

<b>Committee:</b> Audit and Scrutiny Committee	<b>Date:</b> 08 March 2022
<b>Subject:</b> Risk Management	<b>Wards Affected:</b> All
<b>Report of:</b> Jacqueline Van Mellaerts, Corporate Director – 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 2021/22 Strategic Risk Register and high-level operational risks.

As a result of the current risk review one Strategic risk has reduced and one amended. The other risk scores have remained the same from the recent Committee in December.

Of the high-level operational risks, five risk scores have been reduced, and the other risks scores have remained the same.

### 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.

4. An Accident Investigations and Claims Defensibility Review was carried out in November. The scope of this review was to look at Employers' Liability and Public Liability claims. Claims information from Zurich Municipal was utilised, together with a selection of incident reports and interviews with members of staff from the Housing Department and Depot. The purpose of this review was to assess the robustness of the Council's processes and procedures for investigating incidents and complaints and to provide recommendations for improvement where applicable.
5. This was followed in December by an Accident Investigation and Claims Defensibility training session attended by Housing Officers. The aim of the course was to provide an understanding of the moral and legal obligations to investigate accidents and incidents and identify areas where improvements can be made.

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

6. During 2021/22, 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.
7. 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.
8. 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**

9. 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, 23 February 2022.
10. Attached to this report at Appendix A is a summary showing the current status of each risk.

11. As a result of the current risk review one score has reduced and there is an amendment to the risk score for one risk. The remaining scores have remained unchanged.
12. The risk where the risk score has reduced is as follows:
  - Yellow Risk RSK – Failure to deliver the Council’s Strategic Housing Development Plan (row 23) L1 x I4 = Med 4  
The risk score has been decreased as programme progressing with no concerns.
13. The risk where there is an amendment to the score is as follows:
  - Red Risk RSK13 – The Council is at risk from a critical cyber threat that would affect all areas of business (row 68) L3 x I5 = Very High 15  
When this risk was transferred to the Strategic Risk Register in November, the current score was recorded as the target score in error.

#### Risk Matrix

14. The thirteen 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 RSK13
	Unlikely	Low (2)	Low (4) RSK5 RSK6	Medium (6) RSK8	Medium (8) RSK3 RSK12	High (10)
	Highly Unlikely	Low (1)	Low (2)	Low (3) RSK2	Medium (4) RSK4	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 within organisation
6	Failure to deliver objectives within Corporate Strategy	13	Risk from a critical cyber threat
7	General Fund budgets could fall below the minimum level of reserves		

## Operational Risks

15. 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.
16. The Operational Risks have been reviewed by risk owners, Extended Leadership Team and the Senior Leadership Team. They have been updated and amended where necessary to reflect the actions taken to manage the risks.
17. 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.
18. At the review in January risks E&C1, H&C7, H&C9, D&C1 and D&C3 were reduced, with the other risks scores remaining the same from the last Committee meeting in December.
19. The table below shows the total number of risks identified in operational risk registers across the Council

Directorate	Open risks on register	Very High Risk	High Risk	Medium Risk	Low Risk
Environment & Communities	12		3 E&C1, E&C2, E&C5	3	6
Planning & Economy	3			3	
Housing & Community Safety	10	1 H&C2	1 H&C3	6	1
Finance & Resources	9		1 F&R3	5	3
Law & Governance	11			9	2
Digital & Customer	4	1 D&C2	3 D&C1, D&C3, D&C4		

## **Consultation**

20. None

## **References to Corporate Strategy**

21. 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 & Resources) and Section 151 Officer**

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22. 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 & Governance) and Monitoring Officer**

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23. 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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24. 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