

	Audit and Standards Advisory Committee 7 th February 2023
	Report from the Corporate Director Finance and Resources
Strategic Risk Register	
Wards Affected:	All
Key or Non-Key Decision:	Non-Key
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 A: Strategic Risk Register
Background Papers:	None
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1. Purpose of the Report

- 1.1 This report provides an update on the Council's Strategic Risk Register, which summarises the Council's corporate risk profile as of January 2023. It has been prepared in consultation with risk leads, Departmental Management and Senior Leadership Teams. The report reflects the risks that are considered to be of an impact and/or likelihood of materialising and which may have an adverse effect on the achievement of the Council's corporate objectives.
- 1.2 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 the Council Management Team (CMT).

2. Recommendation

- 2.1 The Committee is asked to note the report.

3. Strategic Risk Register

- 3.1 The updated Strategic Risk Register can be seen at **Appendix 1**.

- 3.2 Since the previous update of the Register in June 2022, the Council has continued to operate in a heightened risk environment owing to a number of factors, including an uncertain economic situation, the rate of inflation, and a spike in energy and utility costs. The cost of living crisis is continuing to adversely affect Brent residents and increase demand on Council services, including adult's and children's social care and the homelessness service. These factors, in addition to the continued impacts of the pandemic, have also increased pressure on the Council's budget and savings programme.
- 3.3 The Council's overall risk profile therefore reflects the challenging risk environment the Council is operating in, with five of the eight strategic risks showing an increased risk score since the previous version of the report. The Lack of Supply of Affordable Accommodation (+15) and Cost of Living Crisis (+5) are two of the risks that have shown the biggest movement in risk scores. All eight risks also currently sit outside of their target risk score.
- 3.4 One risk, in relation to the Increased Demand from Migration and People Movement, is showing a downward trend in risk score since the last update (-2).
- 3.5 The Council's highest scoring risks are the Increase in Dedicated Schools Grant High Needs Block Deficit, which is consistent with previous iterations, and the Supply of Affordable Accommodation. Both risks have the highest possible risk score of 25 (Impact:5, Likelihood:5).

New/Closed Risks

- 3.6 There have been no new or closed risks since the previous update. However, in previous iterations of the report two separate risks had been identified relating to Budget Setting and a Failure to Deliver Planned Savings. These have now been combined to form one overarching risk in relation to the Council's financial resilience and sustainability.
- 3.7 A risk in relation to the emergency preparedness and/or business continuity implications that may arise due to power cuts to the UK's National Grid has been identified and considered. It was agreed that this risk will be managed at a Departmental level and as part of the overarching emergency preparedness and business continuity risk; however, this will continue to be monitored and will be incorporated into the Strategic Risk Register if or when deemed to be of a level that exceeds the appropriate tolerance.

Amendments to risks

- 3.8 Amendments have 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 detailed risk plans (section 4), where appropriate.

Target Risk Scores

- 3.9 A new addition to the report is the inclusion of target risk scores for each strategic risk. The target risk scores have been set and agreed by the relevant

CMT risk sponsor and demonstrates the risk score that the Council is working towards achieving or maintaining.

Inherent risks

- 3.10 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.
- 3.11 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.

4. Risk Management Framework

- 4.1 Risk is the uncertainty of an event occurring that could have an impact on the achievement of objectives and is measured in terms of impact and likelihood. It can have either a positive or negative impact on the achievement of the Council's aims and objectives.
- 4.2 Risk is inherent in everything that the Council does to deliver high-quality services to residents. Risk management is therefore about being 'risk aware', and not 'risk adverse'. It is the planned and systematic approach to the identification, evaluation and management of risks associated with the Council's activities. Risk management is a key element of the Council's governance framework.
- 4.3 The core elements of the Council's Risk Management Policy and Strategy are:
- Risk management is aligned to the Council's corporate objectives and priorities to help ensure that outcomes are achieved;
 - All Members and Officers have a responsibility and a role to play in managing risks;
 - Statutory responsibilities exist within the Accounts and Audit Regulations requiring Local Authorities to have arrangements in place for managing risks.
- 4.4 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.

- 4.5 Enhancements continue to be made to the Council's risk management framework, where deemed necessary and appropriate to do so, such as the introduction of target risk scores.

5. 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.
- 5.3 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.

6. Financial Implications

- 6.1 There are no specific financial implications arising from this report.

7. Legal Implications

- 7.1 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."

8. Equality Implications

- 8.1 None

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

- 9.1 None

10. Proposed Consultation with Ward Members and Stakeholders

10.1 None

Report sign off:

Minesh Patel

Corporate Director Finance and Resources