

## Appendix B – Strategic Risks

### 1. Enabling community transformation

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#### **Risk Driver:**

Creating safe, vibrant and supportive communities is a core role of the Council. The Council holds a unique position with the ability to act as a catalyst for this purpose drawing together individuals, neighbourhoods, agencies and business to transform communities.

The Council does not want to position itself solely as the provider of services but be the mechanism that drives others to do so and provides steerage via the role of members who have a unique insight in to the needs of the District's communities. This might be in a coordination, strategy, financing/funding access role or a voice, as well as attracting investment, to name but just some of the enabling activities.

This provides the Council the opportunity to think innovatively in conjunction with its communities to achieve a greater return through connectivity both physical, emotional and technological. This risk should be considered as a driver of innovation and opportunity to achieve community improvement rather than a risk that needs to be managed in such a way that transformation envisaged is not achieved.

This risk is closely aligned with much of the Council transformation Risk 2, ensuring financial resilience Risk 4, creating the right culture Risk 5 and ability to be agile and respond to political change Risk 6.

#### **Effects of risk if not managed:**

- Households and businesses are not attracted to the district
- Unlikely to attract investment from government, agencies etc
- Increased demands on Council resources undermining future financial sustainability
- Council deemed ineffective by public – reputation damage

#### **Risk appetite:**

*Open – Willing to consider all potential options recognising that there will be risk exposure*

## 2. Achieving Council transformation

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### **Risk Driver:**

The Council has entered a period of significant change and transformation, from back office through to front end delivery.

This transformation will include (but not be limited to):

- harnessing better the use of technology and digital platforms
- agile and flexible workforce that is managed by outcomes and delivery
- physical changes ie buildings, assets usage etc as well as virtual interactions
- working as part of a collaboration, partnership and joint venture involving other entities, both in the public sector, third sector and private sector

All for the purpose of making the Council viable and sustainable as well as efficient, effective and economic. This risk should be considered as a driver of innovation and opportunity to achieve continuous improvement rather than a risk that needs to be managed in such a way that transformation envisaged is not achieved.

This risk is closely related to Risk 5 which focusses on the creation of the right culture and the development of capacity and capability to drive the transformation process.

### **Effects of risk if not managed:**

- Inefficiency and likely increasing costs, threatening future financial resilience
- Service delivery is ineffective – sub optimal outcomes
- Council is not recognised as a key player and considered unattractive by prospective partners and employees
- Council deemed ineffective by public – reputation damage

### **Risk appetite:**

*Open – Willing to consider all potential options recognising that there will be risk exposure*

### 3. Ensuring efficient and effective internal control/compliance

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#### **Risk Driver:**

This risk focuses on the potential for failure of the Council's core internal control (and governance) framework but leading to a significant loss ie financial and otherwise eg H&S failing.

In effect the Council should be able to mitigate such a risk through rigorous review of design and application of the controls, hence ensuring that internal audit and other assurance activities are appropriately focussed.

The Council is entering a changing phase including changes in behaviour, management structure, working styles and culture which will require a flexible and adaptive internal control environment.

The ramifications of a significant control risk failure are substantial, not only with regard to the loss but often the rectification costs post event, including financial and reputational.

#### **Effects of risk if not managed:**

- Unexpected remedial costs as a result of the failure which may be financial, injury or death of employees, service users, public etc
- Qualified external/internal audit opinion – concerns over those charged with governance and their ability to manage public resources effectively
- Council's ability to transform is slowed
- Reputation damage

#### **Risk Appetite:**

*Minimal – Ultra safe leading to only minimum risk exposure*

## 4. Ensuring financial resilience

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### **Risk Driver:**

This risk relates to the Council being unable to properly execute and achieve its Medium Term Financial Plan (MTFP).

The Council is developing a coherent and sustainable response to the forecasted reductions in funding over the medium term. The successful transformation of the Council will not only impact on the Council outlook and culture ie a council that makes good evidenced based decisions and gets things done but will also have a significant impact on the Council finances.

The current budget incorporates budgeted savings and delivery of income streams which need to be managed and realised to ensure that balanced budgets can be achieved without any reliance on the use of reserves.

This risk is also closely linked to the delivery of the Council transformation agenda and is reliant on ensuring that the Council has available suitable skills and experiences to support initiatives.

### **Effects of risk if not managed:**

- Loss of financial agility – transformation slowed/halted
- Council placed in special measures and under intervention
- Service delivery is ineffective – sub optimal outcomes
- Council is not recognised as a key player and considered unattractive by prospective partners and employees
- Council deemed ineffective by public – reputation damage

### **Risk Appetite:**

*Cautious – Preference for safe though accept there will be some risk exposure*

## 5. Creating the right culture, capacity and capability

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### **Risk Driver:**

This risk relates to the Council being unable to successfully achieve the level of change expected and required by the Council leaders and stakeholders. In creating the change will come a new culture and outlook that is described as “agile” and “outcome focussed” ie we do what we say we will.

Key to the above will be ensuring that:

- The Council keeps under close watch recruitment, talent development and retention, as well as use of external specialists where necessary
- Partnership and collaborative working is optimised
- An appropriate operating environment and culture is created that will enable the necessary changes to occur – this may require a review of constitutional policies and procedures and a re-assessment of risk appetite at all levels in the Council, specifically members
- Member/officer mind sets are aligned regards the change initiatives enabling the appropriate cultural change

### **Effects of risk if not managed:**

- Service delivery is ineffective – sub optimal outcomes
- Inefficiencies created
- Council is not recognised as a key player and considered unattractive by prospective partners and existing/prospective employees
- Council deemed ineffective by public – reputation damage

### **Risk appetite:**

*Open – Willing to consider all potential options recognising that there will be risk exposure*

## 6. Ability to be agile and shift focus in response to policy and national political change

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### **Risk Driver:**

This risk relates to the Council being unable to identify, interpret and act on/respond to political and policy change and therefore best position itself to maximise on opportunities that this may present or to mitigate risks that may emerge as a result and impact on existing plans and strategies.

The UK is still transitioning through Brexit of which there is still large scale uncertainty at a macro level and how this may translate at a local level both economically and socially, for communities, business and the Council itself. Similar is the outcomes of the recent election with the Government embarking on its future path which is intrinsically linked with Brexit. In addition, there are a number of changes in other public sector bodies which will or could impact on the Council/Communities. The Council needs to be well positioned to have early sight of these and potential implications.

This risk could also affect Risks 1, 2 and 4.

### **Effects of risk if not managed:**

- Missed opportunities to advantage the district
- Inefficiency as the Council is forced to respond/retrofit
- The Council is not recognised as a key player or contributor either locally, regionally or nationally
- Council deemed ineffective by public – reputation damage

### **Risk appetite:**

*Open – Willing to consider all potential options recognising that there will be risk exposure*