CARDIFF COUNCIL
CYNGOR CAERDYDD

CABINET: 27 JULY 2017

CORPORATE RISK MANAGEMENT UPDATE - QUARTER 4 2016/17

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5

PORTFOLIO: FINANCE, MODERNISATION AND PERFORMANCE (COUNCILLOR CHRISTOPHER WEAVER)

Reason for this Report

1.   To bring the Corporate Risk Register (CRR) to the attention of the Cabinet, in order to consider the strategic risks facing the Council.

Background

2.   To support the arrangements for good corporate governance, it is necessary for the Council to have a clear statement of its overall position in relation to corporate risks, which is subject to regular review.

3.   The CRR aims to identify the main risks facing the Council so that elected Members and Senior Management can make informed decisions and prioritise actions, with these risks in mind. The CRR process involves identifying and assessing key risks, and taking proportionate action to manage risks within an acceptable level (risk appetite).

4.   A dedicated Member Risk Champion role has been in place for a number of years, which was performed by Councillor Hinchey for the year 2016/17.   As Cabinet Member for Finance, Modernisation and Performance, Councillor Weaver is the Member Risk Champion going forward and initial engagement has commenced with a series of Risk Management Steering Group meetings arranged for the 2017/18 financial year.

5.   The CRR is updated and presented to the Senior Management Team (SMT) quarterly, to ensure their collective ownership and agreement, with the quarterly position reported to Audit Committee. Audit Committee considered the quarter 4 CRR position in their meeting on 20 June 2017 in order to inform their programme of work for the forth coming year.

6.   The CRR is reported to the Cabinet on a biannual basis and was last reported on 15 December 2016, at which time it set out the mid-year position 2016/17. Since the last Cabinet update a formalised risk

escalation process was introduced in quarter 4 2016/17 to ensure that the SMT receive systematic and timely risk information and analysis from each Directorate on a risk-priority basis.

7.   The risk escalation process determines the extent of risk reporting and review of directorate risks, based on the risk rating. The risk escalation process is included in Appendix A, whereby each Director is required to personally review all residual (current) risks rated as 'red/amber' and above and, at a minimum, to escalate all 'red' residual risks to Senior Management Team (SMT) for collective review.

Issues

8.   Each Director has worked with their Risk Champions in undertaking a quarter 4 risk register review. The process has two tiers (Directorate and Corporate), and the actions at each are detailed as follows.

Directorate Risks

9.   At the quarter 4 position, 319 risks were reported from Directorate Risk Registers. Each Director was responsible for reviewing and escalating risks in accordance with the refreshed process. A total of 14 risks were escalated to SMT in May and each risk was collectively discussed and reviewed.

10.   Of the 14 risks escalated, 3 represented components of a cyber security risk. A new overall corporate risk on cyber security was agreed and added to the CRR. Following the ICT Services Manager's (OM) attendance at Risk Management Steering Group in January 2017, he attended SMT in June 2017. The purpose was to provide specialist guidance and articulation of individual and collective accountabilities. Another risk on the 'non-completion of statutory building equipment maintenance' was also escalated to the Corporate Risk Register in the quarter 4 review.

11.   The remaining 10 escalated risks were each discussed. The impact of each risk on the Council's corporate priorities was considered from which it was agreed that the accountability, management and reporting of the remaining risks should continue at a directorate level, with no further additions to the CRR merited.

Corporate Risks

12.   There were 24 corporate risks in place prior to the quarter 2 review. Each risk owner reviewed and updated their existing corporate risks prior to discussion at SMT in May. The update resulted in:

- Some risk additions and risk removal from the CRR
- Changes to some risk names / titles
- An increase in the information governance risk rating ('B2' to 'B1')
- A reduction in the waste management risk rating ('B2' to 'C2')

13. SMT agreed removing the risk of failure to implement the 'Social Services and Wellbeing (Wales) Act 2014' from the CRR in quarter 4. This risk was considered to be sufficiently addressed and will be managed on the Social Services Directorate Risk Register. This is based on the governance arrangements which manage the risk as business as usual since the act was implemented in April 2016.

14. As outlined in paragraph 9, 2 new corporate risks ('Cyber Security' and 'Statutory Building Equipment Maintenance) were added to the CRR at the quarter 4 position following Director escalation.

15. Two risks have been re-named at the quarter 4 position 2016.17. The risk formerly titled 'hostile vehicle mitigation' has been extended to emphasise that the risk is about 'public realm protection'. Additionally, the risk description 'Social Services – Cost' has been widened and now titled 'Social Services – Provision' to emphasise how this risk is managed through a focus on demand, supply, quality and cost factors.

16. In view of the increased obligations and financial penalties of the General Data Protection Regulation (GDPR), which will come into force in May 2018, the impact of this risk has increased from significant to major. Proactive work is underway to ensure that the risks represented by this forthcoming legislation are sufficiently understood and proportionately managed.

17. Since the last Cabinet update, the Waste Management risk has been reduced from 'red' (B2) to 'red / amber' (C2), in recognition of the progress made in managing the risk to date.

18. The Corporate Risk Map is included in Appendix B, with the CRR summary and detailed versions included in Appendix C and D respectively.

19. It is recognised that since the end of the year, the period to which this report relates, the major incident at Grenfell Tower in London has occurred. The Council is actively working with Welsh Government and other regulators to ensure that any updated guidance is taken into account in considering any impact on relevant buildings across the whole of the Council's estate. This risk will continue to be be actively managed and will form part of the content of the next Cabinet report on the Corporate Risk Register.

Reason for recommendation

20. To enable the Cabinet to monitor and consider the quarter 4 risk management position 2016/17.

Legal Implications

21. There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be

taken, if appropriate, and consequently successful claims against the Council may be avoided altogether, or reduced.

Financial Implications

22.   There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

RECOMMENDATION

The Cabinet is recommended to note and consider the content of the Corporate Risk Register.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES
21 July 2017

The following Appendices are attached:

Appendix A - Risk Management Quarterly Review Process
Appendix B - Corporate Risk Map - Q4 2016/17 Position
Appendix C - Corporate Risk Register – Q4 2016/17 Summary
Appendix D - Corporate Risk Register – Q4 2016/17 Detailed