

<b>Committee:</b> Audit and Scrutiny Committee	<b>Date:</b> 11 March 2021
<b>Subject:</b> Risk Management	<b>Wards Affected:</b>
<b>Report of:</b> Jacqueline Van Mellaerts, Corporate Director of Finance & 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 2020/21 Strategic Risk Register and high-level Operational Risks.

As a result of the current risk review one risk scores has reduced and all other risk scores have remained the same from the last reported Committee in November.

Of the high-level operational risks, one score has increased, two scores have been reduced, and the other risks scores have remained the same. There is one new risk.

### 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) 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 continues 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. The two training sessions for Housing and Corporate Officers run by Zurich Risk Management 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 took place on Friday 15 January 2021.

## **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.
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 reduced and all other risk scores have remained unchanged.
7. The risk where the risk score has reduced is as follows:

- Red Risk RSK1 – Financial Pressures (row No. 6) L2 x I5 = 10

The risk score has reduced from its previous score of L3x I5 = 15 as the Council has approved the Medium Term Financial Strategy and the 2021/22 budget, which forecasts that balances will not fall below the minimum level of reserves.

## Risk Matrix

8. 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) RSK2
	Unlikely	Low (2)	Low (4) RSK8	Medium (6) RSK4	Medium (8) RSK3; RSK5, RSK6; RSK7 RSK9	High (10) RSK1
	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

9. 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.
10. 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. These were discussed and agreed by the Risk Working Group on Thursday, 11 February.
11. At the review in January risks H13 and PL6 were reduced, one risk EH5 increased and a new risk CS5 added, with the other risks scores remaining the same from the last Committee meeting in November. There have been no changes to risk scores for the period January to March.
12. 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	2		1 (CS5)	1	
Environmental Health	5	2 (EH1 & EH5)		2	1
Finance	11			5	6
Housing	10	1 (H8)	2 (H2, H3)	6	1
Legal	3				3
Parking	1			1	
Planning	6			5	1
Street Care	7	1 (SC7)	1 (SC6)	2	3

## **Reasons for Recommendation**

13. 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.
14. 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**

15. None.

## **References to Corporate Strategy**

16. 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**

**Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance and Resource)**

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17. 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, Corporate Director (Law and Governance)**

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18. 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, Corporate Director (Planning & Economy)**

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19. 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