

REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

22 March 2018

Subject:	Strategic Risk Register Update
Director:	Executive Director – Resources
Contribution towards Vision 2030:	
Contact Officer(s):	Narinder Phagura Business Partner - Audit, Fraud, Risk and Insurance narinder_phagura@sandwell.gov.uk

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 independent challenge to the levels of assurance provided by business operations and oversight functions

4 THE CURRENT POSITION

4.1 The risk register currently includes 16 strategic risks- six red risks, nine risks assessed as amber and one green risk. Since the register was last reported to the Committee in January 2018, the key changes that have been made are:

- In respect of risk 4a – Children’s Social Care, risk ownership has been assigned to the Chief Executive until a permanent appointment for a Director of Children’s Services is made.
- A new risk (risk 4c- Demand for Children’s Social Care) has been included in the strategic risk register. The risk recognises the national increased pressures and demands on children’s social care services over recent times and the detrimental impact this will have on councils’ (for those who have statutory responsibility) financial resilience if a national funding solution is not considered. Despite these services being delivered by Sandwell Children’s Trust, any sustained increase in demand for services will need to be funded by the council.
- The assessment of risk 6a – National, Regional and Local Emergency Preparedness has been increased to amber to enable the newly appointed Resilience Manager to review in detail, and give assurances to management that the current suite of emergency plans in place continue to be effective and continue to reflect changing circumstances nationally and the risks identified in the regional community risk register.
- The description of risk 48 – Vision 2030 has been updated to include the importance of the Town Plans, which are currently at an early stage of development and need to be progressed at pace to ensure clarity and consistency of understanding and how successful delivery against the Plans will be measured.
- A new risk (risk 49- Delayed Transfer of Care) has been escalated from the Adult Social Care, Health and Wellbeing directorate risk register. Details of this risk were reported to the Committee at the last meeting and further updates on the management of this risk will continue to be reported in future strategic risk reports.
- A new risk (risk 50- Commonwealth Games Aquatic Centre) has been included in the strategic risk register and is currently assessed as red due to the infancy of this major project for Sandwell and the need to develop and embed robust project governance arrangements. Details about the scope of the project and how this will be delivered were reported to Cabinet on 31 January 2018.

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 does take 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 February 2018
Appendix B – Strategic risk assurance map

Darren Carter
Executive Director – Resources and s151 Officer