

**Financial Scrutiny and Audit
Committee**

4 December 2012

Agenda Item No 11

Annual Review of Strategic Risk Register

Report by Director of Change Management and Resources

Summary:	This report appends the Authority's updated Strategic Risk Register for members' comments.
Recommendation:	That the updated Strategic Risk Register be reviewed by the Committee.

1 Introduction

1.1 The Authority's Risk Management Policy states that the Strategic Risk Register will be formally reviewed by risk owners, the Management Forum (the group of senior staff comprising the Management Team, Section Heads and the Volunteer Coordinator) and this Committee on a regular basis. The purpose of this review is:

- to consider whether the risks set out in the Register are still appropriate, and whether the vulnerabilities and impact are up to date and representative of the risk involved;
- to consider whether the actions and controls in place are still adequate and appropriate;
- to consider whether any further action is necessary to help mitigate the risk;
- to consider whether the risk tolerance level is still appropriate; and
- to consider whether any new risks should be added to the Register, in respect of new activities or existing activities for which the risk level has increased.

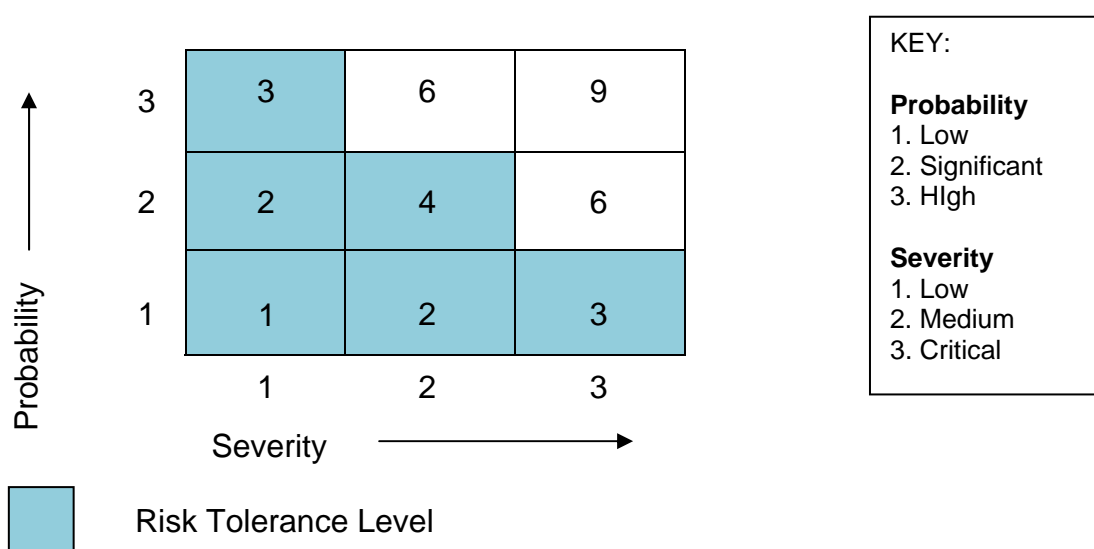
1.2 The timetable for these reviews is as follows:

- March. Six monthly review of Strategic Risk Register by Risk Owners.
- June. Annual review by Management Forum.
- September. Six monthly review by Risk Owners.
- October. Annual Review by Financial Scrutiny and Audit Committee.

1.3 The Register was last reviewed by this Committee at its meeting on 14 February 2012, to incorporate the issues raised at the Risk Management Workshop in October 2011.

2 Strategic Risk Register

- 2.1 The updated Risk Register is set out at Appendix 1. It was updated by risk owners during October 2012, with the exception of one officer who has been on long term sick leave, and the exercise was completed in November. Changes to the previous version are highlighted in red.
- 2.2 The Register now includes 15 key risks.
- 2.3 The Authority's Risk Management Policy states that, in developing its Strategic Risk Register, the Authority will assess all strategic risks against the following grid:



- 2.4 The Policy also states that the Authority will accept a 'tolerance level' of not more than 4, as set out in the shaded squares, although the aim is to introduce mitigation measures to manage all risks to as low a level as reasonably practicable. With the mitigation measures in place, all of the risks identified are considered to fall within the accepted tolerance level.
- 2.5 Members views are sought on the updated Register.

