

# **WAVERLEY BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**28/03/2022**

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**Title:**

**Corporate Risk Review**

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**Portfolio Holder:** Cllr Mark Merryweather, Portfolio Holder for Finance, Assets & Commercial Services

**Head of Service:** Peter Vickers, Head of Finance and Property

**Key decision:** No

**Access:** Public

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### **1. Purpose and summary**

- 1.1 The Strategic Risk Register is a key governance document underpinning the delivery of the Corporate Strategy 2020 - 2025. The register focuses on the risks that are inherent in delivering the strategic objectives selected and designed to deliver the strategic priorities.
- 1.2 The Audit Committee is charged within its Terms of Reference to ensure that the council has an effective risk management framework in operation. The risk register is therefore a part of the governance documentation used within the risk management framework. It is therefore important that members of the committee have an oversight of the Strategic Risk register to gain assurance of its effective operation.
- 1.3 The Strategic Risk Register is a re-write of the previous register to align with the Council adoption of the Corporate Strategy 2020 – 2025. Members of the committee have had several informal review sessions during 2021. Unfortunately, the November 2021 Audit Committee was cancelled resulting in the delay of the formal review of the current Strategic Risk register. However, officers have maintained the register and formally reviewed it on a quarterly basis.
- 1.4 The format for the recording of the risk assessments in the register considers comments from the Audit Committee informal review and includes an “impact” assessment of a risk event and the “likelihood” of a risk event happening. Each assessment is compared to the Risk Appetite adopted by the Council in 2019, categorising risk into five domains:
- Financial
  - Legal/Regulatory
  - Safety
  - Service Delivery

- Reputational

The full risk appetite statement is included on **Annexe 1** for reference.

- 1.5 A single risk domain is decided for each risk as the dominant risk “impact” and mapped onto a risk matrix called a “heat map”. The heat map is colour coded, green, amber, and red to indicate importance of a risk and the level of action required. Risks within the red part of the heat map require active management.
- 1.6 The linkage of impact assessments to the risk appetite enables a two-dimensional view of risk management. The first dimension (heat map) shows how identified risks will impact the council’s ability to deliver on its corporate objectives. The risks are classified into three categories on the risk register: “manage”, “monitor” and “review”, graphically presented in a set of “heat maps” showing the current situation and the target situation. The second dimension compares every risk impact to the agreed risk appetite acceptable impact for the relevant domain, regardless of their “heat” categorisation, and considers the likelihood of a risk event to ensure that all risks are being managed proportionality in relation to the risk appetite, and does not encourage excessive/disproportional management.
- 1.7 The strategic risk heat maps are included on **Annexe 2** including an explanation of the red (manage) items. There are 4 risks in the “manage” category with active management plans reducing two of the risk events to “monitor”.
- 1.8 A review of all identified risk events against the risk appetite statement and their likelihood is provided on Annexe 3 with an explanation of actions for risks currently at the agreed risk appetite for the dominant domain, with a heat map classification of “monitor”. Only one risk event is currently assessed as being outside of the risk appetite. This risk relates to the impact of a change in government legislation for Planning Development in the borough, impacting on the council’s ability to meet administration deadlines. The impact is currently above the acceptable risk appetite for Legal/Regulatory risk domain. Careful consideration will be given to any changes in regulations due to the impact this could have on the service capacity to manage the impact down to the risk appetite.

## 2. **Recommendation**

The Audit Committee review the detail provided in annexe 2 and 3 and provide feedback to officers.

## 3. **Reason for the recommendation**

To ensure the Council follows its agreed governance for managing risk to deliver the council’s corporate objectives.

## 4. **Relationship to the Corporate Strategy and Service Plan**

- 4.1 The Strategic Risk register directly underpins the Corporate Strategy.

## **5. Implications of decision**

### **5.1 Resource (Finance, procurement, staffing, IT)**

No direct financial implications arise from this report.

### **5.2 Risk management**

The review of the Strategic risk register is part of the council's adopted risk management framework.

### **5.3 Legal**

There are no direct legal implications in this report.

### **5.4 Equality, diversity and inclusion**

There are no direct equality, diversity or inclusion implications in this report.

### **5.5 Climate emergency declaration**

The climate emergency is directly addressed within the Strategic Risk Register as a key strategic objective.

## **6. Consultation and engagement**

6.1 Input sought from all council services.

## **7. Other options considered**

7.1 No other options considered

## **8. Governance journey**

8.1 Audit to review and comment.

### **Annexes:**

Annexe 1 – Risk Appetite Statement

Annexe 3 – Risk Heat Maps

Annexe 3 – Annexe 3 Risk appetite mapping

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### **Background Papers**

There are / are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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Agreed and signed off by:

Legal Services: 18 March 2022

Head of Finance: 15/03/2022

Strategic Director:

Portfolio Holder: