

**GOVERNANCE & AUDIT COMMITTEE:  
11 JULY 2023**

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**CORPORATE RISK MANAGEMENT - QUARTER FOUR 2022/23**

**REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 11.3**

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**Reason for this Report**

1. To update Governance & Audit Committee on the risk management position at quarter four 2022/23 and to highlight any changes from the quarter three 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 15<sup>th</sup> of March 2023, at which time the risk management position at quarter three 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. All escalated DRRs are reviewed by the Corporate Risk Team, to ensure they are relevant for discussion at SMT.

## 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, 242 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 27<sup>th</sup> of June 2023.
- It was agreed that seventeen Directorate risks would be carried forward as SMT escalated risks at quarter four. Where a risk has been escalated it is primarily due to either mitigations being required from other directorates or a need to monitor the position so prompt corporate action is undertaken as and when required. Updates on the escalated risks are reported to Senior Management Team throughout the quarter and they are formally considered as part of the Quarterly review process.
- The table below sets out the number of risks identified by each directorate and the number of risks each directorate has escalated.

Directorate	Directorate Risks	Risks at SMT Escalation Point
Economic Development (inc Waste)	37	2
Education	22	0
Housing & Communities	23*	4
Performance & Partnerships	14	1
Social Services	12**	9 (1 shared)
Planning, Transport & Environment	24	0
Resources	96	1
Governance & Legal Services	17	1 (1 shared)
<b>Total</b>	<b>245</b>	<b>17*</b>

\* Includes 1 shared

\*\* The HAC and Adults Services number of DRR risk is significantly different as they conducted a full review of their risks this quarter.

## **Corporate Risks**

12. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter four.
13. For Q4, The Budget Monitoring corporate risk was discussed at SMT, as its residual risk has changed from B2 to D2. The reason for this change was the improving financial position arising out of Q4 to a final outturn balanced position and the Budget being set for 2024/25 in March 2023. The Budget setting process having considered any financial pressures arising from 2023/24 and where appropriate allocating financial resource to address those issues going forward.
14. SMT considered a request that the Welfare Reform corporate risk is removed from the Corporate Risk Register. The reason for the request to remove is that the Welfare Reform Act was introduced in 2012 and since then, many of the mitigations put in place to achieve the residual risk rating have become business as usual for services within Housing & Communities. Housing & Communities also have a new escalated risk on their Directorate Risk Register that monitors the support residents of the city are receiving during the Cost-of-Living crisis which is more relevant in addressing current economic pressures. There is also an escalated risk on Temporary Accommodation which mitigates against many of the risks previously covered in the Welfare Reform risk. SMT agreed to remove the Welfare Reform Corporate Risk from the Corporate Risk Register but with the proviso that the escalated risks of resident support and temporary accommodations continue to be reported and monitored at the corporate level for the next few months at least.

## **Reason for Recommendation**

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

## **Legal Implications**

16. 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**

17. 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**

18. 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 – Q4 2022/23

**Appendix B** - Detailed Corporate Risk Register – Q4 2022/23

*The following background papers have been taken into account:*

- *Directorate Risk Registers Q4 2022/23*