

Committee: Audit and Scrutiny Committee	Date: 07 March 2023
Subject: Risk Management	Wards Affected: All
Report of: Tim Willis, Director 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 one risk score has reduced. The other risk scores have remained the same from the previous review in November.

Of the high-level operational risks, one risk score has been increased and one reduced, with the other risks scores remaining 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 Corporate Leadership Team (CLT) 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.

Issue, Options and Analysis of Options

4. Risk Management continues to be imbedded quarterly within the Corporate 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.
5. 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

6. In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and updated them.
7. Attached to this report at Appendix A is a summary showing the current status of each risk.
8. As a result of the current risk review one score has reduced, and the remaining scores have remained unchanged from the previous review in November.
9. The risks where the risk score has reduced is as follows:
 - Red Risk RSK10 – We may be unable to meet the income projections for the Council (row 53) L3 x15 = Very High 15
The risk score has been decreased as a review of budget setting for 23/24 has aligned all commercial income.
10. Work is ongoing to identify any new risks, with the Partnership between Brentwood Borough council and Rochford District council to be included in future updates.

Risk Matrix

11. The fourteen 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 RSK14	V. High (15) RSK7 RSK13
	Unlikely	Low (2)	Low (4) RSK5 RSK6	Medium (6) RSK8 RSK11	Medium (8) RSK3 RSK12	High (10) RSK10
	Highly Unlikely	Low (1)	Low (2)	Low (3) RSK2	Medium (4) RSK4 RSK9	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	14	Inflationary Pressures

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 Register has been updated to reflect the new Directorate Structure. The risks have been reviewed by risk owners and updated and amended where necessary to reflect the actions 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. At the review in February risk ENV.3 was reduced from L3 x I4 = High 12 to L2 x I4 = Med 8. Risk C&H1 was increased from L3 x I3 = Med 9 to L4 x I4 = Very High 16. The other risks scores remaining the same from the last Committee meeting in November.
16. 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	5		2 ENV1	3	1
Place	3			3	
Resources	8			6	2
Housing	9		2 HSG2, HSG3	6	1
Assets & Investments	2		2 A&I2, A&I2		
Communities & Health	5	1 C&H1			4
Customer & Data Insight	4	1 C&D2	3 C&D1, C&D3, C&D4		
Policy & Delivery	1				1
People & Governance	12			7	5

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

Name/Title: Tim Willis, Director Resources and Section 151 Officer

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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: Emily Yule, Strategic Director

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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