

**GOVERNANCE & AUDIT COMMITTEE:
20 JULY 2021**

CORPORATE RISK MANAGEMENT - QUARTER FOUR 2020/21

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.3

Reason for this Report

1. To update the Governance and Audit Committee on the risk management position at quarter four 2020/21 and to highlight any changes from the quarter three 2020/21 report.
2. The Governance and 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. The Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Committee review was on 23rd March 2021, at which time the risk management position at quarter three 2020/21 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. 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

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

Directorate Risks

- At the quarter four position, 276 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 10th June 2021.
- It was agreed that seven directorate risks would be carried forward as SMT escalated risks at quarter four. Also included in the figure of 276 directorate risks are 78 Covid-19 specific risks that have been identified and are being managed within directorates as at the end of quarter four.

Directorate	Directorate Risks	Of which:	
		Risks at SMT Escalation Point	Covid-19 Specific Risks
Economic Development (inc Waste)	31	2	13*
Education	21	0	9
Housing & Communities	63	2	22
Performance & Partnerships	2	0	0
Social Services	37	3 (1 Shared)	19
Planning, Transport & Environment	26	0	3*
Resources	83	0	8
Governance & Legal Services	13	1 (Shared)	5
Total	276	7	78

* Includes 1 shared

Corporate Risks

- SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four.
- As reported at quarter three, the "ICT Platforms (Unsuitable/Outdated)" risk has been removed from the Corporate Risk register at the end of quarter 4. The established Risk Management process allows re-escalation into Senior Management if/when it were determined in the future that a corporate response is required in terms of action or resources.

13. At quarter four the Senior Management Team considered and accepted a suggested revision of the “Education – Consortium & Attainment” risk in respect of both the title and risk description. The pandemic has had a significant impact in terms of cancellation of data collections and lost learning following closure of schools. It has therefore been agreed that the risk of not delivering school improvement and increased attainment, should not be as narrowly focussed on Central South Consortium performance as the previous description suggested, but should take account of wider factors, particularly at the present time.
14. As such, the risk title has been changed to “School Improvement & Attainment” and the description is now “The risk that school improvement is not delivered as planned, in light of changing accountability and assessment arrangements and National Reforms (Curriculum and Additional Learning Needs).”

Coronavirus (COVID-19)

15. The impact of Covid-19 on existing risks continues to feature as part of quarter four reporting arrangements and this is likely to continue into 2021/22. Directorates have also considered Covid-specific risks as set out in the previous table.
16. 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.
17. 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 robustness is supported by the existing Emergency Management processes in place and reliance is placed in this as an escalation mechanism.

UK’s Exit of the European Union

18. The Council continues to monitor the impact of Brexit through the Directorate Risk Register, Corporate Risk Register and dedicated Brexit Risk log, which is supported by lead officers across the Council. Work is ongoing to respond to specific risks, including the identification of vulnerable adults and children looked after who need to apply to the EU Settlement Scheme. Whilst it remains too early to fully quantify the impact of Brexit, issues such as price inflation, availability of materials and recruitment are being closely monitored, whilst preparation for accessing the successor funding scheme to EU structural funds are underway.

Reason for Recommendation

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

Legal Implications

20. 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

21. 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

22. Governance and 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.

Chris Lee
Corporate Director Resources

The following Appendices are attached:

Appendix A - Corporate Risk Register Summary Snapshot – Q4 2020/21

Appendix B - Detailed Corporate Risk Register – Q4 2020/21

The following background papers have been taken into account:

- *Directorate Risk Registers Q4 2020/21*