

**7 December 2015**

**Audit & Scrutiny Committee**

**Strategic & Operational Risk Review**

**Report of:** *Chris Leslie, Finance Director*

**Wards Affected:** *None*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 The report updates members of the Audit, Scrutiny and Transformation Committee on new, closed or changes to strategic risks.

**2. Recommendation(s)**

- 2.1 To agree the Strategic & Operational Risk Registers and that the risk scores recorded for each risk accurately represents the current status of each risk.**

**3. Introduction and Background**

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic risk register is attached at Appendix A and the Operational Risks attached at Appendix C. These are monitored quarterly by the Corporate Leadership Board who consider the risks, the mitigations and agree the content. It will be the responsibility of the Audit 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.
- 3.3 Two risk training sessions were held for Senior Managers and Members on 8 October. These sessions covered off one of the recommendations in the Internal Audit report and a request for Member training at the Audit Committee on 29 June 2015. During the session for Members discussion centred around identifying some of the emerging risks which may have implications for the Council over the next 5 years.

3.4 In line with Internal Audit recommendations, CLB are considering the inclusion of a Fraud & Corruption risk register.

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

##### **Strategic Risks**

4.1 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores, with the results discussed and agreed at CLB on 12 November 2015.

4.2 Attached to this report at Appendix B is a summary showing the current status of each risk and any movement in risk score compared with previous monitoring periods, together with explanatory commentary on the key issues for each risk.

4.3 As a result of the current risk review 7 scores have remained unchanged, 1 risk has increased and 3 new risks added.

##### **4.4 New Risks**

- Red risk RSK11 – Rollout of Universal Credit (Row No. 2)
- Red risk RSK12 – Extension of Right to Buy to registered provider tenants (Row No. 3)
- Yellow risk RSK13 – Failure to deliver key Corporate Projects (Row No. 7)

##### **4.5 Risk Score Increased**

- Amber risk RSK2 – Local Development Plan (Row No. 4)  
This risk has been increased due to the possible impact on the borough should the LDP not be delivered on time.

##### **Risk Matrix**

4.6 The thirteen risks are plotted on the risk matrix below. The current assessment identifies that three risks will remain in the red area of the risk matrix.

Likelihood/Probability	5	10	15	20	25
	4	8	12	16	20 RSK1 RSK11 RSK12
	3	6	9	12 RSK4 RSK9	15 RSK2 RSK5 RSK10
	2	4	6	8 RSK3 RSK7 RSK8	10 RSK13
	1	2	3	4	5
	Negligible	Minor	Moderate	Significant	Major
Negative Impact/Severity					

No.	Risk	No.	Risk
1	Finance Pressures	8	Contract/Partnership Failure
2	Local Development Plan	9	Lack of Strategic Direction
3	Disaster Recover/Continuity Planning	10	Failure to Spend Capital Receipts
4	Organisational Capacity	11	Roll out of Universal Credit
5	Information Management and Security	12	Extension of Right to Buy to registered provider tenants
7	Commercial Activities	13	Failure to deliver key Corporate Projects

### Operational Risks

- 4.7 The Operational Risks, attached at Appendix C, have been updated and amended where necessary to reflect the actions being taken to manage the risks. At the time of writing this report there were 41 operational risks.

<b>Risk Group</b>	<b>No. of open risks on register</b>	<b>Low Risk</b>	<b>Medium Risk</b>	<b>High Risk</b>
Environmental Health	3		3	
Governance	1		1	
Localism	4	2	2	
Planning	5		5	
Street Scene	7	6	1	
Business Transformation	3		3	
Finance	9	2	7	
Housing	2	1	1	
Assets	6	6		
Customer Services	1		1	

## **5. Reasons for Recommendation**

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Heads of Service discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.
- 5.2 In addition the Risk & Insurance Officer will work with managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

## **6. Consultation**

- 6.1 None.

## **7. References to Corporate Plan**

- 7.1 Effective risk management arrangements will support the Council to achieve its corporate priorities. The process will enable identification of risks and issues enabling informed decision making to removed or reduce them in order for the priorities to be achieved.

## **8. Implications**

### **Financial Implications**

**Name & Title: Chris Leslie, Finance Director**

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- 8.1 There are no financial implications arising from this report.

## **Legal Implications**

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- 8.2 Effective risk management provides a means of identifying, managing and reducing the likelihood of legal claims or regulatory challenges against the Council.

## **9. Appendices to this report**

Appendix A – Strategic Risk Register

Appendix B – Strategic Risk Register Summary Sheet

Appendix C – Operational Risks

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