

**To: Audit and Governance Committee**

**Date: 01 March 2018**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting as at 31st December 2017.**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at 31 December 2017.

# Key decision: No

**Executive lead member: Councillor Ed Turner**

**Policy Framework: Efficient and Effective Council**

**Recommendation(s): That the Committee notes the content of the report**

**Appendices:**

**Appendix A Corporate Risk Register**

**Risk Scoring Matrix**

1. The Council operates a ‘five by five’ scoring matrix. The methodology for scoring risks is set out below along with a copy of the scoring matrix or ‘heat map’.
2. It is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower rating on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.
3. The risk prioritisation matrix is shown below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Probability** |  |  |  |  |  |  |
| Almost | 5 | **5** | **10** | **15** | **20** | **25** |
| Certain |
| Likely | 4 | **4** | **8** | **12** | **16** | **20** |
| Possible | 3 | **3** | **6** | **9** | **12** | **15** |
| Unlikely | 2 | **2** | **4** | **6** | **8** | **10** |
| Rare | 1 | **1** | **2** | **3** | **4** | **5** |
|  |  | 1 | 2 | 3 | 4 | 5 |
|  | **Impact** | Insignificant | Minor | Moderate | Major | Severe |

|  |  |  |  |
| --- | --- | --- | --- |
| **Key:** | **Green** | **Amber** | **Red** |
|  |  |  |  |

**Risk Identification**

1. **Corporate Risks –** The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Directors.
2. **Service Risks –** Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine whether they should be considered for inclusion in the Corporate Risk Register.
3. **Project and Programme Risk –** The Council adopts the principles of Prince2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of risk within a project environment. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

**Quarter 2 Corporate Risk Register**

1. The new Corporate Risk Register is attached at Appendix A.

1. There are no Red Risks as at 31st December
2. There has been no change in the number of Amber and Green risks since the last quarterly report.
3. The table below shows the levels of red, amber and green residual risks over the last 12 months.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q4 2016/17** | **Q1 2017/18** | **Q2 2017/18** | **Q3 2017/18** |
| Red | 1 | 1 | 0 | 0 |
| Amber | 5 | 7 | 8 | 9 |
| Green | 4 | 2 | 2 | 1 |
|  |  |  |  |  |
| **Total risks** | **10** | **10** | **10** | **10** |

**Service Risk Registers**

1. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.

1. The table below shows the number of service risks as at 31st December compared with the last 12 months. Four risks were closed in Q3. Two new risks were added:-
   * Law & Governance – this relates to the new General Data Protection Regulations which come into effect on 25 May 2018. Failure to adequately prepare for GDPR implementation and adhere to the requirements of data protection legislation could result in a reputational risk for the Council together with financial penalties and potential litigation.
   * Community Services – this relates to legal action against the Council in regards to sex establishment fees. Informal discussions currently taking place between solicitors acting on the behalf of each respective party with the intention of making a proposal to settle the claim without the need or added expense of a Court hearing.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Current Risk** | **Q4**  **2016/17** | **Q1 2017/18** | **Q2 2017/18** | **Q3 2017/18** |
| Red | 2 | 2 | 1 | 1 |
| Amber | 32 | 38 | 40 | 39 |
| Green | 34 | 27 | 27 | 25 |
| **Total risks** | **68** | **67** | **68** | **65** |
| New risks in quarter | 1 | 0 | 3 | 2 |
| Closed | 4 | 1 | 2 | 4 |

1. There is one red risk at 31st November. This is as follows:-
   * Financial Services – relates to Treasury Management and the safety of investments. This risk is red because of the potentially high impact, although the probability of a loss occurring is rated as possible due to the controls the Council has in place around counterparty selection and duration of investment.

**Climate Change / Environmental Impact**

1. There are no specific impacts arising directly from this report. The appendices set out mitigations against the Council’s corporate risks.

**Equalities impact**

1. There are no equalities impacts arising directly from this report

**Financial Implications**

1. There are no financial implications arising directly from this report.

**Legal Implications**

1. There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of corporate governance.

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**List of background papers: None.**