

<b>Title of Report:</b>	<b>Strategic Risk Register – 2006-07</b>	<b>Item 7</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Forward Plan Ref:</b>		

<b>Corporate Plan Priority:</b>	<b>D4 - Stronger governance</b>
The proposals contained in this report will help to achieve the above Corporate Plan priority by:	
<ul style="list-style-type: none"> <li>• Strengthening the internal control framework of the Council.</li> <li>• Providing supporting evidence for the Statement of Internal Control</li> </ul>	

**Purpose of Report:** To set out the Council's Strategic Risk Register for 2006/07 and the resulting Action Plan.

**Recommended Action:** To review the Strategic Risks identified by the Corporate Board and Executive and make any recommendations as appropriate. Also to review progress with implementation of the related action plan.

**Reason for decision to be taken:** To ensure that the Council's strategic objectives are met and that any associated risks with achieving them are identified and appropriately managed.

**List of other options considered:** None

**Key background documentation:**

- Risk Management Strategy
- Strategic Risk Register / Action Plan

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## Supporting Information

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### 1. Background

- 1.1 The following report was presented to the Executive in January. The purpose of bringing the report to this Committee is to allow the Members of the Committee to fulfil their role in:
- reviewing the Strategic Risk Register (SRR)
  - ensuring that Corporate Board and the Executive are monitoring progress in completing the Action Plan associated with the SRR
  - considering whether the SRR is fit for purpose in providing evidence to support the Statement of Internal Control for 2005-06.
- 1.2 The Committee will receive a regular update of the Strategic Risk Register following its review by Corporate Board each quarter
- 1.3 The Council adopted a Risk Management Strategy in December 2004. This is revised annually. The strategy for 2006-07 is included in the agenda for approval at this Executive. This report is an annual review of the Strategic Risk Register building on the work of previous years.
- 1.4 Risk management is an integral part of the corporate governance framework and is embedded into the fabric and decision making process of the Council. Risk management is a central part of any organisation's management. It is the process by which organisations methodically address the risks associated with the delivery of their objectives. The focus of good risk management is the identification and handling of those risks. The risk management process is fully supported by Members and the senior management team.
- 1.5 The previous Strategic Risk Register was reported to Members in July 2005 and has now been revised.

### 2. Methodology

- 2.1 The draft Strategic Risk Register is set out as Appendix 10(A). It is structured against the following headings:

External Influences  
Corporate Management  
Corporate Governance  
Technology  
Service Delivery / Procurement  
Failure to Deliver Major Projects  
Failure to Deliver Partnerships

- 2.2 It follows a commonly used template, which assesses the likelihood of a risk occurring and its potential impact. This is done using a 4 x 4 matrix choosing one of the following:

#### **Likelihood**

1. Rarely
2. Moderate
3. Likely
4. Almost certain

## Impact

Impact is assessed against one of the following four headings. Again only one of the criteria within each of the headings applies.

1. Low
2. Medium
3. High
4. Extreme

2.3 The template also includes a 'Controls' column. Controls relate to the various checks and balances that the Council has in place to manage the risk. Their effect in mitigating risk is assessed to produce a 'net risk', which is again scored for 'likelihood' and 'impact' in the same way. The overall score is then calculated by multiplying the likelihood score by the impact score (e.g.  $4 \times 2 = 8$ ). This score is then colour coded as follows:

RED	Score 8 – 16	- Levels of internal control are inadequate.
AMBER	Score 4 – 6	- Levels of internal control adequate.
GREEN	Score 1 – 3	- Levels of internal control strong and effective.

2.4 An Action Plan is then drawn up to improve controls were net risk remains high (viz. 'Red').

## 3. Work completed

3.1 A workshop with members of Corporate Board took place where the strategic risks facing the Council were discussed and a risk register produced (Appendix 10(A)). A summary of the key Strategic Risks that were identified are set out below.

Risk	Controls
<b>Economic</b> Increased Unemployment	Economic Development Strategy Community Strategy Social Inclusion
<b>Environmental</b> Major disaster / Contamination / Severe Weather / Outbreaks of disease	Major Incident Plan
Flu Pandemic	Immunisation BCP
<b>Corporate Governance</b> Ineffective Business Continuity Planning	BCP Process underway
<b>Risks Major Projects</b> Waste PFI	Effective Project Plan Regular Monitoring Preferred bidder negotiations
<b>Planning Related Risks</b> Kennet Valley Project AWE Redevelopment	Consultation Robust Planning process

3.2 These risks were included in the Corporate Plan and an allowance, where appropriate, provided in the 2006-07 budget. The risks will be managed through Directorate Service Plans.

3.3 The Register and associated Action Plan are not meant to be static documents. Risk management should be a continuous and developing process, which runs throughout the Council. The process that has been adopted in respect of strategic risk management at West Berkshire Council and which is reflected in the Strategy is as follows:

- The Strategic Risk Register now forms part of the Corporate Board agenda and will be updated on an on-going basis
- Annual review (and amendment if necessary) of the Council's Risk Management Strategy through Corporate Board and the Executive;
- Annual preparation of a Strategic Risk Register which is reviewed biannually – the Action Plan would be reviewed in line with this. This work will be undertaken by Corporate Board;
- Review of business continuity plans – again this will be undertaken annually through Corporate Board;
- Quarterly monitoring report to Corporate Board which outlines the current position regarding risk management across the Council;
- Ensuring there is effective communication on risk management activities across the Council.
- Active involvement of Members through the Risk Management Joint Consultative Committee with specific training being provided in the summer of 2005
- Ensuring that resources are deployed to support the Risk Management Strategy and Action Plan through the policy led budget process

3.4 The Strategic Risk Register supports the Statement of Internal Control.

#### **4. Further work**

4.1 Following the completion of the Strategic Risk Register, an outline Action Plan is attached as Appendix B. Various actions need to be identified. Where additional resources are required to implement the plan these have been fed into the 2005/06 budget process. They will also be included in next year's Service Plans.

4.2 A workshop will be provided for Management Board to keep Members informed of the process for the Strategic Risk Register and to enable Members to take ownership of the Strategy and the Risk Register.

4.3 The quarterly risk management reports for Corporate Board include an update on the progress of the Action Plan.

4.4 Risk management workshops are taking place for the following key projects and these are reviewed on a three-month cycle.

The Waste PFI  
Parkway  
Market Street Redevelopment  
Shaw House  
Children's Trust

## **Appendices**

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Appendix A Strategic Risk Register

Appendix B Strategic Action Plan CB Key Risks

## **Consultation Responses**

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<b>Local Stakeholders:</b>	Not Consulted
<b>Officers Consulted:</b>	Corporate Board, Risk Management JCC
<b>Trade Union:</b>	None