INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE

Agenda Item No 13

meeting date: 29 JUNE 2016
title: RISK MANAGEMENT – UPDATE ON RED RISKS
submitted by: DIRECTOR OF RESOURCES
principal author: SALMA FAROOQ

1. PURPOSE

1.1. To provide members with an update on the current red risks facing the Council as identified on the risk register.

1.2. Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.
- Corporate Priorities – to be a well-managed Council.
- Other Considerations – none identified.

2. BACKGROUND

2.1. The Council's risk management approach is designed to form an integral part of the performance management approach of the Council.

2.2 Risks are scored based on their gross and net likelihood and impact levels, gross being the likelihood and impact level if no controls were in place and net being the risk level once controls have been considered. Risks are then allocated an overall risk score based on these levels. The risk methodology can be seen in Annex 1.

3. ROLES AND RESPONSIBILITIES

3.1. Under risk management there are a wide range of roles and responsibilities across the organisation, a summary of which is given below:

Responsible Financial Officer

3.2. The Responsible Financial Officer is responsible for:

- Ensuring that the financial control systems include measures to ensure that risk is appropriately managed;

Responsible Risk Owners

3.3. The responsible risk owner is responsible for:

- identifying any risk management issues in their area
- ensuring that all the relevant risks have the appropriate controls in place
- ensuring risk monitoring is carried out in accordance with the Risk Management Policy
- reporting any red risks to the relevant service committee

Responsible Service Committee

3.4. The main role and responsibilities of a Service Committee is to:-

- ensure that risks are fully considered when making decisions
- regularly review the most serious risks within their service area

Accounts and Audit Committee

3.5. The Accounts and Audit Committee have the overall responsibility for risk management and ensure that:

- they monitor the effectiveness of risk management throughout the Council
- they receive regular reports on the management of the Council's red risks

3.6. As previously resolved, any red risks that are current should be reported to this committee, together with information from the risk register. It is also important that any red risks be reported to the appropriate service committee.

3.7. At the time of this report there was only one red risk, and this continues to be monitored closely.

3.8. Details of the risk scoring methodology from the council's risk management strategy is shown at Annex 1.

4. WASTE MANAGEMENT RED RISK (RED 8)

4.1 The Council is now operating under the cost sharing agreement. The red risk is concerned with the indicated ending of Cost Sharing in March 2018 and the loss of approximately £430,000 per annum to support the service.

4.2 The risk score of RED 8 was determined by the financial impact and when the cost sharing agreement will come to an end. For further details see Annex 2. The latest position was reported to Community Services Committee on 17th May.

5 CONCLUSION

5.1 The Council currently has one red risk on its risk register. Regular monitoring of this risk will continue.

SENIOR AUDITOR DIRECTOR OF RESOURCES

AA13-16/SF/AC
15 June 2016

BACKGROUND PAPERS
None
For further information please ask for Salma Farooq.

ANNEX 1

Risk Scoring Methodology

Likelihood

Description	***Example Detail***
High Red	Has **happened** in the past year; or is **expected** to happen in the next year More than **50% probability**
Medium Amber	Has **happened** in the past 2-5 years; or is **expected** to happen in the next **2-5 years** Between **25% to 50% probability**
Low Green	Has **not happened** in the past **5 years or more;** or is **not expected** to happen in the next **5 years or more** Between **1% to 25% probability**

Impact

Description	***Example Detail***
High Red	• Death or life threatening • Serious service failure impacts on vulnerable groups • Negative national publicity or widespread adverse local publicity • Serious impact felt across more than one Directorate • Legal action almost certain and difficult to defend • Possible financial impact in excess of £100,000 • Non-compliance with law resulting in imprisonment
Medium Amber	• Extensive, permanent/long term injury or long term sick • Service failure impacts on property or non-vulnerable groups • Negative local publicity but not widespread • Expected impact, but manageable within Directorate contingency plans • Legal action expected • Financial impact not manageable within existing Directorate budget and requiring the Possible financial impact between £50,000 and £100,000 • Non-compliance with law resulting in fines
Low Green	• Short term sickness absence, first aid or medical treatment required • Some risk to normal service but manageable within contingency arrangements • Little if any scope for impact on vulnerable groups • Negative customer complaints • Possible impact, but manageable locally by Head of Service • Legal action possible but unlikely and defendable • Possible financial impact of less than £50,000 • Non-compliance with regulations/standards or local procedures resulting in disciplinary action

Risk Matrix

IMPACT	**HIGH**	**Amber 6**	**Red 8**	**Red 9**
	MEDIUM	**Green 3**	**Amber 5**	**Red 7**
	LOW	**Green 1**	**Green 2**	**Amber 4**
		LOW	**MEDIUM**	**HIGH**
	LIKELIHOOD			

ANNEX 2

DETAILS OF RISK FROM THE RISK REGISTER

Risk	Net Risk Level	Current Identified Controls	Justification why the risk is currently on red	What will be the impact on the AUTHORITY if this risk materialises?	What (if any) further controls can be implemented to reduce the risk level?	Current Position
Waste Management – withdrawal of Cost Sharing in March 2018	**RED 8**	Regular reporting to Community Services Committee	The cost sharing agreement will cease in March 2018. LCC have given no indication as to what, if anything, will replace the current payment mechanism. The collection of refuse is a statutory function and as such will need to continue whether or not LCC make payments to the council under the Cost Sharing agreement.	The loss of payment from LCC for the recycling function and the cost to RVBC of carrying out the statutory Refuse Collection Service. The loss of this substantial income stream (£430,000 per annum) for the service will mean that a review will need to be undertaken of how the service can be provided without being adversely impacted.	The service will need to undertake a review to establish how to minimise the impact of the withdrawal of this major income stream	Following protracted discussions with Lancashire County Council since being given notice last year that payment of Recycling Credits would cease from 1 April 2015, agreement has now been reached for a replacement formula. The cost sharing agreement was signed on the 2 December 2015 with effect from 1 April 2015. The agreement will expire in March 2018, when LCC have determined that existing arrangements with all other districts will also come to an end. On 18 January 2016 notification was received from LCC that the in vessel composting facility at Farrington and Thornton were closing as of 31 March 2016 as part of a budget cut. LCC have stated that if we continue to mix food and garden waste streams the waste will have to be treated by a third party, at a cost of £21,800 per annum. It is LCC's intention that RVBC would need to cover this additional cost if we continued to collect this mixed waste Unfortunately RVBC have been in receipt of government funding, which had conditions attached until November 2017, for the inclusion of food waste with the garden waste. However, a decision allowing RVBC to stop collecting mixed food and green waste has recently been received from Ministers. Fortunately there will be no penalty for the Council to face as a result. Due to the above pending decision from Ministers on the conditions attached to our grant funding, LCC granted an extension to the collection of this mixed waste until 1 July 2016. Through a series of press releases, stickers and information on the website this change has been communicated to the residents of RVBC. It has also been reported that the Mechanical Biological Treatment (MBT) where the borough's other general waste is treated at the Waste Technology Parks is also closing. Presently RVBC and other LCC Districts are waiting to hear LCC's intentions for treating this waste.

RISK SCORING

	Score	Reason
IMPACT	High	Financial impact of £430,000 per annum
LIKELIHOOD	Medium	Agreement will expire in March 2018
RESULTING OVERALL SCORE	**RED 8**	

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