

**GOVERNANCE & AUDIT COMMITTEE:
29 NOVEMBER 2022**

CORPORATE RISK MANAGEMENT - QUARTER TWO 2022/23

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 8.1

Reason for this Report

1. To update Governance & Audit Committee on the risk management position at quarter two 2022/23 and to highlight any changes from the quarter one 2022/23 report.
2. The Governance & 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. 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 27th of September 2022, at which time the risk management position at quarter one 2022/23 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 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).
- 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

- At the quarter two position, 271 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 17th of November 2022. The escalation risk process is adopted to ensure that there is corporate oversight of a coordinated response to potential risks in order to ensure effective mitigations are put in place.
- It was agreed that fifteen Directorate risks would be carried forward as SMT escalated risks at quarter two. The two additional risks related to ensuring the provision of effective advice and support to those impacted by cost of living crisis and the effective response to increase in homelessness and increased need of temporary accommodation.

Directorates	Directorates Risks	Escalated Risks
Economic Development (inc Waste)	36	2
Education	22	0
Housing & Communities	35	4
Performance & Partnerships	17	1
Social Services	25	6 (1 Shared)
Planning, Transport & Environment	24	0
Resources	99	1
Governance & Legal Services	13	1 (1 Shared)
Total	271	15*

* Includes 1 shared

Corporate Risks

- SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter two.
- At quarter two SMT considered and agreed to a revised residual risk rating of both the Financial Resilience and Budget Monitoring corporate risk. The level of uncertainty in

terms of funding pressures, pay pressures and increasing demand have heightened the level of response required to manage the level of potential risk. Whilst, the mitigations of in year savings are put in place, there is a need for the organisation to operate at a level where it can react to any further financial pressures in an effective manner. Further details of the pressures and the response can be found in Appendix 2 of this report and the Cabinet reports Budget Monitoring Month 6 Report (17 November 2022) and the Budget 2023/24 Update (20 October 2022).

Reason for Recommendation

13. To enable the Governance & Audit Committee to monitor risk management activity and consider the Risk Management Review – quarter two 2022/23.

Legal Implications

14. 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

15. 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

16. Governance & 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 – Q2 2022/23

Appendix B - Detailed Corporate Risk Register – Q2 2022/23

The following background papers have been taken into account:

- *Directorate Risk Registers Q2 2022/23*