



SIGNED OFF BY	Head of Corporate Policy
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TO	Audit Committee Executive
DATE	Audit Committee, Thursday, 11 March 2021 Executive, Thursday 25 March 2021
EXECUTIVE MEMBER	Portfolio Holder for Corporate Policy and Resources

KEY DECISION REQUIRED	N
WARDS AFFECTED	(All Wards);

SUBJECT	Strategic risks - 2021/22
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RECOMMENDATIONS
<p>That the Audit Committee:</p> <p>(i) Note the identified strategic risks for 2021/22 as detailed in annex 1 and make any observations to the Executive.</p> <p>That the Executive:</p> <p>(ii) Approve the strategic risks for 2021/22 as detailed in annex 1.</p>
REASONS FOR RECOMMENDATIONS
<p>The Audit Committee's risk management responsibilities require it to receive regular updates on the Council's risk management arrangements, including the identification of the strategic risks for each financial year.</p> <p>In accordance with the Council's risk management strategy, the Executive is responsible for approving the identified strategic risks for each financial year.</p>
EXECUTIVE SUMMARY

This report identifies the Council's strategic risks for the 2021/22 financial year. The risks have been updated given the anticipated position as of 1 April 2021.

The Audit Committee and Executive have the authority to approve their respective recommendations.

STATUTORY POWERS

1. The Council holds various statutory responsibilities for ensuring that its business is conducted in accordance with the law and that public money is safeguarded, accounted for and is used economically and effectively.
2. The Council also has a duty under the Local Government Act (1999) to put in place proper arrangements for the governance of its affairs.
3. The discharge of this responsibility includes arrangements for managing risk.
4. The Council's Code of Corporate Governance outlines these core governance principles; compliance with the code is reported each year via the Annual Governance Statement.

BACKGROUND

5. Reigate and Banstead Borough Council has a proactive approach to risk management. It is an integral part of the Council's corporate governance arrangements and is built into management processes.
6. The Council operates a two-tiered risk management process to address the dynamic and interdependent nature of risk categorisation. The risk categories are strategic and operational risks.
7. Strategic risks are defined as those risks that have an impact on the medium to long term ambitions and priorities of the Council as set out in the Corporate Plan and Medium Term Financial Plan (MTFP).
8. Members of the Management Team and Executive Members have shared responsibility for strategic risks. It is the responsibility of the Executive to formally endorse the strategic risks for each financial year.
9. Operational risks are short term risks that are encountered in the course of the day to day delivery by services. However, if the operational risk cannot be fully managed within the service or it has a wider organisational impact, then it will be considered for inclusion in the operational risk register.
10. Heads of Service have responsibility for operational risks. Operational risks are identified in discussion with Heads of Service and Directors and reported to the Council's Corporate Governance Group. The Audit Committee and Executive receive updates on any red rated operational risks as part of quarterly risk management reporting.
11. The Council's risk management strategy and methodology utilises the following risk ratings:

Rating	Action
Red	Where management should focus attention. Immediate actions should be identified and plans put in place to reduce risk as a priority.
Amber	Where management should ensure that contingency plans are in place. These may require immediate action and will require monitoring for any changes in the risk or controls. These will be a key area of assurance focus.
Yellow	These should have basic mechanisms in place as part of the normal course of management.
Green	Where risk is minimal and does not demand specific attention but should be kept under review.

KEY INFORMATION

Strategic risks 2021/22

12. The strategic risks for 2021/22 are available at annex 1.
13. The strategic risks have been given a contextual update to reflect the anticipated position as of 1 April 2021.
14. The key differences from the 2020/21 strategic risk register are as follows:
 - SR1 – Brexit. This risk is recommended for closure in Q3 2020/21 reporting.
 - SR4 – Partner public sector funding decisions. It is expected that this risk will be recommended for closure in Q4 2020/21 reporting. This is due – as reported in the agenda item on Q3 risk management – to the Council's funding reliance on the County Council reducing in recent times, therefore reducing the potential impact of any funding or budgetary decisions they make. Recommended closure in Q4 is expected in order to align with finalisation of the Council's and Surrey's 2021/22 budgets.
15. Any new strategic risks identified as part of Q4 2020/21 reporting will transfer over to the risk register for 2021/22 if endorsed by the Executive.
16. The full risk registers are made available to all members via the ModGov document library.

Reporting

17. The Audit Committee and Executive receive quarterly updates on risk management. This includes newly identified strategic risks, strategic risks identified for closure and any red rated operational risks.

OPTIONS

18. The Audit Committee has two options:
19. Option 1: note the strategic risks for 2021/22 and make no observations to the Executive.

20. Option 2: note the strategic risks for 2021/22 and make any observations to the Executive
21. The Executive has two options:
22. Option 1: approve the identified strategic risks for 2021/22. This is the recommended option.
23. Option 2: do not approve the identified strategic risks for 2021/22. This is not the recommended option as it will result in the Council not having a strategic risk register in place for the start of the 2021/22 financial year.

LEGAL IMPLICATIONS

24. There are no legal implications arising from this report.

FINANCIAL IMPLICATIONS

25. Financial risks are taken into account when preparing the Medium Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.
26. There are no additional financial implications arising from this report.

EQUALITIES IMPLICATIONS

27. There are no equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

28. There are no communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

29. The Council's risk registers inform the development of the annual risk based internal audit plan.
30. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

OTHER IMPLICATIONS

31. There are no other implications arising from this report.

CONSULTATION

32. The contents of this report have been considered by the Council's Corporate Governance Group.

POLICY FRAMEWORK

33. The Council's risk management strategy and methodology provides additional information on how the Council manages risk.

BACKGROUND PAPERS

None