

Committee: Audit and Scrutiny Committee	Date: 7 December 2021
Subject: Risk Management	Wards Affected:
Report of: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)	Public
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Summary

The report updates members of the Audit & Scrutiny Committee on the status of the Council's 2021/22 Strategic Risk Register and high-level operational risks.

The Risk Registers are currently under review to align them to the Corporate Strategy, as well as presenting them in a more appropriate format.

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. 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. The Accident Investigations and Claims Defensibility Review has now been carried out. The purpose of this review was to assess the robustness of the Council's processes and procedures for investigating incidents and complaints. Following on from this an Accident Investigation and Claims Defensibility training session is to be held on 1 December 2021.

Issue, Options and Analysis of Options

4. A new template to record risks has been developed and enhanced to now include risk categorisation and target scores. These scores are based on the successful completion of actions in the 'Further Actions/Comments' column as seen in Appendix A. The tables demonstrate the movement of risk scores from Original to Current and also detail the anticipated Target score, with any outstanding or further actions for each risk.
5. 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.
6. 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.

Strategic Risks

7. 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 Senior Leadership Team on Wednesday, 24 November 2021.
8. Attached to this report at Appendix A is a summary showing the current status of each risk.
9. As a result of the current risk review one score has increased and two scores reduced. The remaining scores have remained unchanged.
10. The risks where the risk score has reduced are as follows:
 - RSK7 – General Fund Reserves – Increased to L3 x I5 = 15 (V.HIGH)
This risk has been increased due to the recent Draft Medium Term Financial Strategy reserve forecasts increasing below minimum levels.
 - RSK2 – Environment Strategy – Reduced to L1 x I3 = 3 (LOW)
The risk has been reduced due to the recent employment of the climate & sustainability officer.

Risk Matrix

11. The thirteen strategic risks are plotted on the risk matrix in Table 1. The current assessment identifies that four 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)	V. High (20) RSK10
	Likely	Low (3)	Medium (6)	Medium (9)	High (12) RSK9; RSK11	V. High (15) RSK1 RSK7
	Unlikely	Low (2)	Low (4) RSK5; RSK6	Medium (6) RSK8	Medium (8) RSK3; RSK4; RSK12	High (10) RSK13
	Highly Unlikely	Low (1)	Low (2) RSK2	Low (3)	Medium (4)	Medium (5)
		Negligible	Minor	Moderate	Significant	Major
Negative Impact / Severity						

Likelihood x Impact = Risk Score

No.	Risk	No.	Risk
1	Failure to adopt a local plan in line with national policy	8	Unable to react to major incident.
2	Failure to develop an Environmental Strategy and Action Plan	9	Lack of Organisational Capacity
3	Failure to deliver a clear Leisure Strategy	10	Unable to meet income projections
4	Failure to deliver Strategic Housing Development Plan	11	Not compliant with data protection legislation
5	Lack of strategic Direction	12	Contract/Partnership Failure
6	Failure to deliver objectives within the Corporate Strategy	13	Cyber Threat
7	General Fund budgets could fall below the minimum level of reserves		

Operational Risks

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.
13. The Operational Risk Registers have now been reviewed by the risk owners and updated and amended where necessary to reflect the actions being taken to manage the risks.
14. 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.
15. As a result of the current risk review the scores for risks E&C1 and E&C5 were reduced.
16. Table 2 below shows the total number of risks identified in operational risk registers across the Council.

Table 2: Operational Risks

Directorate	Open risks on register	Very High Risks	High Risks	Medium Risks	Low Risks
Finance & Resources	9		1 F&R3	5	3
Digital & Customer	4		3 D&C1, D&C2, D&C3	1	
Law & Governance	14			10	4
Housing & Community Safety	10	2 H&C2, H&C9	2 H&C3, H&C7	5	1
Planning & Economy	3			3	
Environment & Communities	12	1 E&C1	2 E&C2, E&C5	3	6

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

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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

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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 Register
- Appendix C: Risk Ranking Table