

10 October 2018

Regulatory and Governance Committee

Strategic & Operational Risk Register

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 2017' and terms of reference of committees from our constitution require the Regulatory & Governance Committee to review the strategic and operational 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 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.
- 4.2 At the previous Regulatory and Governance meeting on 11th July 2018, it was RESOLVED:
To agree the amendments to the Strategic Risk Register, as shown in Appendix A (of the report), and that the risk scores recorded for each risk accurately represents the current status of each risk with the exception of risks 5 and 11 which should be raised to “red”.
- 4.3 Strategic risk register is regularly reviewed at the weekly Executive Board. Each strategic risk owner reviews the risk and scores it appropriately against the Risk Analysis criteria outlined in the Insurance & Risk Management Strategy.
- 4.4 Risks need to be scored and assessed as opposed to entered into a category.
- 4.5 Officers have therefore carefully considered the Risk score and have made the following amendments.
- RSK5 – Information Management Security – Increased score to 10 – Yellow Risk

This is by evaluating the score based on:

Likelihood - Score 2 - Less Likely/moderate - Would be mildly surprised if this occurred, but cannot entirely rule out the possibility.

Impact - Score 5 – Major Impact – Financial Losses could be in excess of £100,000k and therefore a major Impact.

- RSK11 – Rollout of Universal Credit – Score remained the same.

This is by evaluating the score based on:

Likelihood – Score 4 – Very Likely/high – This could occur sometime in the coming year or so.

Impact – Score 4 – Significant Impact – Financial Loss is likely to be under £100,000k

4.6 As a result of the total current strategic risk review one risk scores have decreased, one risk score has increased, and one risk has been closed. The remaining scores have remained unchanged, totaling 13 Strategic Risks on the register.

4.7 The risk where the risk scores have decreased are as follows:

- Yellow risk RSK10 – Failure to spend Capital Receipts (Row No.7)
The Council are actively purchasing properties to ensure spend while the housing strategy is being developed. The Government have also published a green paper around existing receipts which gives us longer time to spend.

4.8 The risk where the risk scores have increased are as follows:

- Yellow Risk RSK5 – Information Management Security (Row No.5)
In light of the significant financial penalties that can be issued for data breaches the impact score has been increase to 5 in accordance with the Council's Strategy.

4.9 The risk which has been closed is as follows:

- RSK12 – Extension of Right to Buy to registered provider tenants (Row No.13)
Government have now confirmed in the Green Paper that they will not bring the Higher Value Asset provisions of the Housing and Planning Act 2016 into effect. They are looking to repeal the legislation when Parliamentary time allows. Following this announcement this is no longer a risk to the Council and can therefore be closed.

Brexit

4.10 The Council has considered including Brexit on its strategic register, however due to the uncertainty of the type of BREXIT we will enter into. It has been decided not to include on the register until this is known. The Council is aware of the importance of the potential risks that could impact our borough. Therefore it is under frequent review and monitored closely.

Risk Matrix

4.11 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 RSK 11	20
	Likely	3	6	9	12 RSK3	15 RSK2
	Less Likely	2	4	6	8 RSK10 RSK8 RSK7	10 RSK 5 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	Closed
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

- 4.12 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.
- 4.13 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.
- 4.14 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	4		4	
Corporate Services	5		5	
Environment & Licensing	4		3	1
Finance	8	4	4	
Housing	11	3	5	3
Parking	1		1	
Planning	6	1	5	
Street Care	8	1	6	1

- 4.15 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 Executive Board and Corporate leadership Team, where Departmental Managers and Senior Officers discuss the operational and strategic 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 The maintenance of regularly updated risk registers setting out an assessment of risks, and actions to manage same, will assist the Council in meeting its statutory and governance obligations.

9. Appendices to this report

Appendix A – Strategic Risk Register Summary Report 2018-19

Appendix B – Operational Risk Exposure Changes

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