Gloucester City Council

Meeting:	Audit & Governance Committee	Date:	16 March 2015
	Cabinet		25 March 2015
Subject:	Strategic Risk Register		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All Wards		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1: Strategic Risk Register as at 24th February 2015 – for general release		
	2: Strategic Risk Register as at 24th February 2015 – exempt item (paragraph 7)		

EXEMPTIONS

The public are likely to be excluded from the meeting during consideration of part of this report as it contains exempt information as defined in paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended).

1.0 Purpose of Report

1.1 To present the Strategic Risk Register to Members for their awareness and consideration.

2.0 Recommendations

2.1 Audit & Governance Committee is asked to **RECOMMEND** that the Strategic Risk Register be noted and endorsed.

2.2 Cabinet is asked to **RESOLVE** that the Strategic Risk Register be noted and endorsed.

3.0 Background and Key Issues

3.1 Risk management is a core part of the Council's corporate governance framework and internal control environment. It is one of the six core principles within the Council's Code of Governance (part of the Council Constitution) –

'taking informed and transparent decisions which are subject to effective scrutiny and managing risk'.

3.2 The Council Risk Management Strategy provides the framework for the effective management of risks and opportunities within the Council, supports decision making at all levels, and aids delivery of the Council Plan priorities and objectives. The Strategy also includes the process for monitoring and reporting of strategic risks. The Risk Management Strategy was last updated and approved by Members in January 2015.

3.3 The Risk Management Strategy requires the Council to assess risks at a strategic level through documentation and management of the Strategic Risk Register. The Strategic Risk Register is owned and formally reviewed by Senior Management Team (SMT) on a monthly basis. Strategic risk owners are at SMT level.

3.4 A new requirement of the updated Risk Management Strategy is for Member receipt and endorsement of the Strategic Risk Register on a biannual basis by the Audit & Governance Committee and Cabinet. This is to enable Member awareness of the strategic risks facing the Council and the impact on decisions to be made by the Council.

3.5 This report is the first Strategic Risk Register update to Members, following Member approval of the updated Risk Management Strategy in January 2015.

4.0 Strategic Risk Register – position and review

4.1 The process for officer review and update of the Strategic Risk Register includes:

- Update of individual strategic risks by designated risk owners on an ongoing basis (including risk scores, current control position, mitigating action position timing)
- Monthly formal review of the Strategic Risk Register by SMT, including review & challenge of current strategic risks and consideration of potentially emerging strategic risks
- Administration and update support from the Officer Risk Management Champion (including maintenance of version audit trail)

Operational risk registers are held at service, partnership and project levels. Where operational risks are high scoring or have potential strategic implications, these are also considered through the above process and added to the Strategic Risk Register where appropriate.

4.2 The Strategic Risk Register is documented in line with the Risk Management Strategy risk register template and assesses strategic risks over three stages:

- Original risk score: the impact and likelihood of a risk if no action were taken

- Current risk score: the impact and likelihood of a risk considering current controls in place
- Mitigated risk score: the target risk score, achievable following full implementation of the agreed mitigating actions

Potentially emerging strategic risks (operational risks that may have a future strategic impact) are also documented and considered by SMT within the Strategic Risk Register.

4.3   The Strategic Risk Register was last reviewed and updated by SMT on the 24th February 2015. See Appendix 1 (for general release) and Appendix 2 (exempt under schedule 12A to the Local Government Act 1972 - as amended).

5.0   Alternative Options Considered

5.1   The alternative option is not to present the Strategic Risk Register to Members. This is not compliant with the Council Constitution and the CIPFA: Audit Committees Practical Guidance for Local Authorities and Police (2013). The alternative option does not support strategic risk awareness or informed prudent decision making.

6.0   Reasons for Recommendations

6.1   To support Member awareness of the strategic risks facing the Council and the management of those risks.

6.2   Compliance with Council policy and good practice:

- The Council Constitution confirms that the Leader and Cabinet function is to review the Council's Strategic Risk Register on at least an annual basis. The Constitution includes risk management as an Audit & Governance Committee function and area of responsibility.
- The Council Code of Governance requires the Council to ensure that an effective risk management approach is in place. This is supported by the Council's Constitution and Risk Management Strategy.
- The Council Risk Management Strategy requires the Strategic Risk Register to be reviewed by Members through Audit & Governance Committee and Cabinet on a biannual basis.
- The CIPFA 'Audit Committees – Practical Guidance for Local Authorities & Police (2013)' confirms that the role of an Audit Committee includes keeping up to date with the risk profile of an organisation through regular review of the risk profile and areas of strategic risk.

7.0   Future Work and Conclusions

7.1   SMT will continue to own the Strategic Risk Register and complete formal review on a monthly basis, updating the Strategic Risk Register as appropriate to ensure that it reflects the Council's current risk position.

7.2 The next Strategic Risk Register update will be presented to Audit & Governance Committee and Cabinet in September 2015. The subsequent Strategic Risk Register update to Members will be captured within the Annual Risk Management Report 2015/16.

8.0   Financial Implications

8.1   Review and update of the Strategic Risk Register is completed by responsible officers and Members and delivered within existing resources.

8.2   There are a number of risks within the Strategic Risk Register which, if not managed, have the potential to expose the Council to financial costs which are not provided for within existing budgets. The documented current controls and mitigating actions aim to manage the risk of Council exposure to these costs.

(Financial Services have been consulted in the preparation this report).

9.0   Legal Implications

9.1   It is fundamental that the Council has and maintains a Risk Management Strategy which considers identification, recording and management of risks to the Council in the delivery of its priorities and objectives.

9.2   The existence and application of an effective Risk Management Strategy (including Member review of the Strategic Risk Register and awareness of strategic risks) assists prudent decision making. Failure to identify and manage strategic risks could lead to inappropriate decision making, unnecessary liability and costly legal challenge.

(Legal Services have been consulted in the preparation this report).

10.0   Risk & Opportunity Management Implications

10.1   The lack of a robust approach to the management of risks and opportunities could result in inappropriately informed decision making and non achievement of the Council's priorities and objectives at both strategic and service levels.

11.0   People Impact Assessment (PIA):

11.1   The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

12.0   Other Corporate Implications

Community Safety

12.1   There are no community safety implications arising out of the recommendation in this report.

Sustainability

12.2   There are no sustainability implications arising out of the recommendation in this report.

Staffing & Trade Union

12.3   There are no staffing and trade union implications arising out of the recommendation in this report.

Background Documents:

CIPFA: Audit Committees – Practical Guidance for Local Authorities & Police (2013 edition)
Council Constitution 2014/15
Risk Management Strategy – revised January 2015