

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date</b> 19 February 2018	<b>Meeting Name:</b> Audit, Governance and Standards Committee
<b>Report title:</b>		Annual report to the audit, governance and standards committee on the council's risk register and refresh of the risk management policy statement and strategy	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## RECOMMENDATIONS

1. That the audit, governance and standards committee note the annual report on the council's risk register and consider whether it would wish to propose any amendments for consideration.
2. That the audit, governance and standards committee note the refresh of the risk management policy statement and strategy.

## BACKGROUND INFORMATION

3. The key corporate risks were last reported to the committee in February 2017 with the 2016 risks, and this report provides an annual update.
4. Specifically, the report provides an overview of the council's risk profile, risk categories and the key corporate risks for 2018 from across the council. Each department has reviewed their risk registers in advance of this report to ensure the report is as up to date as possible.
5. The council's risk management strategy was formally approved by the then audit committee in February 2008, but as it has not been reviewed since 2014 when it was updated to reflect changes in terminology, it was felt timely to look at it again to ensure that it remains relevant.

## KEY ISSUES FOR CONSIDERATION

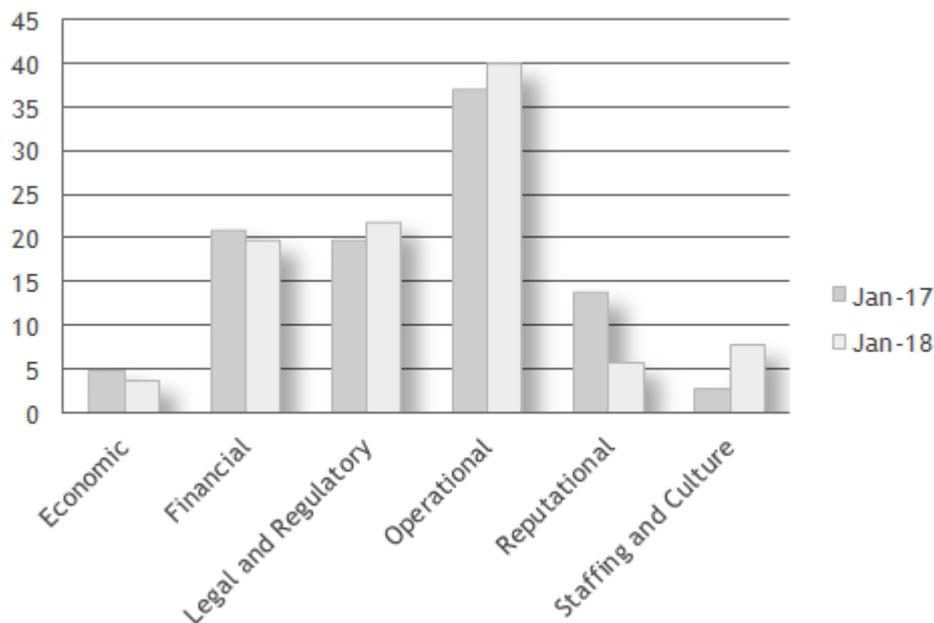
### Overview

6. The council's risk profile is made up of key departmental risks and cross-departmental risks that the council faces in achieving its corporate aims and objectives, and is derived from an identification, assessment and mitigation of risk at departmental level based on the council's tolerance to these risks.
7. The departmental risk champions then collectively validated the individual departmental risk registers and completed a review and aggregation exercise to identify the key risks facing the council as a whole. This base exercise was repeated in November 2017 and the corporate risk register updated as appropriate.

