

**GOVERNANCE & AUDIT COMMITTEE:
26 March 2024**

CORPORATE RISK MANAGEMENT - QUARTER THREE 2023/24

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 three 2023/24 and to highlight any changes from the quarter two 2023/24 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 28th of November 2023, at which time the risk management position at quarter two 2023/24 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 three risk management review. The Risk Management Team has also provided advice and guidance on the measurement and reporting of risks. The quarter three 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 three position, 269 risks were reported from Directorate Risk Registers. All escalated risks were considered against their current and target risk positions and requests for de-escalation were discussed and approved in SMT on the 22nd of February, 2024.
- It was agreed that fifteen Directorate risks would be carried forward as SMT escalated risks at quarter three. Eleven of the fifteen escalated risks have a target risk to be achieved by Q4 2023/24 and this will be reported at the end of year report having considered the latest risk data available for each identified escalated risk.
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| Directorate | Directorate Risks | Risks at SMT Escalation Point |
|-----------------------------------|-------------------|-------------------------------|
| Economic Development (inc Waste) | 28 | 3 |
| Education | 15 | 0 |
| Housing & Communities | 29 | 3 |
| Performance & Partnerships | 14 | 1 |
| Social Services | 15 | 7 |
| Planning, Transport & Environment | 18 | 0 |
| Resources (inc ICT) | 131 | 1 |
| Governance & Legal Services | 19 | 0 |
| Total | 269 | 15 |

Corporate Risks

- SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter three.
- In November's Governance & Audit Committee an update was provided on the position of the Homelessness Crisis and that as of quarter three this risk would be added to the Corporate Risk Register. Appendix B, Detailed Corporate Risk Register includes 'Housing Emergency' for corporate oversight of the risk which details both the current and future actions designed to manage the risk but there is an expectation that this risk will remain Red for the forthcoming two years as investment is made in solutions to significantly impact on the risk of shortage of housing supply.

14. Looking forward to quarter four, work will be undertaken on reviewing the target risk progress on each escalated and corporate risk to ensure that they remain relevant and reflective of the environment within which each risk operates. The Quarter 4 report will also provide a level of assurance of the extent to which the Council is scanning the horizon for risks across the medium and long term. This review will include the outputs from the Core Cities risk management group.

Reason for Recommendation

15. To enable the Governance & Audit Committee to monitor risk management activity and consider the Risk Management Review – quarter three 2023/24.

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 – Q3 2023/24

Appendix B - Detailed Corporate Risk Register – Q3 2023/24

The following background papers have been considered:

- *Directorate Risk Registers Q3 2023/24*