Background papers: None

Author: Rob Holman
Date of report: 20 November 2012

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Updated Strategic Risk Register

APPENDIX 1

Description of Risk	Vulnerabilities	Timescale (S/M/L)	Impact	Risk Probability/Severity	Actions Already in Place	Additional Actions Required	Risk Owner	Date last Reviewed
Loss/Non Availability of Key Staff	Key post or posts absence for a prolonged period	S/M/L	Loss of decision making ability	4 (P2xS2)	Sickness absence reporting and monitoring procedures in place	RGH to develop three year People Strategy by 31/1/13 to aid succession planning, to be incorporated into Business Plan	Head of Human Resources	Nov-12
	Sickness/outbreak of pandemic (eg Swine Flu)	S/M/L	Loss of knowledge and experience, and associated costs		Work Life Balance Policy			
	Over-reliance on key members of staff	S/M/L	Failure to deliver service		Scheme of Local Conditions of Service			
	Inability to compete in terms of pay	S/M/L	Reduced quality/less efficient service		Emergency Management and Reporting System			
	Inadequate succession planning	S/M/L	Increased workload/pressure for remaining staff		People Strategy, including identification of future staff requirements			
	Loss of key personnel through oprganisational review, including loss of financial expertise	S	Failure to meet Government and other deadlines Loss of credibility/reputation with the public/stakeholders Cost of taking on additional staff, including recruitment, agency costs and training.		Job Evaluation Scheme to ensure fair and appropriate remuneration of staff Employee Assistance Programme Monthly meetings between Head of HR and Directors to anticipate staff changes/requirements Use of secondment arrangements where appropriate Staff Representatives Group established Training and development of staff, to enable them to cover for/contribute skills in the absence of more senior staff.			
Loss of Offices including Field Bases	Destruction through fire, explosion or release of hazardous substances	S/M/L	Temporary loss of communication with staff, public and stakeholders	3 (P1xS3)	Appropriate fire prevention measures in place, eg fire alarms, fire extinguishers	JWO to update Business Continuity Plan by 31/12/12 to reflect move to Yare House	Director of Change Management and Resources	Nov-12
	Flooding of site or loss iof access to site through flooding (especially Dockyard)	S/M/L	Loss of information		Dragonfly House Emergency Management Plan, including bomb threat procedures	SWPH to update Disaster Recovery Plan by 31/12/12 to reflect move to Yare House JWO to prepare Yare House Emergency Management Plan by 31/3/13		
	Loss of use or access to premises	S/M/L	Postponement of work		Business Continuity Plan			
			Potential failure to achieve objectives/meet deadlines Damage to reputation/credibility		Emergency Management and Reporting System Home working facility available for some members of staff Insurance Policies			
Loss of IT/ Communications Systems	Destruction of or serious damage to buildings	S/M/L	Temporary loss of communication with staff, public and stakeholders	3 (P1xS3)	Business Continuity Plan	SWPH to update Disaster Recovery Plan by 31/12/12 to reflect move to Yare House	Head of ICT and Collector of Tolls	Nov-12
	Significant virus	S/M/L	Potential loss of data		Short-term power back-up facility available			
	Loss of power	S/M/L	Postponement of work		Home working facility available for some members of staff			
			Potential failure to achieve objectives/meet deadlines		Use of Firewall, anti-virus systems, password security policies and daily back-ups with data taken offsite			
			Potential loss of income (eg tolls) Reduced service delivery Loss of credibility/reputation with the public/stakeholders Inability to calculate/pay monthly salaries		Electronic Communications Policy Insurance Policies IT Disaster Recovery Plan Virtualisation of servers Payroll Contingency Plan in place			

