

**11 July 2018**

**Regulatory and Governance Committee**

**Strategic & Operational Risk**

**Report of:** *Jacqueline Van Mellaerts – Interim Chief Finance Officer*

**Wards Affected:** *None*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 The report updates members of the Regulatory & Governance Committee on the status of the Council's 2018/19 Strategic Risk Register and the progress being made across Services in delivering Operational Risk Registers.

**2. Recommendation(s)**

- 2.1 **To agree the amendments to the Strategic Risk Register, as shown in Appendix A, 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, as shown in Appendix B, to the Operational Risks**

**3. Introduction and Background**

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' and terms of reference of committees from our constitution require the Regulatory & Governance Committee to review the strategic risks every quarter.
- 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 Regulatory & Governance 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**

### **Strategic Risks**

- 4.1 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 2018-19.
- 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 three scores have increased, two risk scores have decreased and one risk has been removed. The remaining scores have remained unchanged, totaling 13 Strategic Risks on the register.
- 4.4 The risk where the risk score has increased is as follows:
- Amber risk RSK10 – Failure to spend capital receipts (Row No.5)  
This risk has increased due to an increase in capital receipts for 2019/20.
  - Yellow Risk RSK5 – Information Management and Security (Row No.10)  
RSK15 has now been incorporated into RSK5 and the risk score has been adjusted to reflect this and the potential financial impact to the Council.
  - Yellow Risk RSK10 – Commercial Activities (Row. No 9)  
The Risk has increased due to the Council approving to borrow up to £30m to provide a Loan facility to SAIL, and the potential financial impact.
- 4.5 The risk where the risk score has decreased are as follows:
- Green risk RSK4 – Organisational Capacity (Row No.11)  
This risk has decreased following two additional senior appointments for Director of Operations and Director of Strategic Planning.
  - Amber Risk RSK2 – Local development Plan (Row No.4)  
The Council have now received a response from the state that the Local Plan will not be subject to Government Intervention. Work remains on course to deliver the plan and the score has been adjusted accordingly.

4.6 The risk which has been removed is as follows:

- RSK15 – The General Data Protection Regulations  
GDPR has been adopted by virtue of the Data Protection Act 2018 and accordingly this Risk has now been incorporated within RSK5 – Information Management & Security of the Strategic Risk Register, which deals with data protection.

### Risk Matrix

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

**Table 1 – Risk Matrix**

Likelihood / Probability	Definite	5	10	15	20	25 RSK1
	Very Likely	4	8	12	16 RSK11	20 RSK12
	Likely	3	6	9	12 RSK3	15 RSK2 RSK10
	Less Likely	2	4	6	8 RSK5 RSK7 RSK8	10 RSK13
	Unlikely	1	2 RSK14	3	4 RSK4 RSK9	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
7	Commercial Activities	14	Failure of Democratic Services
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 The table below shows the total number of risks identified in operational risk registers across the Council.

Risk Group	No. of open risks on register	Low Risk	Medium Risk	High Risk
Assets	6	5	1	
Community Services	5	2	3	
Corporate Services	5	1	4	1
Environment & Licensing	4		4	
Finance	7	5	3	
Housing	11	3	5	3
Parking	1		1	
Planning	6	1	5	
Street Scene	9	1	8	

- 4.11 Attached to this report at Appendix B is an operational risk summary report showing risk exposure changes.

## **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**

**Name & Title: Jacqueline Van Mellaerts, Interim Chief Financial Officer/Section 151 Officer**

**Tel & Email: 01277 312829/jacqueline.vanmellaerts@brentwood.gov.uk**

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

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer and Head of Legal Services**

**Tel & Email: 01277 312860 /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 – Strategic Risk Register Summary Report

Appendix B – Operational Risk Exposure Changes

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

**Name:** Sue White, Risk & Insurance Officer

**Telephone:** 01277 312821

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