## Risk categories

8. The council uses the following risk categories to capture risk:
- Economic (e.g. credit crunch impacting on service delivery)
  - Financial (e.g. budgetary constraints)
  - Reputational (e.g. failures of service delivery which hit the press)
  - Staffing & Culture (e.g. recruitment & retention)
  - Operational (e.g. services not being delivered)
  - Legal & Regulatory (e.g. not complying with a statutory duty)
9. The 2018 split of number of risks by risk category is displayed in the diagram below with the split for 2017 included for comparison. There has been an increase in the number of operational, staffing/culture and legal/regulatory risks since 2017. Frequent risks across departments related to: the loss of key experienced staff and recruitment and retention; service and project delivery as a result of spending pressures, and an uncertain environment post Brexit Having reviewed these risk categories there is generally an increase surrounding the spending pressures across the council. In addition, there have been some new risks related to changing legal and regulatory environment and also governance.

**Percentage Risk by Category**



## Corporate Risk Register

10. Each department has a departmental risk register. These are updated via the network of departmental risk champions who work with the departmental senior management teams to regularly update each risk register. Each risk register records the risk, assessment score, ownership and key controls and action plans to manage each risk.

11. Each risk contains a mitigation strategy that outlines both the current controls in place to manage the risk but also identifies where required any further controls needed to reduce the risk.
12. It is these individual risk registers stored on the council's risk management software system that are used to build the corporate risk register.
13. The table below provides a breakdown of the number of risks (by their risk score range) across all council departments.

Risk Assessment	Score Range	Number of Risks	
		Jan 2017	Jan 2018
Red	76 - 100	13	19
Amber	37 - 75	70	111
Yellow	22 - 36	22	37
Green	1 - 21	9	17

14. The total number of risks in the database is currently 184 which is an increase in the number of risks reported in 2017. There has been an increase of risks in each assessment level, with a significant increase in the number of amber risks. The increase in risks is reflective of changing regulatory environments (for example, the introduction of GDPR in 2018) and continuing financial pressures.

### Key corporate risks

15. Following a review and validation of the combined departmental risk registers and an aggregation exercise, the top risks across the council have been identified. These top risks are attached in appendix 1.
16. The top risks are generally those that have been assessed as amber or red and which appear in more than one departmental risk register, and are therefore relevant to more than one department. These top risks are those risks which require most proactive management to ensure that all appropriate mitigation actions have been considered and are being implemented as far as possible.
17. The committee is asked to review the corporate risk register and to consider whether it would wish to propose any amendments. Over and above any observations that members may have on any issues, the corporate governance panel will be reviewing the register at their meeting in April 2018. Subject to these discussions, Strategic Directors and their teams will be invited to review risks, their weightings and mitigating actions to take account of any emerging issues. Areas which members may wish to consider are:
  - Events last year at both Grenfell and Ledbury
  - Children's and Adults budgetary issues
  - Local government finance developments including the London business rates pool etc.
  - Failure of a major contractor delivering services to vulnerable service users.

### **Risk management policy statement and strategy**

18. As noted above, the council's risk management strategy was formally approved in 2008 and updated in 2014. As a 'standing' document, much of it remains relevant but following a review and discussions with key officers, it has however been refreshed so that it reflects the current position and more closely aligns with the council plan and performance challenge arrangements. The refreshed document is attached at appendix 2. Work is also underway to review the more detailed risk management procedures referred to in it.
19. It has been considered by the corporate governance panel and the cabinet member for finance, management and performance and takes on board their comments. Members of this committee are asked to note this refresh of the risk management policy statement and strategy.

### **Policy implications**

20. This report is not considered to have direct policy implications.

### **Community impact statement**

21. This report is not considered to have direct impact on local people and communities; however the management of risk is key to the successful achievement of the council's objectives.

### **Resource implications**

22. This report is not considered to have direct impact on resource implications.

### **Consultation**

23. Consultation has not been undertaken.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

24. None required.

### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
None		

### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	The Key Corporate Risks as at January 2018
Appendix 2	Risk Management Policy Statement and Strategy 2018

## AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report Author</b>	Jo Anson, Head of Financial and Information Governance	
<b>Version</b>	Final	
<b>Dated</b>	8 February 2018	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>	8 February 2018	