

Audit and Governance Committee 14th August 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. Quarterly updates on the Strategic Risk Register are provided for the Audit & Governance Committee.
- 2.2 An updated register is provided for the Committee's consideration. The content has been reviewed by the Corporate Leadership Team, informed and supported by regular review of all directorate level risk registers.

3. Recommendations

- 3.1 It is recommended that the Committee:

a) Note the risk management update.

- 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 07 Unsustainable finances (medium term from 2024/25)	Inherent score increased from 16 to 20 due to increased impact (raised from 4 to 5). This reflects that whilst the budget for 2023/24 is balanced, the position for 2024/25 onwards continues to be uncertain due to the prevailing economic climate particularly inflationary factors for pay and prices, as well as demand pressures, such as children's services and adult social care. The residual risk remains at 12 (3 for likelihood and 4 for impact) as the Council seeks to update the medium financial plan in advance of the new financial year.
Risk 08 Inability to remain within budget for the current year (2023/24)	Residual score increased from 15 to 20 due to increased impact score (raised from 3 to 4). This recognises the inflationary increases being higher than the Office for Budget Responsibility (OBR) forecast at the time the budget was set in addition to cost of living challenges. The requirements from demand led services such as children's social care are concerning and already outstripping the budget as at P2 reporting. Other areas such as Home to School Transport and Adult Social Care also remain a risk in this regard.

- 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.

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.