

<b>Committee:</b> Audit and Scrutiny Committee	<b>Date:</b> 24 November 2020
<b>Subject:</b> Risk Management	<b>Wards Affected:</b>
<b>Report of:</b> Jacqueline Van Mellaerts, Director of Corporate Resources	<b>Public</b>
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### Summary

The report updates members of the Audit & Scrutiny Committee on the status of the Council's 2019/20 Strategic Risk Register and high-level Operational Risks.

One new risk has been added to the Strategic Risk Register. One risk has increased and three risks have reduced. All other risk scores have remained the same.

Of the high-level operational risks, one score has increased and two transferred to the Strategic Risk Register. The other six risks scores have remained the same.

### Recommendation(s)

**Members are asked to:**

- R1. To note the Strategic Risk Register, as shown in Appendix A.**
- R2. To note the risk scores recorded for the high-level Operational Risks, as shown in Appendix B.**

### Main Report

#### **Introduction and Background**

1. The governance arrangements set out in the 'Insurance & Risk Management Strategy' and terms of reference of committees from our constitution require the Audit and Scrutiny Committee to review the strategic and operational risks every quarter.

2. The strategic and operational risk registers are monitored by Senior Leadership Team (SLT) and the Extended Leadership Team (ELT) previously known as Corporate Leadership Board (CLB) who consider the risks, the mitigations and agrees the content. It is the responsibility of the Audit & Scrutiny 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. Work continue to embed Risk Management within the Council. It is important that all staff become involved in the risk management process and become aware of their responsibilities in identifying and managing risk. A Risk Management Fund of £5k was allocated within the insurance tender, which is deducted from the annual premium, for use on Risk Management improvements for the Council. £1,500 of the fund for 2020-2021 has been allocated for two training sessions for Housing and Corporate Officers to appreciate how inspection regimes fit into the key areas of risk evaluation and risk control and to consider the key areas and parameters of the overall inspection regime.

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

### **Strategic Risks**

4. In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and updated them. These were discussed and agreed by the Risk Working Group on Monday, 19 October.
5. Attached to this report at Appendix A is a summary showing the current status of each risk together with explanatory commentary on the key issues for each risk.
6. As a result of the current risk review one score has increased and three scores reduced. The remaining scores have remained unchanged.
7. The risk where the risk score has increased is as follows:
  - Red Risk RSK10 – Roll out of Universal Credit (row No. 1) L4 x I4 = 16

The risk score has been increased for this particular risk due to an increase in arrears, which has seen an increase of £100k since the last report.

8. The risks where the risk scores have reduced are as follows:

- Red Risk RSK1 – Financial Pressures (row No. 2) L3 x I5 = 15

The risk score has reduced as the Council are on target to meet its Commercial Activity Income target within the Medium-Term Financial Strategy.

- Yellow Risk RSK3 – Disaster Recovery/Business Continuity (row No. 7) L2 x I4 = 8

The risk has been reduced due to the Council's positive reaction to the pandemic.

- Yellow Risk RSK6 – Commercial Activities (row No. 8) L2 x I4 = 8

The risk has been reduced due to positive progress with commercial activities. SAIL have now drawn down the balance of their £60m loan facility.

9. There has been one new risk added the Strategic Risk Register and one risk description amended.

- Yellow Risk RSK15 – Failure to deliver a clear Leisure Strategy (row No. 7) L3 x I4 = 12

This risk has been transferred from the Operational Risk Register.

- Yellow Risk RSK9 – Failure to deliver the Council's Strategic Development Plan (previously Failure to Spend Capital Receipts) (row No. 10)

This risk was amalgamated with Operational Risk H9 – Failure to manage new build schemes and the risk description updated.

## Risk Matrix

10. The fourteen risks are plotted on the risk matrix in Table 1. The current assessment identifies that two risks are categorised as very high 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)
	Very Likely	Low (4)	Medium (8)	High (12)	V. High (16) RSK10	V. High (20)
	Likely	Low (3)	Medium (6)	Medium (9)	High (12) RSK13; RSK11; RSK15	V. High (15) RSK1 RSK2
	Unlikely	Low (2)	Low (4) RSK8	Medium (6) RSK4	Medium (8) RSK3; RSK5, RSK6; RSK7 RSK9	High (10)
	Highly Unlikely	Low (1)	Low (2)	Low (3)	Medium (4)	Medium (5) RSK14
		Negligible	Minor	Moderate	Significant	Major
Negative Impact / Severity						

Likelihood x Impact = Risk Score

No.	Risk	No.	Risk
1	Finance Pressures	8	Lack of strategic Direction
2	Local Development Plan	9	Failure to deliver Strategic Development Plan
3	Disaster Recover/Continuity Planning	10	Roll out of Universal Credit
4	Organisational Capacity	11	Failure to deliver key Corporate Projects
5	Information Management and Security	13	Brexit
6	Commercial Activities	14	Treasury Management
7	Contract/Partnership Failure	15	Failure to deliver a clear Leisure Strategy

## Operational Risks

11. The operational risks have now been reviewed by the risk owners and updated and amended where necessary to reflect the actions being taken to manage the risks.
12. Attached to this report at Appendix B is the operational risk summary sheet showing the very high and high-level risks. The risk references are shown in brackets in the table below which match to Appendix B.
13. As shown in Appendix B, of the high-level operational risks, three scores have increased. One risk has been transferred to the Strategic Risk Register and one risk has been closed and amalgamated with Strategic Risk 9. The other five risks scores have remained the same from the last Committee in July.
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	Very High Risk	High Risks	Medium Risks	Low Risks
Assets	6			5	1
Community Services	4			1	3
Corporate Services	3			3	
Environmental Health	5	1 (EH1)	1 (EH5)	2	1
Finance	11			5	6
Housing	11	1 (H8)	4 (H2, H3, H9, H13)	5	1
Legal	3				3
Parking	1			1	
Planning	6		1 (PL6)	4	1
Street Care	7	1 (SC7)	1 (SC6)	2	3

## Reasons for Recommendation

15. Risk Management continues to be imbedded quarterly within the Senior Leadership 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.

16. The Risk and 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.

### **Consultation**

17. None.

### **References to Corporate Strategy**

18. 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.

### **Implications**

#### **Financial Implications**

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

#### **Legal Implications**

**Name & Title: Amanda Julian, Director of Law and Governance**

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20. Effective risk management provides a means of identifying, managing and reducing the likelihood of legal claims or regulatory challenges against the Council.

#### **Economic Implications**

**Name/Title: Phil Drane, Director of Planning & Economy**

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21. Economic implications are contained within the report and identified in risk registers.

### **Background Papers**

Insurance & Risk Management Strategy

### **Appendices to this report**

Appendix A: Strategic Risk Register

Appendix B: Operational Risk Summary Sheet

Appendix C: Risk Ranking Table