

CORPORATE RISK MANAGEMENT - QUARTER 2 2017/18

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 6.1

1. To update Audit Committee on the risk management position at quarter 2 2017/18.
2. The Audit Committee's Terms of Reference sets out their responsibility:
 - To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and;
 - To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

Background

3. Audit Committee receives a risk management update each financial quarter, and an opportunity to raise comments. The last Audit Committee review was on 18 September 2017, at which time the risk management position at quarter 1 2017/18 was presented.
4. Each Directorate holds a Directorate Risk Register (DRR), and the Senior Management Team (SMT) collectively own a Corporate Risk Register (CRR). The CRR records the main risks to the delivery of corporate objectives and priorities, whilst the DRRs record the key risks to the delivery of Directorate functions and priorities.
5. A risk escalation process is in place, whereby each Director is required to take ownership of all residual (current) risks rated as 'red/amber' and above on their DRR and, at a minimum, to escalate all 'red' residual risks to SMT for collective ownership and review.
6. SMT determine if any changes are required to the CRR each quarter as a result of this reporting process. The remaining escalated risks continue to be held on DRRs and reviewed by SMT each quarter until it is agreed that mitigation is sufficient for risk ownership to transfer back to the Directorate.

Issues

7. Each Director has worked with their Risk Champion(s) to undertake their quarter 2 risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter 2 risk assessments are presented on the Corporate Risk Map (Appendix A), the Summary CRR (Appendix B) and the Detailed CRR (Appendix C).
8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter 2 are detailed as follows.

Directorate Risks

9. At the quarter 2 position, 369 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 31 October and 14 November 2017.
10. It was approved that 15 directorate risks would be carried forward as SMT escalated risks at quarter 2.

Directorate	Resources	City Operations	Communities, Housing & Customer Services	Economic Development	Education & Lifelong Learning	Social Services	Governance & Legal Services
Directorate Risks	133	42	58	92	20	16	8
Risks at SMT Escalation Point	5	1	1 (shared)	3 (inc.1 shared)	4	1	1

Corporate Risks

11. SMT collectively reviewed each escalated risk, in consideration of the nature of each risk and the potential impact on the organisation and its corporate objectives. From this review an escalated risk on 'Air Quality' was added to the CRR.
12. **Air Quality** - Senior Management recognised that poor air quality is the most significant environmental determinant of health, for which the Council will progress its responsibility to address this issue through a strategic and collaborative approach to identifying and implementing appropriate and sufficient mitigating measures.
13. The Senior Management review of existing corporate risks resulted in one 'red' risk being extended in scope, and reductions in the residual risk scores for two further 'red' risks.
14. **City Security** – Senior Management discussed the holistic security strategy for the city which is being developed through the city's CONTEST partnership mechanisms. It was recognised that the corporate risk register required an update in focus to extend the perspective of the city's security beyond hostile vehicle mitigation (HVM). The revised risk on City Security, was approved, to measure and provide assurance on the range of security measures, including the continuing development and agglomeration of the city's CCTV and the deployment of new technological solutions.
15. **Social Services Provision** - The risk has been reduced from 'B2' to 'C1' in recognition of good progress with the Institute of Public Care. Whilst there are external factors which limit the extent to which demand, quality and choice of the social services provision can be controlled, a number of mechanisms are in place to promote independence, deliver preventative services, manage demand and enhance the overall service provision. There are additional risk-based actions to build resilience, including:
 - i. Implementing a strategic review facilitated by the Institute of Public Care with a view to agreeing a 3-5 year Financial Strategy for adult social care;
 - ii. Developing and delivering an inter-agency, City-Wide preventative strategy for children.
16. **Information Governance** - The risk has been reduced from 'B1' to 'C1' to account for the progress made in preparing for the implementation of the General Data Protection Regulation (GDPR) from May 2018. The Council is robust in assessing compliance and

risk around information governance. It has processes in place to provide confidence that personal information is handled, stored, processed and destroyed in line with current and future legal requirements, whilst ensuring that the rights of individuals to access their information are upheld. Risk-based priorities include:

- i. Delivering a 'One Council Approach' for information requests;
- ii. Completing the GDPR Implementation Plan;
- iii. Targeting 100% compliance with information governance training.

Risk Management Development

17. The quarter 2 senior management review involved a wider strategic focus and discussion on risk appetite and risk tolerance to inform the extent and urgency of risk-based actions and targets. Underpinning the strategic discussion was the Corporate Risk Management Policy and Strategy which is currently being reviewed.
18. The focus of the new Corporate Risk Management Policy and Strategy will be to deliver a framework through which decision makers are aware of their responsibilities and are supported in delivering organisational change over the medium and long term. The Corporate Risk Management Policy and Strategy will include a risk appetite designed to enable the delivery of effective innovation and change, through effective stewardship and governance arrangements.
19. The approach seeks to embed the Council's risk aware philosophy into organisational actions, activities and thinking. Audit Committee will have an opportunity to comment on the Draft Corporate Risk Management Policy and Strategy in January 2018.

Reason for recommendation

20. To enable the Audit Committee to monitor risk management arrangements, and consider the Risk Management Review - Quarter 2 2017.18.

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

23. Audit Committee to note and comment upon the risk management activity and the contents of the Corporate Risk Register, and to consider the information given in the programming of its work.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES

The following Appendices are attached:

Appendix A - Corporate Risk Map	- Q2 2017/18
Appendix B - Summary Corporate Risk Register	- Q2 2017/18
Appendix C - Detailed Corporate Risk Register	- Q2 2017/18