

<b>Signed off by</b>	Head of Corporate Policy, Projects and Performance
<b>Author</b>	Ross Tanner, Performance Officer  Luke Harvey, Project & Performance Team Leader
<b>Telephone</b>	Tel: 01737 276022 Tel: 01737 276519,
<b>Email</b>	Ross.Tanner@reigate- banstead.gov.uk Luke.Harvey@reigate- banstead.gov.uk
<b>To</b>	Audit Committee Executive Committee
<b>Date</b>	Audit Committee: Thursday, 6 September 2023  Executive: Thursday, 14 September 2023
<b>Executive Member</b>	Portfolio Holder for Corporate Policy and Resources

<b>Key Decision Required</b>	N
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	Risk management - Q1 2023/24
----------------	------------------------------

<b>Recommendations</b>
<p><b>That the Audit Committee:</b></p> <p>(i) <b>Notes the Q1 2023/24 update on risk management provided in the report and make any observations to the Executive.</b></p> <p><b>That the Executive:</b></p> <p>(ii) <b>Notes the Q1 2023/24 update on risk management provided by the report.</b></p>
<b>Reasons for Recommendations</b>
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 2023/24. Additional detail is provided in the report as well as in the supporting annexes.

**The Audit 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 & 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. Heads of Service have responsibility for operational risks. The Audit Committee and Executive receive updates on any red rated operational risks as part of quarterly risk management reporting.
10. 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.

## **Key Information**

### **Updates to the risk register template**

11. Following the adoption of the new Risk Management Strategy in March 2023 and comments from Audit Committee members, a number of changes have been introduced to the presentation of information in the strategic risk register.
12. The risk register now provides for members the:
  - Inherent risk score and 'RAG' rating – that is, the likelihood and impact of the risk occurring with no controls or mitigations in place
  - Current risk score and 'RAG' rating – the assessment of the risk at present with current controls and mitigations in place; and
  - Target risk score and target 'RAG' – that is, the level to which management is aiming to control and/or mitigate the risk to. Target scores are derived with reference to the Council's risk appetite, as described in the Risk Management Strategy and accompanying methodology.
13. The risk register format has also been updated to:
  - include web links to relevant contextual information
  - distinguish between controls and mitigations that have been implemented, and those around which work is ongoing
  - provide an illustration of current risk ratings over time, rather than just the quarterly position.

### **Q1 2023/24 risk management update**

14. The full strategic risk register is available at annex 1 of this report.
15. In Q1 there were no new strategic risks identified.
16. In Q1 there are no strategic risks recommended for closure.
17. The full risk registers, as well as the Council's current risk management strategy, are made available to all members via the ModernGov document library.

### **Red rated operational risk**

18. In Q1 there was one RED rated operational risk, the detail of which is set out in the part 2 exempt annex.

### **Q4 2022/23 risk management:**

19. Due to the timings of the Audit Committee and Executive meetings where Q4 risk was considered, it was agreed that any observations raised by the Audit Committee would be reported to the Executive at its September 2023 meeting. No formal observations or recommendations were made by the Audit Committee.

## **Options**

20. The Audit Committee has two options:

- Option 1: note this report and make any observations to the Executive.
- Option 2: note this report and make no observations to the Executive.

21. The Executive has one option:

- Option 1: note this report.

### **Legal Implications**

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

### **Financial Implications**

23. Financial risks are considered when preparing the Medium-Term Financial Plan, Capital Investment Strategy, Revenue Budget, and Capital Programme each year.

24. There are no additional financial implications arising from this report.

### **Equalities Implications**

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

### **Communication Implications**

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

### **Environmental Sustainability Implications**

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

### **Risk Management Considerations**

28. 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.

29. The Council's approach to managing risk is a core component of the Code of Corporate Governance.

### **Procurement/Contract Management and Subsidy Considerations**

30. There are no Procurement/Contract Management and Subsidy considerations implications arising from this report.

### **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 Powers**

34. Risk Management Strategy: [https://www.reigate-banstead.gov.uk/info/20090/council\\_policy/929/risk\\_management](https://www.reigate-banstead.gov.uk/info/20090/council_policy/929/risk_management)