AUDIT & STANDARDS COMMITTEE	Agenda Item 12
	Brighton & Hove City Council

Subject:	**Strategic Risk Register Review**
Date of Meeting:	**23 June 2015**
Report of:	**Interim Executive Director Finance & Resources**
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Ward(s) affected:	**All**

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control. As part of discharging this role it reviews the Strategic Risk Register, recently updated by the Executive Leadership Team (ELT) on 22 April and 6 May 2015.

1.2 The Strategic Risk Assessment Report (Appendix 1) provides further detail on the actions taken (existing controls) and planned actions ('solutions') to manage each strategic risk. Background information/Terms Used is set out is on the final page of the Appendix.

1.3 For information, the context of Risk Management arrangements and roles and responsibilities at Brighton & Hove City Council; and how risk management contributes to governance and the wider performance framework are also provided.

2. RECOMMENDATION:

2.1 That the Audit & Standards Committee notes the Strategic Risk Report (Appendix 1).

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Strategic Risk Register details the current prioritised risks which may affect achievement of the council's Corporate Plan purpose, including in relation to its work with other organisations across the city. It is reviewed and agreed by ELT every six months (usually May and November) and provides evidence of a risk aware and risk managed organisation.

3.2 Across the council there are a number of risk registers which prioritise risks consistently by assigning scores 1-5 to assess the likelihood (denoted by 'L') that the risk will occur and the potential impact (denoted by 'I') if it should occur. These L and I scores are multiplied; the higher the result of L x I, the

greater the risk. A colour coded system, similar to the traffic light system, is used to distinguish risks that require intervention. Red risks are the highest and are those that require management as do Amber risks. Red and Amber risks are the levels of risks which will be recorded on the Strategic Risk Register. There is a process in place to manage risks at the appropriate organisational level, but also to enable risks to be 'escalated' for the consideration of ELT as part of their Strategic Risk Register review.

3.3   Risk management is an element of Brighton & Hove City Council's Performance Management Framework for 2015-16. It consists of 8 elements as follows: business planning & management; risk management; finance management; customer insight; modernisation programmes/projects; people management; health & safety management; and quality assurance.

3.4   <u>Risk management and roles/responsibilities at Brighton & Hove</u>

3.4.1   Risk management is about getting the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other. It can also be referred to as ROM (Risk & Opportunity Management) and accords with the International Standard (ISO) 31000 for Risk Management which defines risk as 'the effect of uncertainty on objectives' and further expands that 'an effect is a positive or negative deviation from what is expected'. Using risk management methods helps to prioritise issues, allocate resources and deliver successful outcomes.

3.4.2   Roles & responsibilities for Risk Management were approved by Policy & Resources Committee in January 2014 as part of the Council's Risk Management Strategy 2014-2017. The table below (an extract of the Risk Management process) sets out roles & responsibilities, including that of Members:
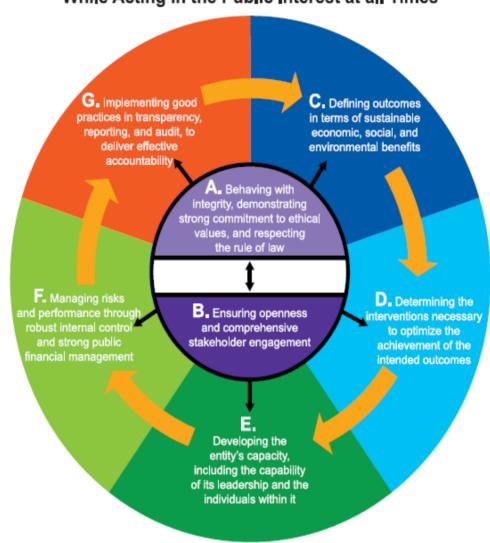
Roles & Responsibilities	How
All Staff and Risk Owners delivering a particular service or business objective (including Corporate Management Team and Heads of Service)	
* Achievement of agreed objectives within legal and budgetary boundaries * Proactive risk & opportunity management in their day to day activities * Agree resource allocation within their allowed boundaries * Identify the need for escalation of risks through the reporting process * Staff take responsibility for their own learning and access intranet (Wave) resources for e-learning and guidance documents	* Through ownership of a business plan with a robust and integrated risk register * Through ownership of a project plan and associated risk register * Make use of the comprehensive risk management information including information relating to insurance, health and safety, business continuity on the Council's intranet and access training to assist them in fulfilment of their responsibilities * Scheduled progress meetings, e.g. with manager or project board to report progress towards achievement of objectives & management of risks * Behave appropriately in role on behalf of the Council
Risk Owner for organisations delivering services for, or with, the Council e.g. contractor/supplier/partners	
* Comply with their own organisation's risk management arrangements * Achieve objectives agreed with the Council	* Provide evidence of organisation's risk management arrangements * Scheduled progress meetings * Know who they need to be working with in ensuring safe and sustainable service delivery

