

Audit Committee – 25th October 2007

## 7. Risk Profile Update (Critical Risks) and Waste Integration

*Head of Service:* Rina Singh, Corporate Director (Communities)  
*Lead Officer:* Gary Russ, Procurement and Support Services Manager  
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### Purpose of the Report

The purpose of the report is to update members of the Audit Committee on the following specific action items arising from the risk report presented to the Committee on 27<sup>th</sup> September 2007.

1. “That the Procurement and Support Services Manager work with the owners of those risks that had been identified as critical in the risk register (as set out on pages 22-25 of the agenda) to assess whether they should be reclassified taking into account the risk moderation scores”.
2. “That the Procurement and Support Services Manager work with the Head of Service to ensure that risks in connection with the award of the waste collection contract in respect of the possible disruption of the service or failure of the contract are assessed”.

### Recommendations

- (1) that the Committee support the actions outlined by the Procurement and Support Services Manager;
- (2) that the Committee members note the actions already taken.

### Background

During a process of greater understanding and awareness in relation to risk management at the Council, it became clear that a number of risks had been categorised incorrectly. To some extent this is a reflection of the risk adverse culture that officers have worked in for many years. The positive to take away from the incorrect quantification of a risk is that it is always preferable to over assess than to under estimate. However members of the Audit Committee felt that a number of critical/catastrophic risks were, in their view, probably incorrect and needed attention.

### Report Detail

The Procurement Manager has worked with risk owners in the interim period via 1-2-1 and risk awareness sessions, to encourage risk owners to re-visit the risk classification.

I can report that, as a result, we now have only 3 risks presenting as critical/catastrophic, whereas previous reports had indicated as many as 7 in this category.

1. Health & Safety risk to Yeovil market traders and public (slips, trips and electrocution).
2. Concessionary fares payment scheme from central government falls dramatically short to actual real cost incurred by the Council.
3. Birchfield landfill site has the potential to cause a significant environmental incident.

I now believe that the above 3 risks have, in all probability, been correctly classified with the possible exception of risk number 2, which may be better as a major risk.

I am concerned however as I believe Audit Committee members feel that other more significant risks could be presented to the Council that, to date, remain unidentified within the risk register.

This brings me to point two, "risk identification in relation to waste collection integration". I have received a copy of the risk register appertaining to the contract implementation phase of the project. This appears to be a comprehensive and, as far as I can tell, well managed risk register. However, it does appear to have been run by Somerset Waste Partnership and does not contain many SSDC specific risk issues, although I feel it would be wrong to create the impression that risk of the integration phase had not been considered.

Where I feel we do need to spend time on risk identification is on post implementation in the short-term period after commencement of the service. Whilst it is true that a large proportion of the risk will have effectively transferred to the Somerset Waste Partnership, an amount of risk will still reside with the Council (which maybe be a risk to our reputation).

To this end, the Procurement and Support Services Manager has agreed to spend some time with the Head of Service, immediately after we go live with the new contract, to assist him and his team in teasing out any residual risks that remain with SSDC but have not been identified.

### **Financial Implications**

None directly, although financial implications do exist to some degree or another with most risk management decisions.

### **Implications for Corporate Priorities**

None directly, although embedded risk management is a requirement of higher CPA ratings, and the Corporate Plan states that we will embrace risk management - "Managing uncertainty is a priority for South Somerset District Council".

### **Other Implications**

None.

**Background Papers:** *Risk management policy*  
*Risk register*

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