

STRATEGIC RISK UPDATE

Audit Committee - 16 October 2018

Report of Audit Manager

Status For Decision

Key Decision No

Executive Summary: The Council continually monitors key strategic risk issues through the strategic risk register. These risks are reviewed, monitored and reported on a regular basis.

The Audit Committee is responsible for oversight of the Council's internal control, risk management and governance processes, and so has a vital role to ensure that sound risk management practices are being followed. As such, the Committee receives an update report annually to gain assurance that key risk issues are being managed effectively.

The report details the key strategic risk issues currently facing the Council and includes information on how we are currently managing each risk to an acceptable level. The strategic risk register is attached in Appendix A.

A summary of key changes is outlined in the body of this covering report.

This report supports the Key Aim of

Portfolio Holder Cllr. John Scholey

Contact Officers Russell Heppleston, Ext. 7053

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Recommendation to Audit Committee:

- a) That the strategic risk management process is noted
 - b) That the strategic risk register (Appendix A) is agreed
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Reason for recommendation: The Audit Committee is charged with oversight of risk management and so it is important that they are aware of the processes and key risk issues facing the Council. By reviewing and agreeing the strategic risk register the Committee is able to demonstrate that it is effectively discharging its duties in accordance with the Terms of Reference.

Introduction and Background

- 1 We recognise we will need to take risks, both in our ordinary business and to achieve the priorities set out in our Corporate Plan. Good risk management ensures we make well informed decisions and that we understand the associated risks. It is an important component to maintain effective governance and also provides control and a high level of due diligence consistent with our public responsibilities as a Local Authority.
- 2 Oversight of the Council’s risk management falls with the Audit Committee, and consistent with its Terms of Reference, the Committee receives regular updates to gain assurance over the effectiveness of processes in place to manage risks.
- 3 This report, and attached appendix A, provides an update to the Council’s strategic risk processes, and details the risk issues on the Strategic Risk Register.

Strategic Risk Process

- 4 Risk management is not the sole responsibility of one individual, but is a role for all of our Officers and Managers. In order to ensure that key risk issues are being identified and managed, risk management sits at the centre of the Council and is key risks are monitored by the Strategic Management Team. The cycle below shows how Officers, risk owners and Senior Officers are engaged in the process:



- 5 The report (Appendix A) includes further narrative on how we captured strategic risks, including the role of the *Risk Management Group*. We have followed the above process to review and update the strategic risk register. A summary of the key updates are set out below.

Key changes

6 Since being last reported (September 2017) the following key changes have been made to the register:

- **REMOVED RISK: Shared Services**

Rationale: While the Council will continue to consider shared service working, this risk was originally identified at a time when the Council was actively pursuing new partners. Given the existing shared services, the focus now is on effective delivery. These risks are managed through operational risk registers, service plans and performance measures.

- **ADDED RISK SR09: Customer re-design**

Rationale: This risk recognises the potential wider impact on service delivery and staff resulting from significant transformational work.

- **ADDED SR12: Safeguarding**

Rationale: The Council has robust controls in place to reduce the likelihood of failing to respond to a safeguarding concern. While the Council does not have direct social care responsibilities, the increased interactions with potentially vulnerable adults, families, coupled with the significant impact in the event of an incident, has resulted in this being escalated to the strategic risk register.

- **ADDED SR13: Local Plan**

Rationale: Recognised in the majority of Local Authority risk registers, until now the risks associated with the Local Plan have largely been managed through the Local Development Strategy. However, given the timing, and implications, this risk has now been escalated into the Strategic Risk register

- **Formatting changes**

Rationale: To enable the strategic register to stand alone as a key management document, including introduction, summary, and narrative to support how we score, monitor and maintain risks.

Emerging Risks

7 Risk management is a continuous process and it is important that we maintain an awareness of emerging risk issues so that we can respond to them in a timely and effective way. We have therefore added a 'risk radar' to illustrate some important risk issues that are, as yet, too uncertain to quantify. The inclusion of this will also enable Members to add emerging risk issues for consideration at a later date as and when appropriate.

Other Options Considered and/or Rejected

- 8 The Audit Committee has received regular updates on the Council's risk management processes, and strategic risks. The Committee could decide that it no longer requires these updates, however, that would be contrary to the Committee's Terms of Reference.
- 9 To continue to receive risk management updates is therefore the only option considered.

Key Implications

Financial

Risk management support is provided through the Internal Audit partnership within existing budgets and resources. This decision therefore has no direct financial implications.

Legal Implications and Risk Assessment Statement

There are no legal implications associated with this decision.

Risk management is the focus of this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Strategic risk management helps the Council to maintain awareness of key issues that could prevent the successful delivery of the vision and priorities set out in the Corporate Plan. The strategic risk register (Appendix A) sets out the Council's response to these key risk issues. It is important that the right risks are captured, and that the Audit Committee is assured that appropriate mechanisms are in place to manage any high level risks to an acceptable level.

Appendices

Appendix A - Strategic Risk Register

Background Papers

The **risk management strategy** was reported to and agreed by Audit Committee in [September 2017](#).

The **Strategic risk register** was last reported to and agreed by the Audit Committee in [September 2017](#).

Adrian Rowbotham
Chief Finance Officer