

**19 September 2016**

**Audit & Scrutiny Committee**

**Strategic Risk Review**

**Report of:** *Ramesh Prashar, Financial Services Manager*

**Wards Affected:** *None*

**This report is:** *Public*

## **1. Executive Summary**

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

## **2. Recommendations**

- 2.1 To agree the revised Insurance & Risk Management Strategy**
- 2.2 To agree the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**

## **3. Introduction and Background**

- 3.1 The governance arrangements set out in the 'Insurance and Risk Management Strategy' (Appendix A) require the Audit Committee to review the strategic risks every quarter.
- 3.2 The strategic 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 held a training session for Operational Risk Register owners on 5 July. This session was to discuss the new reporting structure, ways to improve the risk definitions & descriptions and highlight the requirements for the summary reporting template.

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

### **Insurance & Risk Management Strategy**

- 4.1 The annual review of the Insurance and Risk Management Strategy has been carried out and is attached at Appendix A. A clearer role has been set out for employees to ensure they are aware of the risks on the risk register for their service area and have contributed to the identification of potential risks they are aware of. This has been included under point 6 - Roles and Responsibilities.

Guidance on the procedures for escalating and de-escalating risks between the strategic and operational risk registers has been included under point 9 – Monitoring arrangements for Key Risks.

These complete all the major recommendations from the Internal Audit review.

### **Strategic Risks**

- 4.2 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 22 August 2016.
- 4.3 Attached to this report at Appendix B 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.
- 4.4 As a result of the current risk review one risk has decreased and eleven scores have remained unchanged.
- 4.5 The risk where the risk score has reduced is as follows:
- Red risk RSK11 – Rollout of Universal Credit (Row No. 3)  
This risk has been reduced following control measures which have been put in place

### **Risk Matrix**

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

Likelihood/Probability	5	10	15	20	25 RSK1
	4	8	12	16 RSK11	20 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

## 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**

**Name & Title: Ramesh Prashar, Financial Services Manager**

**Tel & Email: 01277 312 513 ramesh.prashar@brentwood.gov.uk**

8.1 There are no financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer**

**Tel & Email: 01277 312 860 daniel.toohey@brentwood.gov.uk**

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 – Insurance & Risk Management Strategy

Appendix B – Strategic Risk Register Summary Report

### **Report Author Contact Details:**

**Name:** Sue White

**Telephone:** 01277 312821

**E-mail:** sue.white@brentwood.gov.uk