

Audit and Governance Committee 24th April 2023

Report Title	Strategic Risk Register update
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List of Appendices

Appendix 1: Strategic Risk Register

Appendix 2: Risk heat map

Appendix 3: Risk scoring methodology

1. Purpose of Report

- 1.1 To provide the committee with a quarterly update on the Council's Strategic Risk Register entries.

2. Executive Summary

- 2.1 The Council's Risk Management Strategy defines the Council's risk management approach and the practices required to make it work. The strategy includes quarterly updates on the Strategic Risk Register for the Audit & Governance Committee.
- 2.2 An updated register is provided for the Committee's consideration. The format has been further developed and reviewed with Corporate Leadership Team and the content has been subject to a full review by management.

3. Recommendations

- 3.1 It is recommended that the Committee:

- a) Note the risk management update.
- b) Discuss and advise the Chief Internal Auditor of two risk register entries the Committee wishes to prioritise for coverage in the rolling Internal Audit risk reviews over the next six months.

- 3.2 Reason for Recommendations –

- For the Committee to exercise its duties and responsibilities within its Terms of Reference and provide independent assurance of the adequacy

of the risk management framework and the associated control environment.

4. Report Background

- 4.1 The Strategic Risk Register details the strategic risks faced by the Council in relation to achieving its corporate priorities. The Register also notes the current mitigation action being taken to control these risks and reflects the current, residual risk score.
- 4.2 The content of the Strategic Risk Register entries has been reviewed and updated by Corporate Leadership Team and a copy is provided for the Committee's information, as Appendix A to this report. The amendments made to the risk entries since the last report to Audit and Governance Committee are summarised in Table 1.
- 4.3 It should be noted that whilst Internal Audit assist with the facilitation of risk management, CLT are responsible for defining all risk entries and scoring, and applying the Risk Management Strategy.

Table 1: Updates to Strategic Risk Register entries

Risk entry	Update
Risk 02: Failure of corporate governance/meeting statutory requirements/ poor decision making.	Current score reduced from 16 to 12 (reduced likelihood from 4 to 3). Reflecting progress made with actions. This remains amber on the heat map.
Risk 08: Inability to remain within budget (2022/23)	Current score reduced slightly from 16 to 15 (increased likelihood from 4 to 5 but reduced impact from 4 to 3). This reduces the risk from red to amber on the heat map. Whilst the latest forecast outturn for the Council near year end remains as an overspend position, hence the increase in the likelihood, the impact has been reduced slightly as this has been allowed for within the Council's available reserves. The draft outturn report for 2022/23 will be available around June/July 2023.
Risk 13: Legacy legal claims of predecessor Councils	Risk description updated. Score remains at 15 (3 for likelihood and 5 for impact).

- 4.4 To assist in informing the review of the risk register, a summary has also been provided in Appendix 2 to this report, in the form of a heat map, showing the current scores in relation to the risk framework.

- 4.5 A copy of the risk scoring methodology is provided as Appendix 3 to this report, for the Committee's information in reviewing the register. This is an extract from the Council's Risk Management Strategy.
- 4.6 As part of the annual Internal Audit Plan, rolling real-time reviews of the risk register entries were introduced in 2022/23. To date, the risks for review have been selected by the Chief Internal Auditor, based on the difference between the inherent and residual risk scores (i.e. where a greater reduction in scoring has been assigned, based on the stated controls being in place) and where other sources of assurance have not been available. The Committee's input on risk entries for prioritisation, in considering the quarterly risk register updates, would be welcomed and used to inform the audit team's work in this area.

5. Issues and Choices

- 5.1 The report provides an update on the Strategic Risk Register. The Committee has the opportunity to review the entries and scoring within the register and obtain assurance that this suitably reflects the risk environment and the risk management process is effective.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 None specific to this report.

6.2 Legal

- 6.2.1 None specific to this report.

6.3 Risk

- 6.3.1 The maintenance of an effective risk management framework is crucial to managing risk effectively. The Strategic Risk Register is a key part of that framework. The report itself does not give rise to any specific risks for consideration.

6.4 Consultation

- 6.4.1 None specific to this report.

6.5 Consideration by Scrutiny

- 6.5.1 Not required on this occasion.

6.6 Climate Impact

- 6.6.1 None specific to this report.

6.7 Community Impact

- 6.7.1 None specific to this report.

7. Background Papers

7.1 None.