

7 March 2016

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 Risk Register 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.
- 3.2 The strategic risk register is 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 The Council's insurance premium is discounted by £5,000, which is used to buy Risk Management Services from Zurich Municipal.

3.4 A meeting was held with Matthew Hillier, Strategic Risk Consultant, Zurich Municipal to discuss the support that Zurich will undertake with the Council in the next financial year. This will include:-

- Strategic and Operational Risk Reporting Review
- Business Continuity Planning – Scenario Test

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 15 February 2016.

4.2 Attached to this report at Appendix A 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 one risk has increased, one decreased and ten scores have remained unchanged.

4.4 Risk Score Increased

- Red risk RSK1 – Financial Pressures (Row No. 1)
This risk has been increased to the highest risk rating following the Provisional Local Government Finance Settlement 2016/17.

4.5 Risk Score Reduced

- Green risk RSK9 – Lack of Strategic Direction (Row No. 12)
This risk has been reduced with the approval of the Corporate Plan 2016-2019 at the Ordinary Council Committee meeting on 18 November 2015.

Risk Matrix

4.6 The twelve 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 RSK1
	4	8	12	16	20 RSK11 RSK12
	3	6	9	12 RSK4	15 RSK2 RSK5 RSK10
	2	4	6	8 RSK3 RSK7 RSK8	10 RSK13
	1	2	3	4 RSK9	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

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

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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 Summary Sheet

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