

BOROUGH OF KETTERING

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Report Originator	Head of Resources Mark Dickenson	Forward Plan Ref: N/A	
Wards Affected	All	6 th November 2018	
Title	RISK MANAGEMENT UPDATE		

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to seek member approval for the updated Risk Management Policy Statement and strategy (and associated strategic risk register).

2. INTRODUCTION & BACKGROUND

- 2.1. A full review of the Council's risk management procedures is undertaken every two years with a refresh being undertaken the year following the full review. The last full review was in November 2016.
- 2.2. The Council's internal audit providers (CW Audit Services) undertook a full review of the Council's risk management system as part of the 2017/18 Internal Audit Plan. The review highlighted that the systems and processes in place to manage risk are generally sound and the overall opinion of the review was that the Council has a robust risk management strategy and policy in place and that significant assurance could be placed on the design and operation of the system's internal controls.
- 2.3. The Council recognises the importance of reviewing both the policy and strategy statements to ensure the Council's approach to risk is robust and up to date.
- 2.4. Risk Management is an inherent element of the Council's Key Performance Information Booklet that is presented to this Committee at each meeting, and it underpins how the Council identifies and manages key risks.

3. RISK MANAGEMENT POLICY / STRATEGY / TOOLKIT

- 3.1. The Council's Risk Management Policy (**Appendix A**) and Strategy (**Appendix B**) are attached. They explain in detail the rationale, objectives and process behind risk management. They are unchanged from the previous year and still considered relevant.
- 3.2. These are in line with the requirements of best practice.

4. STRATEGIC RISK REGISTER

- 4.1. The management of strategic risk is a critical factor in the successful delivery of services, use of resources and decision-making. It underpins good corporate

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governance and assists management in the fulfilment of their corporate responsibilities.

4.2. The Council maintains a Strategic Risk Register to assist in the management of its strategic risks. The register was last considered by this Committee in November 2017.

4.3. It is important that the Strategic Risk Register is reviewed regularly to take account of any changes in risk levels or to identify any new risks.

4.4. A review of the Strategic Risk Register was undertaken by the Council's Strategic Management Team (SMT). SMT first considered all existing risks to establish if these risks are still a corporate risk. All of the risks were assessed and scored as follows:

- a) an assessment of their 'gross' risk level (i.e. the assessed likelihood of the risk occurring prior to the consideration of any controls or mitigation factors that the Council has in place).
- b) an assessment of their 'residual risk' (i.e. the assessed likelihood of the risk occurring after the consideration of the control environment / mitigation factors that the Council has in place).
- c) an assessment of the likely impact of the risk should the event happen.

The impact is not affected by the mitigation factors but the likelihood is.

4.5. An amended Strategic Risk Register is attached at **Appendix C** and details of the changes are outlined in the paragraphs below. Whilst no additional new risks have been added into the Register, the review did acknowledge the importance of recognising the impact of preparing for Public Sector Reform and the potential impact on the local economy as a result of the UK's departure from the European Union. The changes are summarised in the table below:

Risk Id	Strategic Risk	Risk Likelihood		Risk Impact
		Gross	Residual	
B	External Legislation Changes	6 (6)	5 (5)	6 (5)
F	Ensuring Corporate Capacity	6 (5)	5 (4)	6 (6)
G	Maintaining Political Focus and Stability	6 (6)	5 (3)	6 (6)
I	Maintaining Staff Morale	6 (5)	4 (3)	5 (5)
K	Effective Business Continuity Arrangements	5 (5)	4 (3)	6 (5)
O	Keeping Pace with Demographic, Social and Economic Change	5 (5)	4 (3)	5 (5)

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4.6. It was felt that the resulting work from Public Sector Reform had the potential to impact across many areas of the Strategic Risk Register, however the following three risks were identified as being particularly impressed upon, to the extent that they required a movement in the Risk Likelihood:

- Ensuring Corporate Capacity
- Maintaining Political Focus and Stability
- Maintaining Staff Moral

4.7. The risk 'External Legislation Changes' was updated to reflect the potential impact from leaving the European Union. Whilst this discussion continues at a National level it was recognised that there could be a significant local impact that will affect the local economy and could subsequently impact on the Council.

4.8. The risk around 'Effective Business Continuity' was increased to reflect the ever growing threat from cyber-attacks. The sophistication of these types of attacks are such that it gets harder to mitigate the risk, likewise if there were to be a major attack then the impact to the Authority could be very high.

4.9. 'Keeping Pace with Demographic, Social and Economic Change' has increased its residual likelihood to reflect some of the major changes that are happening on a national level e.g. leaving the European Union, welfare reform and the ageing population. All of which are significant national issues.

4.10. The difference between the gross risk and the residual risk is basically the level of risk that is being managed through the control measures that are in place.

5. RECOMMENDATIONS

That the Monitoring and Audit Committee:

- i) Reaffirms the Risk Management Policy and Strategy; and
- ii) Endorses the updated Strategic Risk Register

Background Papers:

Previous Reports/Minutes:

Title of Document: See Appendices

Ref:

Date:

Date:

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