



**Audit and Standards Advisory
Committee**
7th June 2022

**Report from the Director of Legal
HR Audit and Investigations**

Strategic Risk Register

Wards Affected:	All
Key or Non-Key Decision:	Not applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	One Appendix 1 – Strategic Risk Register
Background Papers:	None
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1.0 Purpose of the Report

- 1.1 This report provides an update on the Council's Strategic Risk Register.
- 1.2 The Strategic Risk Register summarises the Council's corporate risk profile as at the end of 2021-22, and has been prepared in consultation with risk leads, Departmental Management and Senior Leadership Teams, and CMT.

2.0 Recommendation

- 2.1 The Committee is asked to note the report.

3.0 Risk Management Framework

- 3.1 The Council's Risk Management Policy and Strategy sets out the general framework for the identification, assessment and management of risks across the organisation. It also clearly sets out the roles and responsibilities of key stakeholders within that framework.
- 3.2 The key elements of the Council's Risk Management Policy and Strategy are:

- Risk management is a key element of the Council's governance framework;
 - Risk management is aligned to the Council's corporate objectives and priorities to help ensure that these are resulting outcomes are achieved;
 - All Members and Officers have responsibility and a role to place in managing risks;
 - Statutory responsibilities exist within the Accounts and Audit Regulations requiring Local Authorities to have arrangements in place for managing risks.
- 3.3 Risk management practices have also been incorporated into various decision-making activities, including corporate, directorate, service and financial planning; strategic policy decision making; performance and project management; health and safety, and other relevant activities.
- 3.4 Enhancements continue to be made to the Council's risk management framework, where deemed necessary and appropriate to do so. As part of this iteration of the Strategic Risk Register, Risk sponsors have been assigned for each strategic risk, who will be accountable for the risk mitigating actions and controls. The risk impact matrix has also been expanded to help consider, identify and articulate risk impact across a number of factors, including financial, service delivery, health and safety and reputational impacts. Both of these enhancements can be seen in Appendix A.

4.0 Strategic Risk Register

- 4.1 The Council's Strategic Risk Register is reviewed and updated biannually and records the risks that are considered by senior management to be of impact and/or likelihood of materialising and which may have an adverse effect on the achievement of the Council's corporate objectives.
- 4.2 The content is provided via a 'bottom-up' provision of risks from services and departments which are deemed to require consideration at the higher level. Additionally, risks are input directly from Council Management Team (CMT).
- 4.3 Continual development of risk registers facilitates opportunities to reduce duplication between departments in identifying and managing overlapping risks whilst providing opportunities for shared learning across the Council.
- 4.4 To aid the most recent review of the Strategic Risk Register, a session on strategic risk management was held at the Council's Senior Managers Group on 26th January 2022 to collaboratively review and propose amendments to the Council's key risks.
- 4.5 Outcomes from this exercise were analysed and reviewed with CMT, which has resulted in a number of amendments being made to the Strategic Risk Register, as set out in the sections below.

New risks

4.6 The following new risk areas have been added to the Strategic Risk Register:

- Cost of living crisis
The cost of living crisis caused by rising rates of inflation and fuel/energy costs, may result in more families and households to fall into unemployment and poverty, which may lead to increased level of service demand on the Council and place additional pressure on front-line services.
- Recruitment and retention
Failure to recruit and retain sufficient permanent staff to a significant number of posts, including senior managers, leaves services without sufficient and/or sufficiently qualified staff leading to services being impaired and an overreliance on agency/interim staff.
- Increased demand from migration and people movement
There is a risk that a sustained increase in migration and movement of people could result in increased demand on the Council's critical front-line services (including housing, education and looked after children), which may result in service deterioration, financial pressures and also impact on the wider cohesion of the community.

Closed risks

4.7 Four risks have been closed and removed from the Strategic Risk Register, as they have either been subsumed or superseded by new areas of strategic risk, or the risk score has reduced to a level which enables the risks to be managed and monitored via departmental and service level risk registers. These are:

- Delivery of the Digital Strategy
- Brexit - Economic uncertainty/loss of workforce
- Demand for services
- Delays in the re-procurement of key public realm services
- Workforce resilience

Amended risks

4.8 Amendments have also been made to the individual risk scores of existing risks, as illustrated by the 'previous' and 'updated' risk score columns. Amendments have also been made to the articulation of risks, where appropriate.

Inherent risks

4.9 There are a number of inherent risks that the Council faces, which continue to be owned and monitored at a Departmental level (and therefore do not form part of the Strategic Risk Register). These have previously been identified as:

- Safeguarding (Children and Adults);
- Business Continuity;
- Information Governance;
- Legislative Compliance;
- Fraud and Corruption;

- Major Unforeseen Event;
- Financial Stability, and
- Health and Safety.

4.10 These risks will be incorporated into the Strategic Risk Register when net or mitigated risk scores are deemed to be of a level that exceed the appropriate tolerance.

5.0 Departmental Risk Management

5.1 The Risk Management Policy and Strategy also requires departments 'to ensure that operational and strategic risks within departments are effectively managed'. Departments are also responsible for maintaining departmental risk registers and escalating risks to CMT where risks escalate beyond agreed tolerances.

5.2 Internal Audit continues to liaise with all departments to provide risk management support and to assist with the updating of their risk registers. Internal Audit also comment on the completeness and reasonableness of the information provided and use the information to inform their annual and in-year audit planning processes. This helps to ensure that audit resource is effectively targeted at providing assurance on the highest risk areas.

6.0 Enhancements to the Council's Risk Management Framework

6.1 Risks are assessed and scored in terms of their residual/net impact and likelihood scores, using a 5x5 risk matrix. To aid the further enhancements to the Council's risk management framework, as shown in section 1 of Appendix 1, the impact descriptors have been expanded to assist with evaluating the impact of risks across a number of factors.

6.2 Minor amendments have also been made to the Likelihood descriptors.

7.0 Financial Implications

7.1 There are no specific financial implications arising from this report.

8.0 Legal Implications

8.1 All Local Authorities are required to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015:

"A relevant authority must ensure that it has a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk."

9.0 Equality Implications

9.1 None

10.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)

10.1 None

11.0 Proposed Consultation with Ward Members and Stakeholders

11.1 None

Report sign off:

Debra Norman, Director of Legal HR Audit and Investigations