

**CORPORATE RISK MANAGEMENT - QUARTER FOUR 2021/22**

**FINANCE, MODERNISATION AND PERFORMANCE  
(COUNCILLOR WEAVER)**

**AGENDA ITEM: 8**

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**Reason for this Report**

1. To update Cabinet on the risk management position at quarter four 2021/22 and to highlight any changes from the quarter two 2021/22 report.

**Background**

2. Cabinet receives a risk management update on a biannual basis with the opportunity to make comments.
3. 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.
4. 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.
5. 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**

6. 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).

7. Governance & Audit Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Governance & Audit Committee review was on the 19<sup>th</sup> of July 2022, at which time the risk management position at quarter four 2021/22 was presented.
8. From the feedback we received from members of the Governance & Audit Committee held on the 19<sup>th</sup> of July 2022, the quarter four 2021/22 update presented to Cabinet has been updated to reflect these comments. The Risk Management Team has engaged with Directorate Risk Champions to ensure all actions noted for each Corporate Risk to help achieve the Residual Risk Rating have either been completed or are in the process of being delivered. For each proposed action that has been provided to help Directorates meet their Target Risk, each action now has an estimated completion date, or if the action is ongoing, this has been highlighted.
9. 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**

10. At the quarter four position, 341 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 5<sup>th</sup> of July 2022.
11. It was agreed that twelve Directorate risks would be carried forward as SMT escalated risks at quarter four.

<b>Directorate</b>	<b>Directorate Risks</b>	<b>Risks at SMT Escalation Point</b>
Economic Development (inc Waste)	48	2
Education	27	0
Housing & Communities	58	2
Performance & Partnerships	16	1
Social Services	49	6 (1 Shared)
Planning, Transport & Environment	23	0
Resources	110	1
Governance & Legal Services	10	1 (shared)
<b>Total</b>	<b>341</b>	<b>12*</b>

\* Includes one shared

### **Corporate Risks**

12. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four. Risks associated with COVID-19 and Brexit have been included in Directorate Risk Registers, and these

are to be reviewed and managed following the Council's risk management process.

13. The Increasing Demand (Children's Services) risk was escalated to SMT with a change in its residual risk from C1 to B1, in light of sustained high and increasing level of demand, complexity, and price.
14. The Budget Monitoring Risk and Financial Resilience Risk remain as previously reported although they will need close review going forward. Whilst it is the case that both the 2021/22 outturn and the Budget Settlement for 2022/23 were positive, the strong headwinds of economic uncertainty combined with geopolitical factors being experienced currently are forecast to impact significantly on budget deliverability this year. For example, price inflation pressures on utilities, fuel, materials, and food put significant pressure on the Council to deliver services within budgets set.
15. There is clearly a potential for the impact of ongoing financial challenges to adversely affect service delivery and heighten corporate risks. Therefore, there continues to be a need to ensure that future actions to address and manage all corporate risks are set out clearly in terms of impact and date of implementation. This will be essential to ensure that appropriate and proportionate action is being taken and is being planned to achieve effective control of all risks.

#### **Reason for Recommendation**

16. To enable the Cabinet to monitor risk management activity and consider the Risk Management Review – quarter four 2021/22.

#### **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. 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. There will be financial implications associated with the issues outlined in paragraphs 13 and 14, as set out in further detail in Appendix A. These are also under review as part of the Council's established budget monitoring and budget setting processes.

#### **Property Implications**

19. There are no specific property implications in the Corporate Risk Management – quarter four report. County Estates continues to work closely with relevant service areas in monitoring property related risks through both Corporate and Directorate Risk Registers.

## **HR Implications**

20 There are no HR implications for this report.

## **RECOMMENDATION**

Cabinet is recommended to note the content of the Corporate Risk Register.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRIS LEE</b> Corporate Director Resources
	22 September 2022

*The following appendices are attached:*

**Appendix A** - Corporate Risk Register Summary Snapshot – Q4 2021/22

**Appendix B** - Detailed Corporate Risk Register – Q4 2021/22