

**28 November 2018**

**Regulatory and Governance Committee**

**Strategic & Operational Risk**

**Report of:** *Interim Chief Financial 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 B, 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 & Risk Management Strategy' 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 monthly by Executive Board and 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 At the previous Regulatory and Governance meeting on 10 October 2018, it was RESOLVED UNANIMOUSLY:

***To approve and adopt the revised Insurance & Risk Management Strategy 2018***

4.2 The new risk ranking table is attached to this report at Appendix A.

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 four risk scores have decreased. The remaining scores have remained unchanged.

4.5 The risks where the risk scores have decreased are as follows:

- Amber Risk RSK11 – Rollout of Universal Credit (Row No.3)  
This risk has been reduced as Brentwood have recently gone live with the new portal, reducing the time taken to process claims. The likelihood has been reduced to 3 (from 4). Impact remaining at 4, giving an overall score of 12.
- Amber Risk RSK2 – Local Development Plan (Row No.4)  
Now that the Plan has been approved at Full Council and with the new risk ranking, the likelihood has been reduced to 2 (from 3). Impact remaining at 5, giving an overall score of 10.
- Green Risk RSK4 – Organisational Capacity (Row No.12)  
Key objections are in line with expectations of new structure. Risk score has been revised alongside the new Ranking Table. The likelihood has remained the same at 1; Impact has reduced to 3 (from 4), giving an overall score of 3.
- Green Risk RSK9 – Lack of Strategic Direction (Row No.13)  
Work continues on ensuring delivery through strong programme management ethos. Risk score has been revised alongside the new Ranking Table. The likelihood has remained the same at 1; Impact has reduced to 2 (from 4), giving an overall score of 2.

4.6 There have been two new risks added to the Strategic Risk Register:

- Red Risk RSK15 – Brexit, economic uncertainty of Brexit (row 2)  
Brexit continues to be monitored by senior officers.  
This has been given a risk score of 16; 4 = likelihood, 4 = Impact
- Yellow risk RSK16 – Treasury Management, the Treasury Management function could fail with increasing commercial activity.  
(row 9)  
Council is putting in place a borrowing strategy in line with the increased commercial activity.  
This has been given a risk score of 8; 2 = likelihood, 4 = 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	Low (5)	Medium (10)	High (15)	V. High (20)	V. High (25) RSK1
	Very Likely	Low (4)	Medium (8)	High (12)	V. High (16) RSK15	V. High (20)
	Likely	Low (3)	Medium (6)	Medium (9)	High (12) RSK11 RSK3	V. High (15)
	Unlikely	Low (2)	Low (4)	Medium (6)	Medium (8) RSK7 RSK8 RSK16 RSK10	High (10) RSK2 RSK5 RSK13
	Highly Unlikely	Low (1)	Low (2) RSK14 RSK9	Low (3) RSK4	Medium (4)	Medium (5)
		Negligible	Minor	Moderate	Significant	Major
Negative Impact / Severity						

Likelihood x Impact = Risk Score

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	13	Failure to deliver key Corporate Projects
5	Information Management and Security	14	Failure of Democratic Services
7	Commercial Activities	15	Brexit
8	Contract/Partnership Failure	16	Treasury Management

## **Operational Risks**

- 4.8 Due to the new Insurance and Risk Management Strategy being agreed at the Regulatory and Governance meeting only on 10 October 2018, not all changes have been implemented to the Operational Risk Registers or have not been reviewed by Corporate Leadership Board. Therefore, the Operational Risks will be reported at the next Regulatory and Governance meeting on 6 March 2019.

## **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**

**Tel & Email: 01277 312 829**

**[jacqueline.vanmellaerts@brentwood.gov.uk](mailto: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**

**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 – Risk Ranking Table

Appendix B – Strategic Risk Register Summary Report

**Report Author Contact Details:**

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

**Telephone:** 01277 312821

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