Description of Risk	Vulnerabilities	Timescale (S/M/L)	Impact	Risk Probability/Severity	Actions Already in Place	Additional Actions Required	Risk Owner	Date last Reviewed
Financial Overspend	Large overspend of budget	S/M/L	Reduction in service	3 (P1xS3)	Budgetary control system including monthly reports to Budget Holders/ Management Team	RGH to arrange for three year Business Plan to be developed and published by 31/1/13	Director of Change Management and Resources	Nov-12
	Backdated Dragonfly House costs	S	Inability to meet expenses including payment of salaries without external support		Regular reports to members	JWO/JP to maintain BA approach towards Dragonfly House costs, through negotiation/liaison with Defra		
	Project overspend	S/M/L	Loss of credibility/reputation with the public/stakeholders		Financial Regulations and Standing Orders Relating to Contracts	TW to continue to monitor costs of managing Breydon Water, including Turntide Jetty, by 31/3/13		
	Underestimation of costs of managing Breydon Water	M/L	Inability to meet commitments Potential redundancies Loss of reserves		Internal control systems eg separation of duties Regular auditing of financial systems and controls Three year Financial Strategy Counter Fraud, Corruption and Bribery Strategy			
Significant Loss of Income	Significant reduction in core Government grant aid	S/M	Reduction in service	3 (P1xS3)	Budgetary control system including monthly reports to Budget Holders/ Management Team	RGH to arrange for three year Business Plan to be developed and published by 31/1/13	Director of Change Management and Resources	Nov-12
	Non receipt of other significant budgeted income, including EC funding, cuts in funding of partners and loss of tourism/tolls income.	S/M/L	Shortfall in income to meet commitments arising out of EC/other projects Inability to meet expenses including payment of salaries Loss of credibility/reputation with the public/stakeholders Potential redundancies Loss of reserves		Hedging of exchange risk is considered for significant contractual arrangements involving foreign currency Regular auditing of financial systems and controls Three year Financial Strategy Regular reports to members			
Death or Serious Injury to Member of Staff	Use of heavy plant and equipment	S/M/L	Loss of expertise	3 (P1xS3)	Health and Safety at Work Policy.		Head of Safety Management	Nov-12
	Lone working	S/M/L	Lowering of staff morale		Generic, Site Specific and Public Risk Assessments			
	Danger of drowning through water based activity	S/M/L	HSE involvement		Codes of Practice eg for use of Lifejackets			
	Road traffic accident	S/M/L	Loss of credibility/reputation with the public/stakeholders		Safety Recording System for Lone Workers			
	Negligence (by Authority/manager/individual)	S/M/L	Potential legal action against the Authority/costs		Safety Committee and nominated Safety Reps Health and Safety/Fire Awareness Training for relevant staff First Aid trained staff and Defibrillator at Dragonfly House Insurance Policies			
Death or Serious Injury to Member of the Public	Danger of drowning through water based activity	S/M/L	Civil or criminal action against the Authority/costs	3 (P1xS3)	Port Marine Safety Code Safety Management System including regular Hazard Review	SB to develop Tree Management Policy by 31/3/13	Head of Safety Management	Nov-12
	Injury through embarkation/disembarkation	S/M/L	Potential closure of a facility		Boat Safety Management Group			
	Death or accident through the Authority's negligence	S/M/L	HSE involvement Loss of credibility/reputation with the public/stakeholders		Safety leaflets and ongoing programme of education, including through Broad Sheet and the Broadcaster Regular site inspections and surveying of trees Annual Site Specific and Public Risk Assessments			

Description of Risk	Vulnerabilities	Timescale (S/M/L)	Impact	Risk Probability/Severity	Actions Already in Place	Additional Actions Required	Risk Owner	Date last Reviewed
Denial of Public Access to the Broads	Major flooding incident/failure of sea defences	S/M/L	Closure of sites, footpaths, other public areas	3 (P1xS3)	Short to medium term coastal and flood defence provisions in place		Director of Operations	Nov-12
	Outbreak of disease, eg Foot and Mouth, Avian Flu, Ash Dieback	S/M/L	Closure of visitor attractions, negative impact on tourism and the local economy		Close working relationship with key EA and NE staff			
	Closure of bridges (by Network Rail)	S/M	Potential reduction in income for the Authority		Involvement in County Council emergency response procedures			
	Occurance of invasive species (eg killer shrimp)	S/M/L	Closure of navigation/inability to navigate parts of Broads system Loss of credibility/reputation with the public/stakeholders Loss of or damage to property Loss of habitat Possible loss of life		Emergency Communications Strategy Participation in major oil spill/pollution events Legal undertaking with Network Rail regarding maintenance of the bridge network Involvement in partnership invasive species response, including agreement on appropriate control and communication measures			
Ineffective Project Management	Lack of adequately trained project management staff	S/M/L	Project not managed to time or within budget	2 (P1xS2)	Standing Orders Relating to Contracts	RR to arrange contract management training for selected staff by 31/3/13	Director of Change Management and Resources	Nov-12
	Lack of effective project management arrangements	S/M/L	Failure to meet project objectives Failure to meet commitment to partners Additional costs Loss of credibility/reputation with the public/stakeholders		PRINCE2/PRINCE Lite training provided for staff Acquisition of PRINCE Lite programme Approval/monitoring of key projects by Management Team			
Ineffective Management of Assets	Lack of Asset Management Plan	S/M/L	Ineffective control of costs/application of resources	2 (P2xS1)	Specialist property advice available from NPS Property Consultants	AML to arrange for spreadsheet of assets to be enhanced to provide day to day management of assets whilst developing a database AML to arrange for individual site plans to be developed to allow general maintenance and replacement costs to be fed into capital programme	Asset Officer	Nov-12
	Lack of Corporate Capital Strategy	S/M/L	Inappropriate utilisation of Assets Asset devaluation Failure to properly maintain assets Loss of credibility/reputation with the public/stakeholders Potential negative impact on accounts and adverse audit opinion		All assets have been identified and recorded, with a record of all legal agreements maintained Asset Management Strategy Asset Management Steering Group formed			
Ineffective Engagement with Key Partners/Stakeholders	Failure to identify key partners/stakeholders	S/M/L	Failure to deliver objectives	4 (P2xS2)	Broads Forum, Broads Tourism Forum, BLAF and other working groups	JP/AL to undertake review of governance and consultative arrangements by 31/1/13 SKH/AK to strengthen network of biodiversity relationships to build a greater understanding of the Authority's work by 31/12/12 JP/Chairman to arrange series of regular meetings with the RYA/BMF by 31/1/13	Head of Communications	Nov-13
	Failure to consult and engage with partners/stakeholders on key issues	S/M/L	Lack of trust/support from partners/stakeholders		Service Level and Partnership Agreements			
	Breakdown of relations with a key partner/stakeholder	S/M/L	Loss of credibility/reputation with the public/stakeholders		Parish Forums			
	Changes to partner organisations	S/M/L	Loss of income		Communications Strategy			
	Changes in policies of partner organisations	S/M/L	Loss of opportunities		Register of partnerships including operational risks for each partnership and Partnerships Governance Arrangements Action Plan			

