

**REDDITCH BOROUGH COUNCIL**

**AUDIT GOVERNANCE AND STANDARDS COMMITTEE 21<sup>ST</sup> APRIL 2016**

**CORPORATE GOVERNANCE AND RISK**

|                              |   |
|------------------------------|---|
| Relevant Portfolio Holder    | Councillor John Fisher  |
| Portfolio Holder Consulted   | No  |
| Relevant Head of Service     | Jayne Pickering – Executive Director<br>Finance and Resources |
| Ward(s) Affected             | All Wards   |
| Ward Councillor(s) Consulted | No  |

**1. SUMMARY OF PROPOSALS**

- 1.1 For Members to consider the draft Corporate Risk Register for 2016/17 and to update Members on the Annual Governance Statement for 2015/16 and other current Governance issues.

**2. RECOMMENDATIONS**

**2.1 The Committee is asked to asked to:**

2.1.1 consider the draft register and propose any further risks to be included

2.1.2 note the updates on the Annual Governance Statement and other Governance issues

**3. KEY ISSUES**

**Financial Implications**

- 3.1 There are no financial implications in relation to the development of the register or the associated Governance updates.

**Legal Implications**

- 3.2 The Council operates within a number of statutory Governance regulations and the Corporate Risk Register demonstrates how the Council will address and mitigate risks associated with the delivery of the Councils Strategic Purposes. The Annual Governance Statement details the ways that the Council operates within both the statutory and general good governance framework.

**Service / Operational Implications**

**Corporate Risk Register**

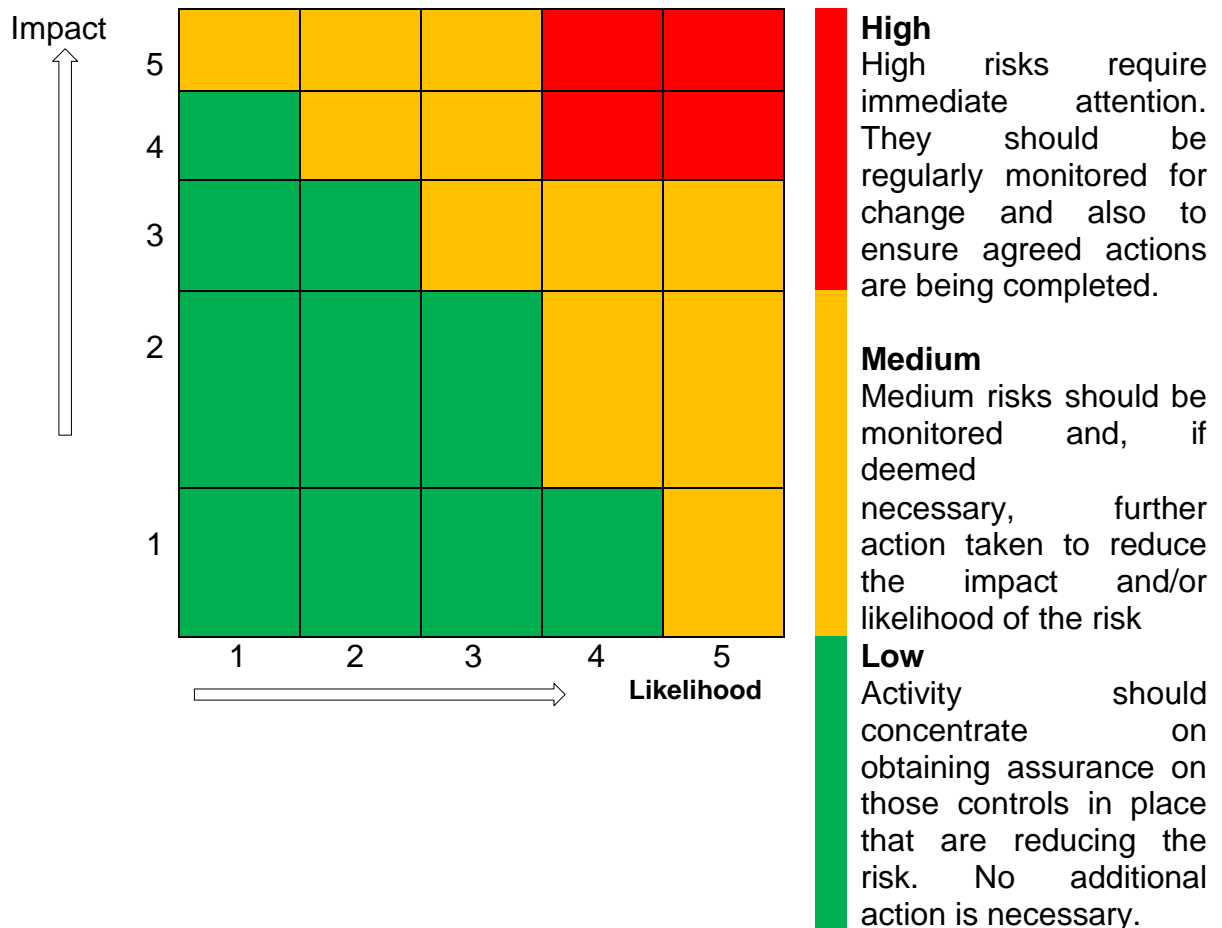
- 3.3 The Corporate Risk Register has been developed by the management team to address issues that are of a strategic nature and are seen as areas that have potential to impact on the delivery of the Strategic Purposes. The register attached at Appendix 1 is the draft