Roles & Responsibilities	How
The Executive Leadership Team (ELT)	
* Manage the strategic risks faced by the Council, including in its partnership work * Responsible for reviewing and developing the strategic risk register at least six monthly and management action plans to address risk * Provide the leadership and support to promote a culture in which risks and opportunities are managed with confidence at the lowest appropriate level	* Risk Owners to review, or delegate responsibility via the usual Performance & Risk Management Framework arrangements for the purposes of reporting to Councillors and the Audit & Standards Committee * Ensure that any significant approved new projects or changes have appropriate risk management arrangements * Ensure that reporting of the Strategic Risk Register clearly informs the public of reasons for any additions or deletions * Ensure lessons are learned across the Council
Members (Councillors)	
* Be aware of the Strategic Risks affecting the City Council as detailed in the council's Strategic Risk Register * Satisfy themselves on whether appropriate information on risk and opportunities are contained in reports submitted for decisions	* Receive the Strategic Risk Register, updated six monthly by ELT, and reported for information to Leaders' Group, Opposition Spokespersons/Chairs Group and then to the Audit & Standards Committee * Make use of the comprehensive risk management information on the Council's intranet (includes the Strategic Risk Register) and access training to assist them in fulfilment of their responsibilities
Council Elected Member Leadership (Policy & Resources Committee – 'P&R')	
* Approve the Risk Management Strategy * Be aware of the Strategic Risks affecting the City Council as detailed in the council's Strategic Risk Register and the Risk Management Action Plans for each strategic risk * Satisfy themselves on whether appropriate information on risk and opportunities are contained in reports submitted for decisions	* Decision on the Risk Management Strategy report * Rely on the Audit & Standards Committee's opinion on the effectiveness of risk management & internal control via the annual report to P&R * Make use of the comprehensive risk management information on the Council's intranet and access training to assist them in fulfilment of their responsibilities
The Audit & Standards Committee	
* Ensure independent assurance of the adequacy of Risk Management and the associated control environment * Engage in Risk Management training to increase their knowledge and understanding and ensure lessons are learned across the Council and partners	* At least annually receive the strategic risk register, and reports on risk management arrangements, Risk Management Programme and progress * Where it considers it appropriate, make recommendations to the relevant Council body; in most cases this would be the appropriate Committee

3.5. How risk management contributes to Governance

   3.5.1 Risk management helps to achieve the fundamental function of good governance which is 'to ensure that entities achieve their intended outcomes while acting in the public interest at all times'

   3.5.2 The International Framework: Good Governance in the Public Sector defines governance as comprising 'the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'.

3.5.3 The link between risk management and the wider performance management framework to achieve Governance is set out in the diagram below. It is part of the International Framework: Good Governance in the Public Sector developed by The International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) .

Achieving the Intended Outcomes
While Acting in the Public Interest at all Times

G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

F. Managing risks and performance through robust internal control and strong public financial management

B. Ensuring openness and comprehensive stakeholder engagement

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

4.   **The review of the council's Strategic Risk Register (SRR) 2015/16**

4.1   ELT are responsible for reviewing the SRR and individual ELT members are assigned as 'Risk Owners' responsible for co-ordinating action to manage the Strategic Risks. ELT's review is informed by Directorate Risk Registers which are reviewed at least quarterly in line with the SRR review and Audit & Standards Committee timetable

4.2   Each strategic risk has a unique identifying number and is prefixed by 'SR', representing that it is a strategic risk. Each has an accompanying strategic risk Management Action Plan ('risk MAP') which is collated and stored on the

Integrated Risk Manager (IRM) software, part of the "Interplan" package. A risk MAP details mitigating ('existing') controls and further work planned ('solutions') to manage the risks.

