as an Operational Risk and will now be monitored by the Performance Improvement Board.**

CR 17 Risks of delays arising from the slow preparation of viability assessments and their resultant delayed submission to the Council by

developers seeking planning permission and the consequent risk that this scenario results it not being possible to process planning applications efficiently and effectively.

## **5.6 Managing Operational Risks & Project Risks**

5.6.1 In addition to the Corporate Risks and Opportunities attached at Appendix A, the Council monitors and manages Operational Risks and Opportunities identified through the Corporate Delivery Plan and Team Plans.

5.6.2 Project Risks and Opportunities, identified through corporate projects, are monitored by an Officer-led Programme Board. This Board was created during Quarter Four of the 2014/15 year.

5.6.3 Operational Risks and Opportunities are updated on a quarterly basis alongside quarterly performance updates. Project Risks are updated on either a monthly or quarterly basis as part of their associated highlight reports.

5.6.4 Operational Risks are managed via an internal Performance Improvement Board on an exception basis i.e. Red Risks (those with a residual score of 9 or more) and those with a negative direction of travel.

5.6.5 Corporate Risks, Operational Risks and Project Risks are all included in the Risk and Opportunity Register which is held on the Council's Performance Management database.

## **6 Legal Issues**

6.1 None arising directly from this report.

6.2 Effective risk management minimises the risk of legal issues and litigation occurring in the course of Council business.

## **7 Resource Issues**

7.1 None arising directly from this report.

7.2 Effective risk management allows the Council to better manage its resources.

## **8 Equality Analysis Implications/Outcomes**

8.1 None arising directly from this report.

## **9 Risk Management Implications**

9.1 This report sets out the Council's Corporate Risks at Appendix A and background information on the scoring criteria at Appendix B.

10 Consultation

10.1 The Resource and Performance Scrutiny Panel will consider the Corporate Risks and Opportunities at end of the first quarter of the 2015/16 year, at its meeting on 17 September 2015.

11 Options

11.1 The Council's Risk and Opportunity Management Framework provides that the Council's risks and opportunities will be reported on a quarterly basis. Therefore the alternative, to not produce this report, was not considered.

12 Background Papers

12.1 Risk and Opportunity Management Framework (adopted by Council on 15 September 2014).

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**Previous report(s):** N/A

**Information Issued Under Sensitive Issue Procedure:** N

**Ward Members Notified:** N

**Appendices:**

**A. Corporate Risk and Opportunity Register**

**B. Risk and Opportunity Scoring Criteria**