

AUDIT COMMITTEE: 18 September 2018

CORPORATE RISK MANAGEMENT – QUARTER 1 2018/19

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 6.1

1. To update Audit Committee on the risk management position at the end of quarter 1 2018/19.
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 26 June 2018, at which time the risk management position at quarter 4 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 1 risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter 1 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 1 are detailed as follows.

Directorate Risks

9. At the end of quarter 1, 296 risks were reported from DRRs. All escalated risks and requests for de-escalation were considered by the SMT in September 2018.
10. It was agreed that 8 directorate risks would be carried forward as SMT escalated risks at the end of quarter 1.

Directorate	Resources	People and Communities	Planning, Transport and Environment	Economic Development	Education & Lifelong Learning	Social Services	Governance & Legal Services
Directorate Risks	134	39	28	32	37	17	9
Risks at SMT Escalation Point	3	1 (shared)	1	1 (shared)	2	1 (shared)	1 (shared)

Corporate Risks

11. The SMT reviewed the escalated directorate risks and corporate risk updates from risk owners as at the end of quarter 1. In consideration of the potential impact on corporate priorities and objectives and the supporting mitigations, the following CRR changes were agreed.
12. **Waste Management** - The residual risk has increased (from C2 to B2) in recognition of the ongoing financial costs required to robustly service an ongoing investigation in the 'Waste' function whilst continuing to deliver services, and in anticipation of a potential material landfill tax liability. The potential landfill tax liability follows HM Revenue and Customs concerns over the Council's categorisation of soil deliveries to Lamby Way. A prudent valuation for the contingent liability together with other potential impacts on the Council's accounts are in the process of being quantified with the support of external consultants, senior and specialist officers in the Council's accountancy function.
13. **Health and Safety and Statutory Building Maintenance** - The 'Health and Safety' and 'Statutory Building Maintenance' residual risks have been reduced from B1 to B2. This is in recognition of improved conditional awareness of the Councils' estate achieved through the deployment of the RAMIS system, coupled with an educational programme for relevant officers in their responsibilities for supporting compliance and for consistent system use. The system now holds statutory obligations for the Council's estate and is the central system for uploading relevant certificates and identifying and closing down remedial actions. At a time when the system continues to be developed and implemented, there is increased understanding of statutory inspections required to maintain premises in line with legal requirements.
14. **Increase in Demand (Childrens' Services)** – This risk has replaced a corporate risk titled 'Social Services Provision', to more specifically focus on managing the impact of high demand in Childrens' Services. Management actions, such as monitoring and addressing demand at the front door; having a focus on preventative services and the impact of signs of safety have highlighted the highest risks. This assessment is and will continue to be based on management assurances and Social Services functions.
15. **Promoting Independence** - Targeted control measures have addressed this strategic-level risk, to satisfy its removal as a corporate risk for management at a subsidiary level. These include the implementation of a whole systems approach (including integration

with Health in order to manage winter pressures); a Strategy to engage more proactively with the market (in order to support better sustainability in domiciliary care) and the implementation of a strengths-based approach.

Reason for recommendation

16. To enable the Audit Committee to monitor and consider the quarter 1 risk management position 2018/19.

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	- Q1 2018/19
Appendix B - Summary Corporate Risk Register	- Q1 2018/19
Appendix C - Detailed Corporate Risk Register	- Q1 2018/19