

Signed off by	Head of Corporate Policy
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To	Audit Committee Executive
Date	Audit Committee: Wednesday, 7 September 2022 Executive: Thursday, 15 September 2022
Executive Member	Portfolio Holder for Corporate Policy and Resources

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Risk management - Q1 2022/23
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Recommendations
<p>That the Audit Committee:</p> <p>(i) Note the Q1 2022/23 update on risk management provided by the report and make any observations to the Executive.</p> <p>That the Executive:</p> <p>(ii) Note the Q1 2022/23 update on risk management provided by the report.</p>
Reasons for Recommendations
The Audit Committee and Executive's constitutional responsibilities require the regular receipt of updates on risk management.
Executive Summary
This report provides an update on risk management in Q1 2022/23.

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. The discharge of this responsibility includes arrangements for managing risk.
3. 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

4. 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.
5. 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.
6. 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).
7. Members of the Management Team and Executive Members have shared responsibility for strategic risks. Strategic risks are reported quarterly to senior officers via Corporate Governance Group, as well as to the Audit Committee and Executive. The Executive approves key changes to the strategic risk register, such as the identification of new risks as well as closing risks.
8. 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. Heads of Service have responsibility for operational risks. Operational risks are reported to senior officers via Corporate Governance Group. The Audit Committee and Executive receive updates on any red rated operational risks as part of quarterly risk management reporting.
9. The Audit Committee has a constitutional responsibility to provide independent assurance to the Council of the adequacy of the risk management framework and internal control environment. It provides independent review of Reigate and Banstead Borough Council's governance, risk management and control frameworks. A key component of fulfilling this responsibility is to regularly receive and review the Council's risks and make any observations to the Executive.

Key Information

Q1 2022/23 risk management update

10. The full strategic risk register is available at annex 1 of this report.
11. In Q1 no new strategic risks were identified and no strategic risks were identified for closure.

SR4 – ‘Challenging economic conditions for residents and businesses’

12. The strategic risk register for 2022/23 includes a risk on challenging economic conditions for residents and businesses.
13. At its meeting in June 2022, the Audit Committee requested that consideration be given to maintaining two separate strategic risks on challenging economic conditions, with one focusing on residents and the other on businesses. At its subsequent meeting the Executive agreed that officers should consider this as part of the Q1 2022/23 update on risk management.
14. The request has been considered in consultation with Heads of Service and the Council's Corporate Governance Group. The Council's approach to risk management is based on causes and the impacts of risk on the Council. In this case there is a shared cause (economic conditions) and a common impact, namely a potential risk of an increase in demand for services and/or difficulties in collecting income. It is therefore considered appropriate that one strategic risk be maintained.
15. It is certainly the case that the impacts of current economic circumstances on residents and businesses (as opposed to the Council) are distinct. Members of the Audit Committee can be assured that the Council is taking – and will continue to take – steps to support residents and businesses as well as to manage the strategic risk to the organisation.

Red rated operational risk

16. In Q1 there was one red rated operational risk, the detail of which is set out in the part 2 exempt annex 2.
17. The full risk registers, as well as the Council's risk management strategy, are made available to all members through the ModernGov document library.

Options

18. The Audit Committee has one option:
 - Option 1: note this report and make any observations to the Executive.
19. The Executive has one option:
 - Option 1: note this report and make any observations to the Head of Corporate Policy, Projects and Performance.

Legal Implications

20. Any legal implications of risks are addressed as required and as part of their control and mitigation.
21. There are no other legal implications arising from this report.

Financial Implications

22. Financial risks are taken into account when preparing the Medium-Term Financial Plan, Capital Investment Strategy, Revenue Budget and Capital Programme each year.

Equalities Implications

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

Communication Implications

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

Environmental Sustainability Implications

25. There are no environmental sustainability implications arising from this report.

Risk Management Considerations

26. The Council's risk registers inform the development of the annual risk based internal audit plan, progress against which is reported separately to the Audit Committee.
27. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

Other Implications

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

Consultation

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

Policy Framework

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

Background Powers

Risk management strategy:

https://www.reigate-banstead.gov.uk/info/20090/council_policy/929/risk_management