

CORPORATE RISK MANAGEMENT - QUARTER 3 2017/18

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 6.2

1. To update Audit Committee on the risk management position at quarter 3 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 with the opportunity to make comments. The last Audit Committee review was on 28 November 2017, at which time the risk management position at quarter 2 for 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 3 risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter 3 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 3 are detailed as follows.

Directorate Risks

9. At the quarter 3 position, 349 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 13 March 2018.
10. It was approved that 14 directorate risks would be carried forward as SMT escalated risks at quarter 3.

Directorate	Resources	City Operations	Communities, Housing & Customer Services	Economic Development	Education & Lifelong Learning	Social Services	Governance & Legal Services
Directorate Risks	116	40	59	92	18	16	8
Risks at SMT Escalation Point	4	0	1 (shared)	3 (inc.1 shared)	4	2 (inc.1 shared)	2 (inc.1 shared)

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 the following changes were made to the CRR.
12. **‘Delivering Capital Ambition Programme’** - A new corporate risk was added to the CRR focused on the delivery of the Cabinet’s four year Capital Ambition Delivery Programme, which replaced the Council’s Organisational Development Programme (ODP) from December 2017. The ODP, which has been removed from the CRR, was subject to an independent review in May 2017 which concluded that the change programme had effectively served its purpose and should allow the Council to respond and adapt to the changing operational environment. In line with the recommendations of the independent review, the new programme will focus on a smaller number of transformational programmes.
13. **‘Air quality’** – The residual risk has increased from C1 to B1. Welsh Government have agreed to a Legally Binding Consent Order with Client Earth to initiate measures within very specific and challenging timescales. The requirement to undertake this work now lies with Cardiff Council in the form of a Formal Direction from Welsh Government for full assessment, feasibility and through to potential implementation of specific improvement measures. The risk rating to the Authority has increased due to the aforementioned timescales and the potential implications should the requirements of the direction not be achieved.
14. **‘Coastal Erosion’** - Coastal erosion has been extracted from the Corporate Climate Change and Energy Security risk as a stand-alone risk to reflect the urgency of the coastal erosion flood risk, which is very different to the mid-long term climate change risk. The coastal risk of breach of defences (i.e. risk to life/property/ infrastructure/ services etc) is current, not future, and is unable to be mitigated until works to prevent it are holistically complete (currently 2021 subject to funding for design & construction).
15. **‘Climate Change and Energy Security’** – The residual risk has been reduced from B1 to C1, to reflect the mid-long term nature of this risk, following the decision to report on coastal erosion as a separate short-term stand alone risk.

Reason for recommendation

16. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review - Quarter 3 2017.18.

Legal Implications

17. 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

18. 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

19. 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	- Q3 2017/18
Appendix B - Summary Corporate Risk Register	- Q3 2017/18
Appendix C - Detailed Corporate Risk Register	- Q3 2017/18