Report of the Head of Strategic Support

Part A

ITEM   <u>RISK MANAGEMENT (RISK REGISTER) UPDATE</u>

<u>Purpose of Report</u>

The purpose of this report is to provide the Committee with details of the Strategic Risk Register produced for the period to 2019/20 and to provide an update on progress with the review of the Risk Management Framework.

<u>Recommendation</u>

The Committee notes the report.

<u>Reason</u>

To ensure the Committee is kept informed of progress against the strategic risks that should they crystallise would cause the Council to be unable to operate and/or provide key services leading to a significant adverse effect on public wellbeing.

<u>Policy Justification and Previous Decisions</u>

The Strategic Risk Register for the remainder of the current financial year and for 2019/20 was approved by Cabinet on the 13th December 2018. Cabinet resolved that the Audit Committee monitor progress against those risks on the register by receiving and considering monitoring reports on a quarterly basis.

<u>Implementation Timetable including Future Decisions</u>

Reports will continue to be submitted to the Committee on a quarterly basis.

<u>Report Implications</u>

The following implications have been identified for this report.

Financial Implications

None

Risk Management

There are no specific risks associated with this decision.

Background Papers: None

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Part B

<u>Background</u>

1. In accordance with the Committee's work programme the Committee receives monitoring reports in respect of the Council's risk management arrangements. The reports provide a detailed commentary against the risks included in the strategic risk register.

<u>Risk Management Arrangements</u>

2. The Council's risk management arrangements have been reviewed to address the recommendation made following the Local Government Association (LGA) Peer Challenge review undertaken in March 2018.

   - **Establish risk appetite and strengthen approach to risk management.**
     To provide stronger assurance around risk and identify a risk tolerance level that is right for Charnwood to further its commercial activities.

3. Following the risk management review, a revised Risk Management Strategy and Framework together with a proposed Strategic Risk Register to cover the period to March 2019, were presented to and approved by Cabinet at their meeting of 13th December 2018.

4. The Risk Management Strategy is a high level document that sets out the Council's strategic approach to risk management. (Appendix A).

5. The Risk Management Framework provides the detailed approach to risk management including the risk matrix and risk appetite tables for measuring the level of risk and ensuring that risks are managed within the Council's risk appetite. (Appendix B)

6. The Council has reverted from the previous three levels of risk to two levels i.e. strategic risks and operational risks. The Council's working definition of risk, to be applied to both strategic and operational risks is:

   "Risk is something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat."

7. The risk matrix has been revised to a 4x4 matrix as set out in the Risk Management Framework. Risks will continue to be measured based upon likelihood and impact; i.e. the likelihood of the risk materialising and the impact to the Council should the risk materialise to produce the overall risk rating.

9. As recommended, following the LGA Peer Challenge review, risk tolerance levels have been set to reflect the Council's 'risk appetite'. As the Council is a diverse organisation, with statutory obligations, it has been recognised that it is not appropriate to set one level of risk appetite to be applied to all identified risks. Therefore, as stated in the Risk Management Framework the Council has set the

risk appetite for four primary risk types i.e. strategic, delivery, financial and compliance. Although many risks will fall into more than one risk type it is the primary risk type i.e. the one that carries the greatest risk that will be used to manage the risk within the tolerable level.

10. The format of the Strategic Risk Register has been amended as set out in the Risk Management Framework. The revised format allows for commentary to be included as to the current status of the risk and for a risk owner to be identified who will be responsible for the management of the risk. This template will also be used at service level for operational risk registers incorporated into Team Plans).

Development of the Strategic Risk Register

11. The Strategic Risk Register was produced following consultation with the Corporate Management Team, Cabinet members and Audit Committee members.

12. In reading the Strategic Risk Register attached at Appendix C it is important to understand that the 'Overall Score' shown in the first risk matrix is the risk that the Council would bear if *no* actions were taken to mitigate the risk. In the vast majority of cases the Council is able to operate risk mitigation processes which result in the lower 'Net Risk Score' shown in the second risk matrix it is this latter score which represents the current assessment of strategic risks faced by the Council.

13. Ongoing work will be undertaken with Services to fully identify existing mitigating controls and actions, and to review the residual risk scores.

Appendices

Appendix 1 – Risk Management Strategy

Appendix 2 – Risk Management Framework

Appendix 3 – Strategic Risk Register 2018/19 - 2019/20, as at 31st January 2019.