4.3 Summary of main changes made this time to the Strategic Risk Register

There are now 13 strategic risks, at a Red or Amber level. Full details are provided in Appendix 1.

A new risk has been added by ELT as SR24 'Welfare Reform post-election 2015'.

Other than this new risk, there were no changes to risk scores and only updates were made to the remaining Risk MAPs although:

- SR19 (risk title previously was 'Implementation of the Care Act') has been significantly updated to reflect that the impact of Phase 1 of the Care Act has yet to be fully realised; and that Phase 2 of the Act provides further challenge. The Risk Title is now 'Impact of Care Act- Phase 1/ Implementation Phase 2';

- SR10 Information Governance shows a changed focus to reflect a complex array of legislation, including Data Protection.

4.4 Summary of Whole Risk Register

The table below sets out the risks in order of revised risk score which is assessed after taking into account the Existing Controls to provide a more 'realistic' prioritisation of risks compared against each other.

As risks are managed, the unique risks may be removed from the Strategic Risk Register and in that case, a gap in sequential numbering will arise.

Risk No.	Risk Title	Revised Risk Score		Revised Risk Score (L x I)	Revised Risk Rating
		Likelihood (L)	Impact (I)		
SR23	Developing an investment strategy to refurbish and develop the city's major asset of the seafront	4 Likely	4 Major	16	RED
SR2	Financial Outlook for the council	4 Likely	4 Major	16	RED
SR19	Impact of Care Act: Phase 1/ Implementation Phase 2	4 Likely	4 Major	16	RED
SR18	Effective use of technology	4 Likely	4 Major	16	RED

Risk No.	Risk Title	Revised Risk Score	Revised Risk Score (L x I)	Revised Risk Rating	Risk No.
SR13	Keeping vulnerable adults safe from harm and abuse	3 Possible	4 Major	12	AMBER
SR15	Keeping children safe from harm and abuse	3 Possible	4 Major	12	AMBER
SR10	Information Governance Management	3 Possible	4 Major	12	AMBER
SR17	School Places Planning	3 Possible	4 Major	12	AMBER
SR20	Better Care Fund	3 Possible	4 Major	12	AMBER
SR21	Housing Pressures	3 Possible	4 Major	12	AMBER
SR22	Modernising the Council	3 Possible	4 Major	12	AMBER
SR24	Welfare Reform post-Election 2015	4 Likely	3 Moderate	12	AMBER
SR8	Becoming a more Sustainable city	3 Possible	3 Moderate	9	AMBER

5.   ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

5.1   Consultation has taken place with the council's Executive Leadership Team; all Directorate Management Teams; and representatives of all the political parties.

5.2   The Strategic Risk Register will be sent to the City Management Board partners for information; which reflects the city wide performance & risk management approach.

6.   FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

6.1   The Strategic Risk Register reflects a number of risks which have potential significant financial implications for the authority either directly or indirectly. The risk owners are responsible for overseeing the effective management of the risks through the Risk Management Action Plans and for highlighting financial risks through the budget monitoring process and budget strategy development.

Finance Officer Consulted: James Hengeveld   *Date: 18/05//15*

Legal Implications:

6.2   This report comes before Audit & Standards Committee in order for the Committee to discharge its function of providing independent assurance of the adequacy of the council's risk management and associated control environment. Having reviewed the latest Strategic Risk Register and the Risk Management Action Plans or "Risk MAPs" contained in the Strategic Risk Assessment Report, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy & Resources Committee, one or more officers or another relevant body in the council.

Lawyer Consulted: Elizabeth Culbert   *Date: 13/05//15*

Equalities Implications:

6.3   There are no direct equalities implications. Equalities will be incorporated as appropriate across all Strategic Risks and Risk MAPs by the officers responsible for taking actions.

Sustainability Implications:

6.4   The risk management methodology includes identification and management of sustainability issues. There is a specific Strategic Risk, SR 8, Becoming a more sustainable city. However, Sustainability will be incorporated as appropriate across all Strategic Risks and Risk MAPs..

Any Other Significant Implications:

6.5   None.

SUPPORTING DOCUMENTATION

Appendices:

1.   Strategic Risk Assessment Report May 2015.

Documents in Members' Rooms

1.   None.

Background Documents

1.   Risk Management Strategy 2014-2017.