

7. Risk Management – Review Summary of Key Risks

Executive Portfolio Holder: Paull Robathan, Resources & Member Support
Director: ACE Rina Singh, Assistant Chief Executive
Lead Officer: Gary Russ, Procurement and Office Services Manager
Contact Details: gary.russ@southsomerset.gov.uk or (01935) 462076

Purpose of the Report

To update members of the audit committee on the status of the risk register at the council so that members of the committee can ascertain if a management process exists at the council and if so is the process considered sufficiently robust and well used to be supporting and encouraging risk based decision making.

Audit Committee

“To monitor the effective development and operation of risk management within the Council”.

The checking of various reports from the corporate risk register is considered to be an excellent method of audit committee members demonstrating that they are exercising their collective role as indicated above.

Background

Attached are two suggested reports that audit committee members may find useful in ascertaining the current activity within the risk register, and further understanding the risk profile of the whole council. It is envisaged that the amount of reporting and type of reports being used will change over time as experience and understanding improves throughout the entire organisation.

Report number one is the Corporate Heat Map report, which shows the total number of risks both in Inherent and residual risk form.

Report number two is a more detailed report on the critical (red) risk. This report is intended to show the detail of the risk and the controls and actions the officer has put in place to mitigate the critical risk. Keep in mind that these risks are still indicating as critical at Residual risk level.

So the officer has applied the controls and still considers the risk implications to be critical or catastrophic. Given that even with controls in place the risk is still regarded as very high, the officer should be indicating what further action they intend to take. A management Board should be ascertaining what and when further action is taken.

Member should however read our current reports with a degree of caution: “and I will explain why”

A degree of assessment needs to be made by the officer in deciding what level the risk is at, however guidance has been given. So we need to ask is the risk really critical, or is this just the view of an individual who may be misinterpreting information.

Secondly in some of the critical risk where officers have not as yet entered any controls, so the Inherent risk and the residual risk are in effect presenting as the same.

At least two risks presenting as critical to the risk manager are in his opinion not in fact critical and will probably fall significantly once the officer applies controls to that risk.

I have attached to this report a copy of the risk evaluation document given to all risk owners that is to be used in assessing risk status. Members may find this useful in assisting in deciding as to if these critical risk, are in fact critical or not.

However it should not be the role of the member, nor the risk manager to force changes to the risk register. However it would be fully in order if the audit committee made recommendations in connection with specific risk or risk areas.

Risk Moderation Score

Description	Score (see Magique)	Health and Safety Impact	Impact on Service and Reputation	Financial Impact
Insignificant	1	<ul style="list-style-type: none"> ▪ No injury ▪ No apparent injury 	<ul style="list-style-type: none"> ▪ No impact on service ▪ No impact on reputation ▪ Complaint unlikely ▪ Litigation risk remote 	Loss/costs up to £5,000 Minor
Minor	2	<ul style="list-style-type: none"> ▪ Minor injury (First aid on site) 	<ul style="list-style-type: none"> ▪ Slight impact on service ▪ Slight impact on reputation ▪ Complaint possible ▪ Litigation possible 	Loss/costs between £5,000 and £50,000
Moderate	3	<ul style="list-style-type: none"> ▪ Reportable injury 	<ul style="list-style-type: none"> ▪ Some service disruption ▪ Potential for adverse publicity, avoidable with careful handling ▪ Complaint expected ▪ Litigation probable 	Loss/costs between £50,000 and £500,000
Major	4	<ul style="list-style-type: none"> ▪ Major injury (Reportable) ▪ Permanent incapacity 	<ul style="list-style-type: none"> ▪ Permanent incapacity ▪ Service disrupted ▪ Adverse publicity not avoidable (Local media) ▪ Complaint expected ▪ Litigation expected 	Loss/costs between £500,000 and £5,000,000
Catastrophic	5	<ul style="list-style-type: none"> ▪ Death 	<ul style="list-style-type: none"> ▪ Service interrupted for significant time ▪ Adverse publicity not avoidable (national media interest) ▪ Major litigation expected ▪ Resignation of senior management and /or director(s) 	Theft/loss over £5,000,000