

**STRATEGIC RISK REGISTER**

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**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to provide members with an update on the Strategic Risk Register (SRR) and introduce proposed revisions to both the content and format.
- 1.2 Our internal audit partners, Grant Thornton, undertook a review on the way in which the strategic and operational risks are managed by the Council. The report noted that internal controls in place to support risk management are generally well designed and operating in practice. As a result, the level of assurance given was Substantial.
- 1.3 The review provided one direct recommendation and as a result Strategic Finance undertook a review of the content of the current SRR. Work has taken place in respect of linking risks to the new business outcomes, identification and re-formatting of mitigating actions and controls and the inclusion of the current status indicator of the identified risk using the recognised 4T system being Treat, Tolerate, Transfer and Terminate.
- 1.4 Within the proposed SRR the number of strategic risks has reduced. Reasons for reduction include consolidation with other existing risks, where mitigating action(s) and plans are addressing similar risk events or where the risk consequences are now deemed to be more operational in nature and / or no longer a specific stand-alone strategic risk to the organisation.
- 1.5 Members are asked to approve the content of the proposed revised Strategic Risk Register.

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**2. INTRODUCTION**

- 2.1 The purpose of this report is to provide members with an update on the Strategic Risk Register (SRR) and introduce proposed revisions to both the content and format.

**3. RECOMMENDATIONS**

- 3.1 Members are asked to approve the content of the proposed revised Strategic Risk Register.

**4. DETAIL**

- 4.1 The current SRR has been in place for a number of years. It is subject to regular review at various points throughout the financial year and is currently formally reported to Committee on an annual basis with latest version being approved at Policy and Resources Committee in August 2016.
- 4.2 As part of our annual risk management assurance arrangements, our internal audit partners, Grant Thornton, undertook a review on the way in which strategic and operational risks are managed by the Council.
- 4.3 The report noted that internal controls in place to support risk management are generally well designed and operating in practice. As a result, the level of assurance given was Substantial.
- 4.4 In respect of the SRR the review included one direct recommendation being:  
“The Strategic Risk Register should be explicit about which risks continue to be actively managed, and those that are being tolerated. Where risks are being treated the actions, where possible, should be framed in SMART terms to ensure that accountability is clear for mitigating actions”.
- 4.5 Strategic Finance staff have undertaken some work in respect of this finding and also undertaken a review of the content. The proposed revised risk register is attached at Appendix 1. Work has taken place in respect of linking risks to the new business outcomes, identification and re-formatting of mitigating actions and controls and the inclusion of the current status indicator of the identified risk using the recognised 4T system being Treat, Tolerate, Transfer and Terminate.
- 4.6 There has been a consolidation of some of the risk areas previously identified,

for example, the proposed risk register no longer highlights finance expenditure and finance income and funding as separate risk events. A new finance sustainability risk is now included which covers the risk events previously identified and addresses or reflects both the future / current operating environment.

4.7 Within the proposed SRR the number of strategic risks has reduced. Reasons for reduction include consolidation with other existing risks, where mitigating action(s) and plans are addressing similar risk events or where the risk consequences are now deemed to be more operational in nature and / or no longer a specific stand-alone strategic risk to the organisation.

4.8 The proposed SRR now shows 9 risk areas which is a reduction of 6 from the previous version. The main amendments are listed below.

<b>Current</b>	<b>Action</b>	<b>Proposed</b>
Population and Economic Decline	Retain & Update	Population and Economic Decline
Infrastructure and Asset Base	Retain & Update	Infrastructure and Asset Base
Welfare Reform	Retain & Update	Welfare Reform
Health and Social Care	Retain & Update	Health & Social Care
Civil Contingencies	Retain & Update	Civil Contingencies
Finance Income & Funding	Replaced	Financial Sustainability
Finance Expenditure	Replaced	
Political Leadership	Replaced	Governance and Leadership
Leadership and Management	Replaced	
Partnership Governance	Replaced	
Engagement & Service Delivery	Replaced	Engagement and Understanding
Management of Services	Replaced	Service Delivery
External Built Environment	Remove	
Demographics	Remove	
Reputation	Remove	

4.9 At a recent review session members of SMT undertook a “do we have this right” review, which amongst other things, considered whether the risks identified are relevant, reviewed scoring including mitigating actions and considered whether risks identified were reflective of the current issues facing the organisation.

4.10 Part of the on-going review of the SRR includes consideration of emerging risk events. SMT have agreed to note an emerging theme in respect of policy and

legislative changes, specifically the Education Governance review which is identified as having potential strategic risk implications for Argyll and Bute Council. Consideration will be given to any specific risk detail together with any required mitigation or control action as part of the existing SRR review arrangements and / or as and when the full detail of any policy / legislative change is known.

## **5. CONCLUSION**

- 5.1 The Strategic Risk Register remains under regular review. Proposed revisions to the risk register further enhance the relevance, readability and understanding of the risk register.

## **6. IMPLICATIONS**

- 6.1 Policy – None directly but the SRR should be used to assist the Council in setting and reviewing its strategic direction and performance
- 6.2 Financial – None directly from this report but effective risk management assists with effective governance and stewardship of council resources
- 6.3 Personnel – None
- 6.4 Equal Opportunities – None
- 6.5 Legal – None
- 6.6 Risk – The report sets out the strategic risks facing the Council
- 6.7 Customer Service – None

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**7 August 2017**

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## **APPENDICES**

**Appendix 1 - Proposed Strategic Risk Register**