

AUDIT COMMITTEE: 17 NOVEMBER 2020

CORPORATE RISK MANAGEMENT - QUARTER TWO 2020/21

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 6.1

Reason for this Report

1. To update Audit Committee on the risk management position at quarter two 2020/21 and to highlight any changes from the quarter four 2019/20 report.
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 ordinarily receives a risk management update each financial quarter with the opportunity to make comments. However, due to scheduling issues caused by the Coronavirus pandemic, the last Audit Committee review was on 28th July 2020, at which time the risk management position at quarter four 2019/20 was presented. As such, this report provides an update covering both quarter one and quarter two 2020/21.
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. This reporting process allows SMT to determine if any changes are required to the CRR each quarter. The remaining escalated risks continue to be held on DRRs and are 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 two risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter two risk assessments are

presented on the Corporate Risk Register Summary Snapshot (Appendix A) and the Detailed Corporate Risk Register (Appendix B).

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

Directorate Risks

9. At the quarter two position, 296 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 29 October 2020.
10. It was agreed that eight directorate risks would be carried forward as SMT escalated risks at quarter two. Also included in the figure of 296 directorate risks are 82 Covid-19 specific risks that have been identified and are being managed within directorates as at the end of quarter two.

Directorate	Directorate Risks	Risks at SMT Escalation Point	Covid-19 Specific Risks
Economic Development	32	2	12
Education	23	0	9
Governance & Legal Services	14	1 (Shared)	6
Housing & Communities	62	2	26
Performance & Partnerships	2	0	0
Planning, Transport & Environment	29	0	3
Recycling & Waste	1	0	0
Resources	92	1	8
Social Services	41	3 (1 Shared)	18
Total	296	8	82

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter two.
12. In considering the Corporate Risk register, the Senior Management Team considered the appropriateness of the approach in respect to Workforce Planning and Capital Ambition Delivery. The Senior Management Team considered that both of these risks were being managed by each Directorate and, being part of Directorate rather than Corporate Risk registers allowed them to focus on the key risks and challenges for these areas in the relevant detail. The established Risk Management process also allows any directorate risk to be escalated into Senior Management where it is determined that a corporate response is required in terms of action or resources. An example of this has been the continued escalation of the Social Care Workforce Risk by the directorate that is currently being managed and monitored within the directorate with significant support from corporate functions.
13. Capital Ambition was refreshed in January 2020, at the mid-point of the municipal cycle, in recognition of the progress made and the emergence of new delivery priorities. As part of this process, the previously separate reporting arrangements for delivering certain

corporate priorities were brought into the Directorate Performance Management Framework. This formed part of the Council's response to the WAO review of the Council's change management arrangements (the Delivering Capital Ambition Programme) which identified the need for greater alignment between the Corporate Plan Framework and the performance reporting arrangements. This integration ensured the additional resources allocated to address Corporate Priorities are managed through one Planning and Improvement Framework.

14. In addition, it is proposed that the current corporate risk titled Schools Organisation Programme (Band B) is broadened to consider new asset infrastructure across the Council. This will ensure that there is a corporate view on the risks associated with all infrastructure projects. This work is currently being undertaken and will be reported to the Audit Committee in the future.

Coronavirus (COVID-19)

15. The impact of Covid-19 on existing risks has been considered as part of quarter two reporting arrangements. Directorates have also considered Covid-specific risks as set out in the previous table.
16. The speed and uncertainty of events has led to the need for the risks in relation to Covid-19 to be monitored on a more frequent basis. The formal Directorate Risk Registers continue to be updated on a quarterly basis and are reviewed in order to ensure that the risk and the associated impacts and likelihood remain appropriate. As reported previously, the Senior Management Team met on a daily basis at the early onset of the pandemic and this continued until July. Whilst the meetings reduced to three days a week during the period July to September, there remained the opportunity for any issues to be raised at this meeting with the emphasis on those matters that required escalation in terms of capacity, support or speed of response. Since October, as events have become more concerning these meetings have returned to a daily basis.
17. The Directorate Risk Registers have collected a series of risks that are related to Covid-19 and the challenges in delivering services in the current environment, which is subject to various incidences of infection. Where the directorates have identified interdependencies with other services of the Council then these are reported to the Senior Management Team. The Council's response to the pandemic and its risk management is not restricted to delivering its own services, and there are clear links with Welsh Government and Health partners.
18. The Senior Management Team has kept an oversight on preparations and actions of directorates in order to ensure that there is a level of business continuity and resilience built into service delivery plans. This includes identifying the steps taken to embed working practices that can continue even if the pandemic conditions return to April activity levels. This robustness is supported by the existing Emergency Management processes in place and does place reliance on an escalation mechanism.

UK's Exit of the European Union

19. The UK left the European Union on 31st January 2020. It remains in the single market and customs union until the end of the year as part of transition arrangements. Negotiations continue to take place in order to secure the future relationship between the UK and the EU. The UK government's position remains not to extend the transition period beyond 31st December 2020.

Reason for Recommendation

20. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review – quarter two 2020/21.

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.

RECOMMENDATIONS

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.

Christopher Lee Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Register Summary Snapshot – Q2 2020/21

Appendix B - Detailed Corporate Risk Register – Q2 2020/21

The following background papers have been taken into account:

Directorate Risk Registers Q1 & Q2 2020/21