

Committee: Audit and Scrutiny Committee	Date: 05 July 2022
Subject: Risk Management	Wards Affected: All
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 2022/2023 Strategic Risk Register and high-level operational risks.

As a result of the current risk review three risks have reduced. The other risk scores have remained the same from the recent Committee in March.

Of the high-level operational risks, one risk score has 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. £2,400 of the fund for 2021-22 was allocated to Business Continuity Awareness training which was carried out on 11 May 2022 for the

Extended Leadership Team. The purpose of this training was to provide an overview of the key elements of business continuity planning to supplement officer knowledge to review their Business Continuity plans and help prepare should a business interruption event occur within Brentwood Borough Council.

4. The remainder of the fund for 2021-2022, together with £3,400 for 2022-2023 was allocated to a Motor Fleet Risk Assessment, which was carried out on 16 May 2022. This was an analysis of the inherent exposures faced by the Council's fleet operation against the policies and procedures in place to manage these risks. Key personnel were interviewed and a written report summarising the findings and providing any required risk reduction and loss control recommendations, including guidance on how the recommendations can be implemented will be provided in due course.

Issue, Options and Analysis of Options

5. 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.
6. 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.
7. 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

8. In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and updated them.
9. Attached to this report at Appendix A is a summary showing the current status of each risk.
10. As a result of the current risk review three scores have reduced and the remaining scores have remained unchanged.

11. The risks where the risk score has reduced is as follows:

- Red Risk RSK1 – Failure to adopt a Local Plan in line with national policy (row 8) L1 x15 = Med 5

The risk score has been decreased as Inspectors Final Report published on 23 February 2022, concluding that the plan was sound with recommended modifications following examination. The plan was adopted with modifications at Extraordinary Council on 23 March 2022.

- Amber Risk RSK11 – We may not be compliant with data protection legislation (row 58) L2 x13 = Med 6

The risk score has been decreased as the Council have a full DPO service that alongside the Information Governance framework implementation will ensure the Council is compliant with its statutory duties.

- Red Risk RSK10 – Unable to meet Income projections for the Council (row 53) L3x15 = V.High 15

The risk score has been decreased as Income projections for the new budget cycle have been rebased. Income will be monitored against the 2022/23 budgets and forecasted throughout the year.

Risk Matrix

12. The thirteen risks are plotted on the risk matrix in Table 1. The current assessment identifies that three 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)
	Likely	Low (3)	Medium (6)	Medium (9)	High (12) RSK9	V. High (15) RSK7 RSK10 RSK13
	Unlikely	Low (2)	Low (4) RSK5 RSK6	Medium (6) RSK8 RSK11	Medium (8) RSK3 RSK12	High (10)
	Highly Unlikely	Low (1)	Low (2)	Low (3) RSK2	Medium (4) RSK4	Medium (5) RSK1
		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

13. 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.
14. The Operational Risks have been reviewed by risk owners and updated and amended where necessary to reflect the actions taken to manage the risks.
15. 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.
16. At the review in May risk H&C2 was reduced, with the other risks scores remaining the same from the last Committee meeting in January.
17. 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	4	5
Planning & Economy	3			3	
Housing & Community Safety	10		2 H&C2, H&C3	7	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

18. None

References to Corporate Strategy

19. 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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20. 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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21. 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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22. 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