

READING BOROUGH COUNCIL
REPORT BY HEAD OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	21st April 2015	AGENDA ITEM:	5
TITLE:	STRATEGIC RISK REGISTER		
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1. EXECUTIVE SUMMARY

- 1.1 The primary purpose of this report is to update the Audit & Governance Committee on the Q4 status of the Council's 2014/15 Strategic Risk Register, in line with the requirements of the Council's risk management strategy.
- 1.2 The Council Management Team (CMT) maintains the Register on behalf of the Council, with the assistance of the Council's Chief Auditor.
- 1.3 The Register is reviewed on a quarterly basis and formally refreshed 6 monthly by CMT.
- 1.4 The Register is presented to the Council's Audit & Governance Committee a minimum of six monthly or quarterly in the case of any risks where the position has worsened or for residual red risks where the Audit & Governance Committee shows a particular interest. It was last presented to the Committee in January 15.
- 1.5 The following documents are appended:

Appendix 1 - the Council's Strategic Risk Register.

2. RECOMMENDED ACTION

- 2.1 The Audit & Governance Committee is requested to consider the Q4 status of the Council's 2014/15 Strategic Risk Register.

3. BACKGROUND

3.1 The revised Strategic Risk Register as at April 2015 (Q4) is reproduced at appendix 1. Arrows are used to indicate direction of change in any scores since the previous quarter.

3.2 The following key points should be noted to aid understanding:

↑↓ have been used to indicate movements in the net (residual) risk scores since the previous quarter, where a → is shown no change has occurred.

A “mitigation” column has been added for each risk so as to provide a summary of the mitigating (controls) actions in place to minimise risk.

3.3 Members are reminded that although guidance is provided to officers in relation to the scoring of risks, with a view to providing as much consistency as possible, it still remains very much a subjective process. The primary aim of this report is to identify those key vulnerabilities that the officers consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased. Furthermore, it is possible that the likelihood can be influenced by events outside of the Council’s control e.g. the economic climate and its impact on financial planning, or severe weather etc.

3.4 Directorate level risk registers generally only contain risks whose impact would not be felt wider than the directorate to which they belong should they materialise and are managed within the directorate.

3.5 The Strategic Register is compiled from risks identified at directorate level, which have been escalated along with high-level generic risks, which require strategic management. Entries within the Register reflect the risks identified by the Council Management Team thereby strengthening their strategic perspective, management response and controls.

3.6 The inclusion of risks within any level of risk register does not necessarily mean there is a problem. On the contrary, it reflects the fact that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.

3.7 Each entry within the register is scored to provide an assessment of the residual level of risk. All risks have been scored based on an assessment of their impact and likelihood. These assessments are made at two points, before any actions are in place (inherent risk) and after identified controls are in place (residual risk).

3.8 Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

3.9 Plans are in place to mitigate the risks identified in the Strategic Risk Register.

4.0 CONTRIBUTION TO STRATEGIC AIMS

- 4.1 Risk management underpins all aspects of the council strategic aims.
- 4.2 The risks within the risk registers are directly linked to the projects and work streams that are in place to deliver the strategic aims.
- 4.3 Budget risks directly influence all strategic aims.

5.0 COMMUNITY ENGAGEMENT AND INFORMATION

- 5.1 Risk management is an internal management process that is open to scrutiny from councillors and the public at the councils Audit and Governance Committee meetings.

6.0 LEGAL IMPLICATIONS

- 6.1 Local Government Acts 1999 and 2000 established a requirement of performance improvement in modernised local government. Risk management is an important element in ensuring that service delivery objectives are achieved.

7.0 FINANCIAL IMPLICATIONS

- 7.1 There are none associated with the recommendations in this report. The work recommended will be met from existing budgets.

8.0 BACKGROUND PAPERS

- 8.1 Council's Risk Management Strategy.
- 9.2 Delivering Good Governance in Local Government - Framework, CIPFA/ Solace 2012.
- 9.3 The Accounts and Audit Regulations 2011