Description of Risk	Vulnerabilities	Timescale (S/M/L)	Impact	Risk Probability/Severity	Actions Already in Place	Additional Actions Required	Risk Owner	Date last Reviewed
Failure to comply with Legal Requirements	Changes to legislation	S/M/L	Civil or criminal action against the Authority	3 (P1xS3)	Partnerships Protocol Annual review of partnerships by Management Forum/BA		Director of Change Management and Resources	Nov-13
	Failure to meet a key legislative requirement	S/M/L	HSE involvement		Insurance Policies			
	Lack of in-house expertise	S/M/L	Failure to deliver services		Solicitor and Monitoring Officer (Head of npLaw) Additional specialist legal support available from npLaw			
	Failure of policies to comply with legislative requirements	S/M/L	Multiple complaints against the Authority Loss of credibility/reputation with the public/stakeholders Loss of political support		Annual review meeting held between Chief Executive/Solicitor and Monitoring Officer			
Death or Serious Injury to Volunteer	Lone working	S/M/L	Civil or criminal action against the Authority/costs	3 (P1xS3)	Health and Safety at Work Policy	BW to prepare Generic, Site Specific and Public Risk Assessments for volunteers by 30/6/12	Volunteer Coordinator	Jun-12
	Danger of drowning through water based activity	S/M/L	HSE involvement		Generic, Site Specific and Public Risk Assessments			
	Road traffic accident	S/M/L	Lowering of staff and volunteer morale		Codes of Practice eg for use of Lifejackets			
	Death or accident through the Authority's negligence	S/M/L	Loss of credibility/reputation with the public/stakeholders		Safety Recording System for Lone Workers First Aid training for volunteers Insurance Policies Volunteer Strategy			
Significant Loss of Volunteers	Loss of labour	S/M/L	Postponement of work	2 (P1xS2)	Absence reporting and monitoring procedures in place	BW to introduce satisfaction monitoring by 30/9/12	Volunteer Coordinator	Jun-12
	Loss of knowledge and expertise	S/M/L	Potential failure to achieve objectives/meet deadlines Reduced service delivery Loss of credibility/reputation with the public/stakeholders		Volunteer Strategy	CW to Update Communication Policy to more actively include volunteers by 31/3/12 BW to update Volunteer Codes of Conduct by 31/3/12 BW to implement Volunteer Strategy		
Planning Decisions not made in accordance with Development Plan or Regulations and Procedures	Unattractive development	S/M/L	Legal challenges to decisions/potential costs	2 (P1xS2)	National Guidance	AL/CS to arrange for Planning Team to be given resources/training to keepup with professional competency, such as EIA Regulations	Director of Planning and Strategy	Nov-12
	Decisions made which are not in accordance with policy	S/M/L	Bad publicity/loss of reputation		Local Development Framework			
	Development pressures due to society aspirations/government legislation	L	Complaints against the Authority		LDF Development Management Policies Appointment of appropriately qualified staff Training provided for Planning Committee members Scheme of Delegated Powers in operation Recourse to specialist legal advice Continuing Professional Development (CPD) for Planning staff			