

**13 June 2016**

**Audit & Scrutiny Committee**

**Strategic & Operational Risk Review**

**Report of:** *Chris Leslie, Finance Director*

**Wards Affected:** *None*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 The report updates members of the Audit, Scrutiny and Transformation Committee on new, closed or changes to strategic risks.

**2. Recommendation(s)**

- 2.1 To agree the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**
- 2.2 To agree the risk exposure changes to the Operational Risks.**

**3. Introduction and Background**

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic and operational risk registers are monitored quarterly by the Corporate Leadership Board who consider the risks, the mitigations and agrees the content. It will be the responsibility of the Audit Committee to review the strategic risks and confirm they are confident that the risks associated within this register are those which are strategic and relevant to the organisation at this point in time and the considered future.
- 3.3 Zurich Risk Engineering have recently completed a risk management review of the Council's Operational Risk Registers. This included some recommendations to enhance the risk registers and provide more clarity on how the risks can be controlled and managed.

The next step is to meet with report owners and users, to ensure that the recommendations are implemented. Meetings are being arranged for early July with the report owners.

#### **4. Issue, Options and Analysis of Options**

##### **Strategic Risks**

- 4.1 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores. These were discussed and agreed by CLB on 11 May 2016.
- 4.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk score compared with previous monitoring periods, together with explanatory commentary on the key issues for each risk.
- 4.3 As a result of the current risk review two risks have decreased and ten scores have remained unchanged.
- 4.4 The two risks where the risk score has reduced are as follows:
  - Red risk RSK11 – Rollout of Universal Credit (Row No. 2)  
This risk has been reduced following control measures put in place to date.
  - Yellow risk RSK5 – Information Management and Security (Row No. 6)  
This risk has been reduced as an initial options paper has been provided by Lee Henley (Information Manager, Thurrock) and training has been arranged for June/July.

##### **Risk Matrix**

- 4.5 The twelve risks are plotted on the risk matrix below. The current assessment identifies that three risks will remain in the red area of the risk matrix.

Likelihood/Probability	5	10	15	20	25 RSK1
	4	8	12	16	20 RSK11 RSK12
	3	6	9	12 RSK5 RSK4	15 RSK2 RSK10
	2	4	6	8 RSK3 RSK7 RSK8	10 RSK13
	1	2	3	4 RSK9	5
	Negligible	Minor	Moderate	Significant	Major
	Negative Impact/Severity				

No.	Risk	No.	Risk
1	Finance Pressures	8	Contract/Partnership Failure
2	Local Development Plan	9	Lack of Strategic Direction
3	Disaster Recover/Continuity Planning	10	Failure to Spend Capital Receipts
4	Organisational Capacity	11	Roll out of Universal Credit
5	Information Management and Security	12	Extension of Right to Buy to registered provider tenants
7	Commercial Activities	13	Failure to deliver key Corporate Projects

### Operational Risks

- 4.6 The Operational Risks have been reviewed by risk owners and updated and amended where necessary to reflect the actions being taken to manage the risks. At the time of writing this report there were 45 operational risks.
- 4.7 Attached to this report at Appendix B is an operational risk summary report showing significant risk exposure changes and two new risks.



<b>Risk Group</b>	<b>No. of open risks on register</b>	<b>Low Risk</b>	<b>Medium Risk</b>	<b>High Risk</b>
Assets	6	2	4	
Corporate Services	6	5	1	
Finance	6	5	1	
Housing, Revenues & Benefits	5	1	3	One closed
Localism	5	3	2	
Planning & Environmental Health	9		9	
Street Scene	8	3	5	

## **5. Reasons for Recommendation**

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Service Heads discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.
- 5.2 In addition the Risk & Insurance Officer will continually work with the risk managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

## **6. Consultation**

- 6.1 None.

## **7. References to Corporate Plan**

- 7.1 Effective risk management arrangements will enable the Council to achieve its corporate priorities. The process will allow identification of risks and issues enabling informed decision making to remove or reduce them in order for the priorities to be achieved.

## **8. Implications**

### **Financial Implications**

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- 8.1 There are no financial implications arising from this report.

## **Legal Implications**

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- 8.2 Effective risk management provides a means of identifying, managing and reducing the likelihood of legal claims or regulatory challenges against the Council.

## **9. Appendices to this report**

Appendix A – Strategic Risk Register Summary Report

Appendix B – Operational Risk Register Summary Report

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