

27 September 2017

Audit Committee

Strategic & Operational Risk Review

Report of: *John Chance, Finance Director*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 The report updates members of the Audit Committee on the status of the Council's 2017/18 Strategic Risk Register and the progress being made across Services in delivering Operational Risk Registers.

2. Recommendations

- 2.1 To agree the revised Insurance & Risk Management Strategy
- 2.2 To agree the amendments to the Strategic Risk Register, as shown in Appendix B, and that the risk scores recorded for each risk accurately represents the current status of each risk.
- 2.3 To agree the risk exposure changes and the new risks, as shown in Appendix C, 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 (CLB) who consider the risks, the mitigations and agrees the content. It is 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.

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. It now includes guidance on self-funding for insurance purposes.

Strategic Risks

- 4.2 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores and updated them for the coming financial year 2017-18. These were discussed and agreed by CLB on 11 September 2017.
- 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 twelve risk scores have remained unchanged.
- 4.5 The risk where the risk score has reduced is as follows:
- Yellow risk RSK5 – Information Management and Security (Row No. 10)
This risk has reduced following the PPR Committee formally adopting the policies. The newly adopted policies will be rolled out along with DPA training to all staff by the end of September 2017.
- 4.6 There has been one new risk added to the Strategic Risk Register:
- Amber risk RSK15 – Non-compliance by existing third party contractors to the council with the principles of the Data Protection Act 1998. (row 5)
This has been given a risk score of 15; 3 = likelihood, 5 = Impact

Risk Matrix

- 4.7 The fourteen risks are plotted on the risk matrix in Table 1. The current assessment identifies that two risks will remain in the red area of the risk matrix.

Table 1 – Risk Matrix

Likelihood / Probability	Definite	5	10	15	20	25
	Very Likely	4	8	12	16	20
	Likely	3	6	9	12	15
	Less Likely	2	4	6	8	10
	Unlikely	1	2	3	4	5
		Negligible	Minor	Moderate	Significant	Major
		Negative Impact / Severity				

No.	Risk	No.	Risk
1	Finance Pressures	9	Lack of strategic Direction
2	Local Development Plan	10	Failure to Spend Capital Receipts
3	Disaster Recover/Continuity Planning	11	Roll out of Universal Credit
4	Organisational Capacity	12	Extension of Right to Buy to registered provider tenants
5	Information Management and Security	13	Failure to deliver key Corporate Projects
6	Risk longer required	14	Failure of Democratic Services
7	Commercial Activities	15	Data Protection Act 1998
8	Contract/Partnership Failure		

Operational Risks

- 4.8 Operational risk management is concerned with reviewing those risks that are faced in the day-to-day delivery of services, particularly where effective management of those risks could result in a reduction in insurance claims and related costs.
- 4.9 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.
- 4.10 Attached to this report at Appendix C is an operational risk summary report showing significant risk exposure changes and one new risk.

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 continue to work with risk managers to maintain the good progress to date and further develop a consistent application of risk management considerations across all operations of the Council.

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 None arising specifically from this report, but control measures identified in risk registers could have financial or resource implications.

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 – Insurance and Risk Management Strategy

Appendix B – Strategic Risk Register Summary Report

Appendix C - Operational Risk Register Summary Report

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