

## AUDIT AND RISK ASSURANCE COMMITTEE

26 July 2018

<b>Subject:</b>	Strategic Risk Register Update
<b>Director:</b>	Executive Director – Resources
<b>Contribution towards Vision 2030:</b>	
<b>Contact Officer(s):</b>	<p>Narinder Phagura Business Partner - Audit, Fraud, Risk and Insurance <a href="mailto:narinder_phagura@sandwell.gov.uk">narinder_phagura@sandwell.gov.uk</a></p>

### DECISION RECOMMENDATIONS

**That Audit and Risk Assurance Committee:**

1. Review and comment upon the accompanying report.

## **1 PURPOSE OF THE REPORT**

- 1.1 To update members of the Committee on the council's strategic risks and risk assessments.

## **2 IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 Effective risk management is a key element of good corporate governance and is essential to the overall performance of the council in meeting its vision 2030. Good risk management will ensure that resources are used efficiently and effectively in the delivery of the Sandwell vision and that assets and resources are protected against risk in the most efficient way.

## **3 BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 The council is no different to any organisation, and will always face risks in achieving its vision and objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 3.2 The strategic risk register does not include all of the risks that the council faces. It represents the most significant risks (as set out in the council's corporate risk management strategy) that could potentially impact on the achievement of the council's corporate priorities and vision. Other risks are captured within directorate, operational, programme, project or partnership risk registers in line with the council's corporate risk management framework and strategy.
- 3.3 A summary of the strategic risks is included at Appendix A of this report.
- 3.4 Appendix B provides a summary of the council's strategic assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the strategic risks. This is updated alongside the monitoring and reviewing of the strategic risk register.

## The three lines of defence model:

First line	Second line	Third line
The first level of the control environment is the business operations which perform day to day risk management activity	Oversight functions such as Finance, HR and Risk Management set directions, define policy and provide assurance	Internal and external audit are the third line of defence, offering <b>independent</b> challenge to the levels of assurance provided by business operations and oversight functions

## 4 THE CURRENT POSITION

4.1 The risk register currently includes 18 strategic risks- six red risks, 11 risks assessed as amber and one green risk. Since the register was last reported to the Committee in March 2018, the key changes that have been made are:

- Risk 4b – Establishment of Sandwell Children’s Trust has been closed as a result of the Trust going live on 1 April 2018 and the and sign off of the associated Service Delivery Contract and Support Services Agreement.
- The assessment of risk 4c - Demand for Children’s Social Care) has increased to 16 (red). The assessment recognises the national increased pressures and demands on children’s social care services over recent times which has continued to increase since the Sandwell Children’s Trust went live and the detrimental impact this could have on the council’s financial resilience, as despite these services being delivered by Sandwell Children’s Trust, any sustained increase in demand for services may need to be funded by the council.
- The previous risk 6– National, Regional and Local Emergency Preparedness (risk 6a) has been separated into two risks- emergency planning and business continuity management (risk 6b).
- The assessment of risk 21a -Compliance with the General Data Protection Regulations (GDPR) has reduced to amber as a result of the project work that has been completed over the last 12 months, whilst also recognising the amount of work that remains to be completed in order to comply with GDPR and the new Data Protection Act 2018.

- The assessment of risk 40 – School Place Planning has increased to red as a result of the announcement of the zero allocation of Basic Needs Funding to the council, leaving the council potentially unable to comply with its statutory duty of ensuring there are sufficient school places available for the children of Sandwell.
- The assessment of risk 42a – Cyber Security has reduced to amber as a result of the completion of the high level gap analysis and the specific resources allocated to manage this risk.
- Despite the assessment of risk 50- Commonwealth Games Aquatic Centre, reducing to amber following the last meeting of the Committee, it has since been increased back to red due to issues that have come to light that have yet to be resolved.
- A new risk (risk 51- Implementation of the Peer Review Recommendations) has been identified for inclusion in the risk register.
- A new risk (risk 52- Better Care Fund and Public Health Grant) has been included in the strategic risk register and is currently assessed as red due to the uncertainties around the future provision and level of both of these funds and grant.

4.2 Ownership of the individual strategic risks is assigned to directors, who have responsibility to:

- Consider and agree the risk description
- Assess the current risk score based upon the controls in place and the assurances they have received on the adequacy and effectiveness of these controls
- Implement mitigating actions to reduce the risk scores where necessary, in order to deliver the required risk score by the target date
- Keep Cabinet Members informed of the risk and the implementation of mitigating actions.

4.3 Further ongoing reviews are then undertaken by the Management Board.

## 5 **CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

5.1 The review and update of each strategic risk, has been discussed with the risk owners (as noted at Appendix A) and reported to the Management team.

## **6 ALTERNATIVE OPTIONS**

- 6.1 Whilst this report does not require a decision and therefore, alternative options do not need to be considered, when measures are being considered for the mitigation of each of the strategic risks, this takes into account any alternative options available.

## **7 STRATEGIC RESOURCE IMPLICATIONS**

- 7.1 The authority's Corporate Risk Management Strategy (CRMS) requires close identification and alignment of risks to budget planning processes. In this way, the identification and management of its key risks informs the authority's allocation of resources.
- 7.2 The authority's budget planning process incorporates financial and other resources required to manage the authority's risks.

## **LEGAL AND GOVERNANCE CONSIDERATIONS**

- 8.1 The purpose of risk management is to assist in the achievement of the Sandwell vision and the authority's statutory responsibilities.
- 8.2 There are numerous standards applicable to the management of risk within the local authority sector. Included amongst these is guidance from CIPFA/Solace, the British Standards Institute (BSI) and a set of joint standards published by the Institute of Risk Management (IRM), Alarm (The public sector risk management association) and AIRMIC (Association of Risk Managers in Industry and Commerce). Evidence that robust management of the authority's strategic risks is being undertaken demonstrates compliance with these standards.

## **9 EQUALITY IMPACT ASSESSMENT**

- 9.1 As a decision is not being sought in this report, it is not necessary to undertake an Equality Impact Assessment.

## **10 DATA PROTECTION IMPACT ASSESSMENT**

- 10.1 As a decision is not being sought in this report, it is not necessary to undertake a Data Protection Impact Assessment.

## **11 CRIME AND DISORDER AND RISK ASSESSMENT**

11.1 There are no crime and disorder risks arising from this report.

## **12 SUSTAINABILITY OF PROPOSALS**

12.1 There are no direct sustainability issues arising from this report.

## **13 HEALTH AND WELLBEING IMPLICATIONS**

13.1 There are no direct health and wellbeing implications from this report.

## **14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

14.1 There is no direct impact on any council managed property or land from this report.

## **15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

15.1 The purpose of the report is to update the Audit and Risk Assurance Committee with the council's key strategic risks as summarised in Appendix A.

## **16 BACKGROUND PAPERS**

16.1 None.

## **17 APPENDICES:**

Appendix A - Strategic risk register summary as at June 2018

Appendix B – Strategic risk assurance map

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