

**STRATEGIC RISK REGISTER UPDATE**

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**1. SUMMARY**

- 1.1 This report updates members on the progress on the development of the Strategic Risk Register.
- 1.2 Work has taken place in respect developing Risk Appetite and Tolerance thresholds which now show along-side residual risk scoring.
- 1.3 The strategic risk register is updated on a live basis and is formally reviewed twice yearly, in August (post year-end) and in February as part of budget setting process.

**2. RECOMMENDATIONS**

- 2.1 Performance and Scrutiny Committee to note the content of the report.

**3. DETAIL****Background**

- 3.1 Risk Appetite and Risk Tolerance levels now feature on the Strategic Risk Register along-side residual scoring level.
- 3.2 Risk appetite is simply the amount of risk an organisation is willing to take. It is not a single fixed concept. There can be a range of appetites for different risks and these appetites may well vary over time. Risk appetite can and will change over time. (e.g. the economy shifts from boom to bust or a reserves fall). Rapid or extra-ordinary changes in circumstances may also result in re-appraisal of appetite.
- 3.3 Risk Tolerance levels are the points where a form of intervention or escalation is required and are normally a prescribed score or level, however, can also be reflective of timescale, progress or otherwise. Actions associated with activating a trigger point could be:
  - Prioritisation or redirection of resources
  - Prioritisation of mitigations
  - Defined action plans
  - Review outcome or objective
  - Terminate Risk – Alternative policy
  - Review of Appetite level.

- 3.4 In terms of Strategic Risk, the Council, like many public sector organisations has an overall low (Cautious) appetite for risk although there are areas where a more Medium (Open) can be evidenced.
- 3.5 In line with Institute of Risk management thinking, Risk appetite is generally lower than risk tolerance and the Council recognises that it is not always possible or necessarily desirable to eliminate some of the risks inherent in its activities. In some instances tolerance of risk within the public sector is necessary due to the nature of services, constraints within the operating environment and a limited ability to directly influence where risks are shared across sectors.
- 3.6 Appendix 1 details the draft SRR. There are currently 15 strategic risks identified. Two of the risks are currently showing a residual score in excess of agreed tolerance levels. These are Risk number 1, Population and Economic decline and Risk number 7 Health and Social Care Integration. Assurance can be taken that these risks are being actively managed and there is a focus and priority emphasis on these areas which includes prioritisation or redirection of resources, prioritisation of mitigations and defined action plans.

## **CONCLUSION**

- 4.1 There are 2 risks which are currently classified as Red and which are scoring above agreed tolerance levels. Arrangements are in place to actively manage these via prioritisation of resources, prioritisation of mitigations and defined actions plans.

## **5. IMPLICATIONS**

- 5.1 Policy – None directly but the SRR should be used to assist the Council in setting and reviewing its strategic direction and performance.
- 5.2 Financial – None directly from this report but effective risk management assists with effective governance and stewardship of council resources
- 5.3 Personnel – None
- 5.4 Equal Opportunities – None
- 5.5 Legal – None.

5.6 Risk – The report sets out the strategic risks facing the Council

5.7 Customer Service – None.

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**Appendices**

**1. Strategic Risk Register**