

REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

25 July 2019

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

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

Reviews and comments upon the accompanying report.

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1 **PURPOSE OF THE REPORT**

- 1.1 To update members of the Committee on the council's strategic risks, the assessment of these risks and the arrangements in place to manage these.

2 **IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 Effective risk management is a key element of good corporate governance, as noted in the council's [Code of 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 17 strategic risks- four red risks, nine risks assessed as amber and four green risks. Mitigating actions continue to be implemented and are monitored by risk owners to ensure that risks are reduced to acceptable levels.
- 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
 - Oversee implementation of 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 Executive Management Team.
- 4.4 Since the last report, changes to the Cabinet Member(s) assigned to each risk have been made to align to the new Cabinet members and their new portfolios. Changes have also been made to risk assessments, target dates and mitigating actions where appropriate. The key changes include:

- The assessment of Risk 27- Funding and resource allocation has increased to red as a result of the uncertainties flowing in respect of future local government funding.
- Risk 44- Land sales and other matters has been reduced as a result of the historic issues being finalised. The risk is being transferred to the Neighbourhoods directorate register where monitoring of the current controls will continue.
- Risk 45- Apprenticeship Levy is now assessed as green and is being transferred to the directorate risk register for ongoing monitoring.
- The assessment of risk 52 – Better Care Fund and Public Health grant has increased to red.
- A new risk – risk 53 Oracle replacement project has been escalated from the Resources directorate risk register to the strategic risk register

4.5 In addition to the above, risk owners continue to review their assessments of all strategic, directorate, operational and project risks in respect of Brexit. For the areas that could potentially be impacted, an action plan is in place and is being overseen by the Executive Director Neighbourhoods.

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 Executive Management Team.

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.

6 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.

APPENDICES:

Appendix A - Strategic risk register summary as at June 2019

Appendix B – Strategic risk assurance map

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