2016/17 register to enable members to be aware of corporate risks within the Council and uses the Red/ Amber / Green Scoring Mechanism to assess the risk associated with the issue and details both the controls and mitigating actions that are in place to reduce the risk to the organisation.

3.4 The scoring mechanism is shown in the table below and the Impact Scoring Criteria is attached at Appendix 2:

**Risk scoring matrix**

The risk scoring matrix reflects the Councils' current appetite / tolerance to risk. This risk tolerance should be reviewed at least annually as part of the formal refresh of risk management. There are three risk classification (low, medium and high) and these are based on the impact and likelihood values that are given to each risk. The risk matrix below illustrates how risks are classified.



3.5 Additional risks have been included for 2016/17 in relation to the Financial Management arrangements and the potential risk of non adherence with statutory inspections policies. In addition there is a risk associated with non compliance with statutory requirements on health and safety which replaces the risk of fatalities within service provision. Management team are reviewing the register and Members are asked to consider the draft register and make any proposed changes or additions to be monitored on a 6 monthly basis by this Committee.

**Annual Governance Statement**

- 3.6 The compilation of an Annual Governance Statement is a statutory requirement. The Annual Governance Statement provides an open and honest self – assessment of the Authorities governance arrangements across all of its activities, with a clear statement of the actions being taken to address identified areas of concern.
- 3.7 The Authority has used the six principles that underpin effective governance which has been identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) to assess the adequacy of its governance arrangements. The return is completed and published annually as part of the Final Accounts.
- 3.8 Following a recent internal audit of the process around the Governance Statement it is proposed that the process becomes more inclusive for both managers and members and any actions from the Governance Statement are monitored as part of the S11 monitoring from 2016/17.
- 3.9 A recent assurance schedule has been sent to all Heads of Service to assess the current controls within their department and this will be reported to management team to identify any areas of concern to improve in 2016/17.

**Treasury Management**

- 3.10 As part of the governance and monitoring of the Treasury Management Strategy members asked for the most recent monitoring of this area. A report will be presented to Exec following the last quarter of 2015/16 ( to members in July 2016), however this is the extract from the last meeting ( December).

*The Council's Treasury Management Strategy has been developed in accordance with the Prudential Code for Capital Finance prudential indicators and is used to manage risks arising from financial instruments. Additionally treasury management practices are followed on a day to day basis.*

**Credit Risk**

*Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Credit risk is minimised by use of a specified list of investment counterparty criteria and by limiting the amount invested with each institution. The Council receives credit rating details from its Treasury Management Advisers on a daily basis and any counterparty falling below the criteria is removed from the list.*

*At 31<sup>st</sup> December 2015 short term investments held comprised:*

|                 | <b>31<sup>st</sup> Dec 2015<br/>£'000</b> |
|-----------------|---|
| <i>Deposits</i> | 5,000                                     |

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|                     |                     |
|---------------------|---------------------|
| <b><i>Total</i></b> | <b><i>5,000</i></b> |
|---------------------|---------------------|

**Income from investments**

*An investment income target of £25k has been set for 2015/16 using a projected rate of return of 0.25 %.*

**Customer / Equalities and Diversity Implications**

- 3.11 By promoting good governance the Council ensures that all of its residents and communities have a consistent standard of service and opportunities.

**4. RISK MANAGEMENT**

- 4.1 The Corporate Risk Register provides a framework for risks to be addressed and mitigated in relation to the delivery of the Councils Strategic Purposes.

**5. APPENDICES**

Appendix 1 - Draft Corporate Risk Register 2016/17  
Appendix 2 - Impact scoring criteria

**6. BACKGROUND PAPERS**

Departmental risk registers.

**AUTHOR OF REPORT**

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