

AUDIT COMMITTEE: 25 JUNE 2019

CORPORATE RISK MANAGEMENT - QUARTER 4 2018/19

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 8.3

Reason for this Report

1. To update Audit Committee on the risk management position at quarter 4 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 with the opportunity to make comments. The last Audit Committee review was on 2 April 2019, at which time the risk management position at quarter 3 for 2018/19 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.
7. Quarter 4 risk assessments continue to apply the 4x5 Risk Matrix introduced in January 2018.

Issues

8. Each Director has worked with their Risk Champion(s) to undertake their quarter 4 risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter 4 risk assessments are presented

on the Corporate Risk Map (Appendix A), the CRR Summary (Appendix B) and the Detailed CRR (Appendix C).

9. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter 4 are detailed as follows.

Directorate Risks

10. At the quarter 4 position, 261 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 21 May 2019.
11. It was agreed that 11 directorate risks would be carried forward as SMT escalated risks at quarter 4.

Directorate	Economic Development	Education	Governance & Legal Services	Housing & Communities	Planning, Transport & Environment	Resources	Social Services
Directorate Risks	27	28	7	35	39	104	21
Risks at SMT Escalation Point	0	0	1 (shared)	2	3	4	2 (1 shared)

Corporate Risks

12. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter 4. In consideration of the nature of each risk, the potential impact on the organisation and its corporate objectives and the supporting mitigations, the following material changes were made to the CRR.
13. **Workforce Planning** – Both residual and target risk ratings reduced from red-amber (B3) to amber-green (C3) in quarter 4, in recognition of the work having been undertaken to have workforce plans in place for every directorate. This is now embedded as part of the corporate planning process.
14. **Financial Resilience and Budget Monitoring (Control)** – residual risk ratings for both risks reduced from red (B2) to red-amber (C2) in quarter 4 as targeted, following approval of the Council's Budget for 2019/20 and a reported balanced outturn position for 2018/19.
15. **Non-completion of Statutory Building Equipment Maintenance** – Target reduction date extended to quarter 2 2019/20 in quarter 4. Work is ongoing in respect of Landlord/Occupancy Agreements. The Agreement for Schools has been incorporated within the Schools Handbook and 'one front door' established to assist implementation. An occupancy agreement for non-schools properties has been drafted and is anticipated for completion end of quarter 2 2019/20.

Reason for Recommendation

16. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review - Quarter 4 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.

RECOMMENDATIONS

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.

Christopher Lee Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Map – Q4 2018/19

Appendix B - Corporate Risk Register Summary – Q4 2018/19

Appendix C - Detailed Corporate Risk Register – Q4 2018/19