

Meeting:	Audit and Governance Committee	Date:	16th January 2023
Subject:	Strategic Risk Register Update		
Report Of:	Head of Audit Risk Assurance (ARA)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Piyush Fatania, Head of Audit Risk Assurance		
	Email:	Tel:	
	piyush.fatania@gloucestershire.gov.uk	01452 328883	
Appendices:	1. Strategic Risk Register as of 15th November 2022		

FOR GENERAL RELEASE

1. Purpose of Report

- 1.1 To present the Gloucester City Council Strategic Risk Register (SRR) as agreed by Senior Management Team (SMT) on 15th November 2022 to Members for their awareness and consideration.

2. Recommendations

- 2.1 Audit and Governance Committee are asked to **RESOLVE** to note and endorse the Strategic Risk Register.

3. Background and Key Issues

Risk Management - Taking Managed Risks and Maximising Opportunities

- 3.1 It has always been important for Councils to identify and manage their risks. Public sector legislation has reinforced this view. The Accounts and Audit Regulations 2015 state '*A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.*'
- 3.2 In addition, the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016) notes seven key principles to enable the development of good governance within public services. One of which states that good governance is '*managing risks and performance through robust internal control and strong public financial management.*'

Strategic Risk Register

- 3.3 The Council's Risk Management Policy Statement and Strategy provides the framework for the effective management of risks and opportunities within the Council. It supports decision making at all levels and aids delivery of the Council Plan values, key actions and projects. The Strategy also includes the process for monitoring and reporting of strategic risks. Members reviewed the Risk Management Policy Statement and Strategy 2020/23 on 20th January 2020, with Cabinet endorsing the Strategy on 12th February 2020.
- 3.4 The Risk Management Policy Statement and Strategy requires the Council to assess risks at a strategic level through documentation and management of the Strategic Risk Register. SMT owns the Strategic Risk Register and strategic risk owners are at SMT level. The SRR is reviewed and updated quarterly by SMT.
- 3.5 Audit and Governance Committee endorsement of the SRR is completed twice a year and by Cabinet at year end. This is to enable Member awareness of the strategic risks, the mitigation measures put in place to manage them and the impact on decisions facing the Council.
- 3.6 This report is the first Strategic Risk Register update to Members within 2022/23, presenting the Strategic Risk Register as reviewed and agreed by SMT on 15th November 2022.
- 3.7 As of 15th November 2022, one of the strategic risks has a high current risk score. This relates to Council services loss for a significant period due to technology failure. SMT closely monitor this risk, however, given its strategic importance to the Council, have confirmed that it remains a high-risk area. Several migrating actions are developing well to help manage the impact of this risk and reduce the current score in the future.
- 3.8 The table below confirms the risk score direction of travel within 2022/23 for the high current risk score strategic risk.

Risk No.	Risk Description	Original Risk Score	Current Risk Score Quarter 1 2022/23	Current Risk Score Quarter 2 2022/23
1.10	Council services loss for a significant period, due to technology failure (leading to other financial, reputational and information governance risks).	16	8	8

- 3.8 Audit Risk Assurance (ARA) engaged in a strategic risk benchmarking exercise within 2022/23, against several neighbouring, similar local authorities and national and global arising risk areas. The main aim of the benchmarking analysis was to review the categories and types of risk recorded within the strategic risk registers. To evaluate whether Gloucester City Council had

considered and captured all relevant key risks associated with delivering the Council's objectives.

3.9 SMT scrutiny and consideration of the benchmarking information concluded that the strategic risks identified and assessed by Gloucester City Council were in line with expectations of the Council's areas of business and other similar authorities.

3.10 The benchmarking did highlight one risk area that SMT agreed should be added to the Strategic Risk Register and will be added ahead of Quarter 3 reporting.

3.11 At the request of SMT, this benchmarking exercise will be undertaken annually at the first quarter of the financial year.

4. Social Value Considerations

4.1 There are no 'Social Value' considerations arising out of the recommendations in this report.

5. Environmental Implications

5.1 There are no 'Environmental' implications arising out of the recommendations in this report.

6. Alternative Options Considered

6.1 The alternative option is not to present the Strategic Risk Register to Members. This option is not compliant with the CIPFA: Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition) and does not support strategic risk awareness or informed prudent decision making.

7. Reasons for Recommendations

7.1 The CIPFA: Audit Committees Practical Guidance for Local Authorities and Police (2022) confirms that the role of an Audit Committee includes keeping up to date with the risk profile of a Council through regular review of the risk profile and areas of strategic risk.

7.2 The Gloucester City Council Constitution confirms the role of the Audit and Governance Committee. This includes the function to 'monitor the adequacy and effectiveness of the Council's governance arrangements' including 'monitoring the arrangements for the identification, monitoring and control of strategic and operational risk within the Council.'

8. Future Work and Conclusions

8.1 An embedded risk management approach helps to support the challenges that the Council may face. Allowing it to react dynamically to changing circumstances by enabling the Council to oversee risk effectively and deliver successful outcomes.

- 8.2 Findings of the recent Council's Risk Management Framework is currently being developed by ARA and will include a re-evaluation of the Strategic Risk Register.
- 8.3 The Strategic Risk Register will continue to be formally reviewed and updated quarterly by SMT, being presented to the Audit and Governance Committee twice a year and Cabinet at financial year-end.

9. Financial Implications

- 9.1 There are no direct financial implications arising from the report recommendations. However, there are several risks within the Strategic Risk Register which, if not managed, have the potential to expose the Council to financial costs not provided for within existing budgets. The documented current controls and mitigating actions aim to manage the risk of Council exposure to these costs.
- 9.2 Financial Services were consulted during the preparation of this report.

10. Legal Implications

- 10.1 None specifically arising from the report recommendations.
- 10.2 It is fundamental that the Council has an embedded risk management framework (including a Risk Management Policy Statement and Strategy). This considers the identification, recording and management of risks to the Council in the delivery of its priorities and objectives.
- 10.3 The existence and application of an effective Risk Management Policy Statement and 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.
- 10.4 One Legal were consulted during the preparation of this report.

11. Risk and Opportunity Management Implications

- 11.1 Failure to deliver on effective risk management, particularly during periods of significant change, may have a detrimental effect on the achievement of the potential opportunities and adverse effects that challenge the assets, reputation and objectives of the Council, strategic decision making and the wellbeing of our stakeholders.

12. People Impact Assessment (PIA) and Safeguarding

- 12.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*

- 12.2 Adoption of the Risk Management Policy Statement and Strategy and the associated framework support and ensure compliance with the Council's equality policies.
- 12.3 The PIA Screening Stage was completed and did not identify any potential or actual negative impact. Therefore, a full PIA was not required.

13. Community Safety Implications

- 13.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

14. Staffing and Trade Union Implications

- 14.1 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

Background Documents:

- i. Accounts and Audit Regulations 2015;
- ii. Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE);
- iii. Risk Management Policy Statement and Strategy 2020-2023; and
- iv. CIPFA: Audit Committees Practical Guidance for Local Authorities and Police (2022).