

**Open Report on behalf of the Executive Director, Resources and
Community Safety**

Report to:	Audit Committee
Date:	23 April 2012
Subject:	Risk Appetite and Updated Strategic Risk Register

Summary:

The purpose of this report is to update the Committee on the outcomes from our work in 'testing-out' the organisations appetite for risk, i.e. How much risk are we prepared for the Council to take to meet the challenges ahead?, and provide the updated Strategic Risk Register.

Recommendation(s):

That the Committee:

1. Notes the outcomes from our work in 'testing-out' the Councils appetite for risk.
2. Notes the contents of the updated Strategic Risk Register as endorsed by the Informal Executive and Corporate Management Board at their meeting on 21st February 2012.
3. Consider and approves our proposal to receive twice yearly updates on the Strategic Risk Register.

Background

- 1.1 Members will recall that at their meeting on 19th December 2011, a paper was presented which provided details of our progress in testing out the council's appetite for risk and on updating the strategic risk register.
- 1.2 We have now concluded this work and so should like to provide the committee with the following summary of our findings together with the updated Strategic Risk Register as contained in Appendix A.

Thinking about Risk

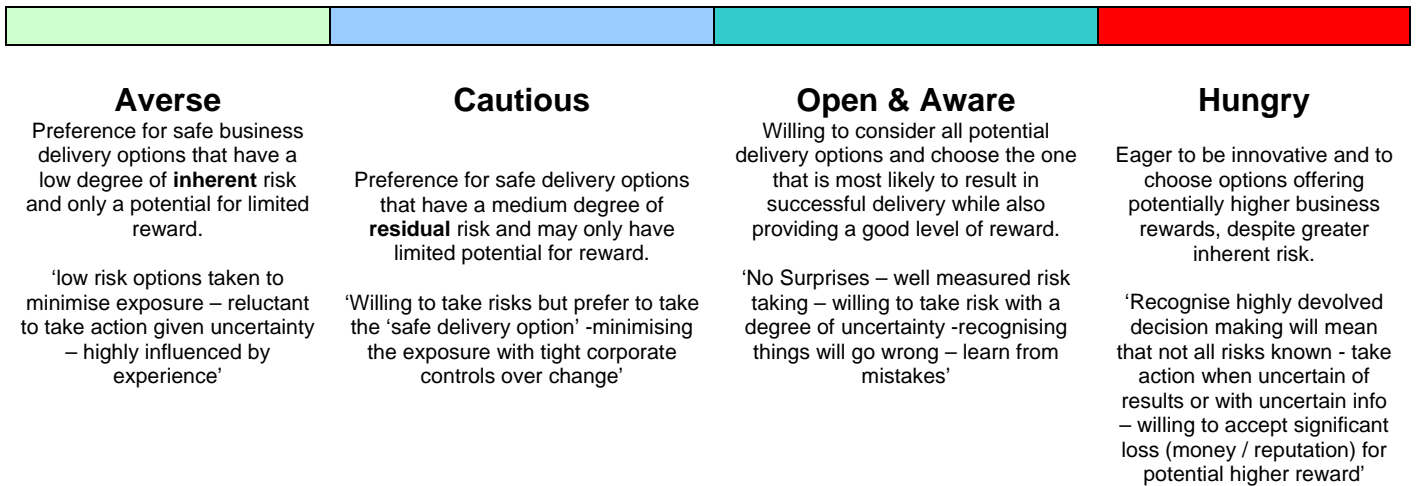
- 2.1 When risk appetite is properly understood and clearly defined, it becomes a powerful tool, not only in taking well measured risks, but also for improving overall performance and decision making.

2.2 At the most basic level our risk appetite is – How much risk are we prepared to take in order to attain the benefit / return for our investment (£ or effort) or in other words, the individual and total impact of risk we are prepared to accept in the pursuit of our strategic objectives.

2.3 To help update the Strategic Risk Register and the Councils Risk Management Strategy we needed to gain an insight to how we ‘Think about Risk’, particularly those risks associated with our emerging Business Plan priorities.

2.4 We held two pilot workshops in December ’11 to move this forward. The participants assessed their ‘appetite for risk’ against various risk statements associated with the Business Plan priorities.

2.5 Basically, we were looking to get a feel for their ‘appetite’ for each risk using the following scale. Please note that these statements are descriptors to illustrate how we potentially ‘think and feel about risk’.



2.6 The outcome of the workshops has enabled us to start building a picture of the organisations risk appetite as shown below:

Category of Risk	Risk Appetite
Projects & Major Change	Hungry
Finance & Money	Open & Aware
Reputation / Public Confidence	Hungry
Regulatory Standing & Legal Compliance	Open & Aware

People	Averse
Partnerships	Cautious /
	Open & Aware

2.7 We shared the findings of this work with the Corporate Management Board and have worked with the Executive Directors to give an indicative risk appetite for the Councils Strategic Risks. This is shown in the Strategic Risk Register contained in Appendix A.

Strategic Risk Register

3.1 At the workshops we also took the opportunity to re-evaluate the risks contained in the Strategic Risk Register.

3.2 We have subsequently met with each Executive Director to validate the risks, assess the control actions and the level of assurance we can place on the risk, i.e. the level of confidence the risk owner has on the management of the risk and operation of control actions.

3.3 Going forward, we will keep the register under review by meeting with each risk owner on a quarterly basis to touch base, make any changes necessary to their risks and add any new strategic risks facing the Council.

Conclusion

4.1 A summary of the updated Strategic Risk Register was endorsed by the Informal Executive and Corporate Management Board at their meeting on 21st February 2012.

4.2 At their meeting, the Informal Executive also agreed with our recommendation for the Strategic Risk Register to be monitored through the Corporate Risk & Safety Steering Group and the Audit Committee. Escalation of any exceptions arising should be made to the appropriate scrutiny committee and/or the Executive when more action is required. It is our proposal that the Strategic Risk Register be presented to each of these two forums on a twice yearly basis.

4.3 We have used the outputs from the Risk Appetite exercise to help inform a refresh of our Risk Management Strategy and which is due to be presented to the committee today as a separate paper. The next and final stage of this work is to undertake a review of our Risk Management Policy and Toolkit.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Strategic Risk Register - February 2012

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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