

**CORPORATE RISK MANAGEMENT - QUARTER 4 2019/20**

**FINANCE, MODERNISATION & PERFORMANCE (COUNCILLOR  
CHRIS WEAVER)**

**AGENDA ITEM: 8**

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**Reason for this Report**

1. To bring the risk management position at quarter 4 2019/20 to the attention of the Cabinet, for consideration of the key risks facing the Council.

**Background**

2. The Cabinet receives an update on the risk management position on a biannual basis, and an opportunity to raise comments. The last Cabinet review was on 19<sup>th</sup> December 2019, at which time the risk management position at quarter 2 2019/20 was presented.
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. 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**

8. At the quarter four position, 216 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 15<sup>th</sup> July 2020.
9. It was agreed that eight 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	20	1
Education	14	0
Governance & Legal Services	9	1 (Shared)
Housing & Communities	36	2
Performance & Partnerships	2	0
Planning, Transport & Environment	29	1
Recycling & Waste	1	0
Resources	81	1
Social Services	24	3 (1 Shared)
<b>Total</b>	<b>216</b>	<b>8</b>

### **Corporate Risks**

10. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarters three and four. In consideration of the nature of each risk, the potential impact on the organisation and its corporate objectives and the supporting mitigations, SMT has approved the following material CRR changes since the last Cabinet update on 19<sup>th</sup> December 2019.
11. **Non-completion of Statutory Building Equipment Maintenance**  
*Target Reduction Date extended further to Q3 2020/21 (from Quarter 4 2019/20)*  
*Residual Risk rating amended from B3 (Red-Amber) to C2 (Red-Amber)*  
 Target reduction date has been extended due to further delays in the ongoing work in respect of Landlord/Occupancy Agreements, as a result of Covid-19. The Residual Risk Rating has been revised from B3 to C2 (remaining Red-Amber).
12. **Education Consortium & Attainment**  
*Quarter 3 - Residual Risk decreased from B3 (Red-Amber) to B4 (Green)*  
*Quarter 3 - Target Risk decreased from B4 (Green) to C4 (Green)*

The risk rating has reduced following the external review of the Central South Consortium in the last academic year (follow up report considered by Cabinet in February). Results in 2018/19 continued to be positive and categorisation outcomes improved. Cardiff has strong working relationships with the Senior Challenge Advisors, and a Managing Director for CSC has now been appointed.

*Quarter 4 - Residual Risk increased from B4 (Green) to B3 (Red-Amber)*  
The previous quarter's reduction in Residual Risk Rating has been reversed in light of the impact of Covid-19 on schools and the potentially detrimental effect on pupils' attainment. Target Risk remains at C4 (Green).

**13. Climate Risks (excluding Coastal Erosion)**

Work has been undertaken in quarter four to consider structure and presentation of the CRR in respect of those risks with links to Climate Change and the environment. These include:

- Flooding
- Extreme Weather
- Energy & Decarbonisation
- Biodiversity

This suite of risks is now presented in the CRR in summary format with a weighted rating, with the working papers behind each risk informing that summary.

**Coronavirus (COVID-19)**

14. The lattermost part of quarter four and all of quarter one 2020/21 has been dominated by the Covid-19 pandemic which has had a significant impact globally, nationally and locally across the entire population and the services provided by the Council. This Council has reacted to this unprecedented situation by establishing clear management arrangements and undertaking robust planning exercises in response to the escalation of the virus. Currently, the Council is transitioning from a reactive to a recovery phase, with work ongoing in both resuming and planning for the resumption of services where practicable.
15. The impact of Covid-19 on existing risks has been considered as part of quarter four reporting arrangements. As the year progresses, the impact of the pandemic will evolve in both severity and likelihood in individual risks in different ways. There is a great need to have regular reassessments of risks against the reality of that point in time in order to ensure that risks remain relevant and proportionate. Directorates have also considered Covid-specific risks and these have been recorded through the first quarter of this financial year.

**UK's Exit of the European Union**

16. The UK left the European Union on 31<sup>st</sup> January 2020. It remains in the single market and customs union until the end of the year as part of transition arrangements. Negotiations continue to take place in order to

secure the future relationship between the UK and the EU. The UK government's position remains not to extend the transition period beyond 31<sup>st</sup> December 2020.

### **Corporate Risk Management Steering Group**

17. A meeting of the Corporate Risk Management Steering Group was held on 3<sup>rd</sup> February 2020, chaired by Cllr Chris Weaver. A number of items were discussed with actions to be taken forward. These included a review of the Council's Risk Strategy, sufficiency and relevance of Risk Indicators, the need for a review of the presentation of climate/environmental risks, and the potential for the SOP (Band B) risk to be expanded to cover the numerous major capital projects that the Council is undertaking.

### **Internal Audit of Risk Management**

18. An internal audit of Risk Management arrangements was undertaken during December 2019 and January 2020. The Draft Action Plan in respect of this audit has been received and response provided. The level of assurance remains at *Effective with Opportunity for Improvement*.

### **Reason for Recommendations**

19. To enable the Cabinet to monitor risk management activity, and consider the Risk Management Review – Quarter two 2019/20.

### **Financial Implications**

20. 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.

### **Legal Implications**

21. 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

### **HR Implications**

22. There are no direct HR Implications for this report.

## **RECOMMENDATIONS**

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

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>CHRIS LEE</b> Corporate Director Resources
	11 September 2020

*The following appendices are attached:*

**Appendix A** - Corporate Risk Register Summary Snapshot – Q4 2019/20

**Appendix B** - Detailed Corporate Risk Register – Q4 2019/20

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

*Corporate Risk Register Q3 & Q4 2019/20*

*Directorate Risk Registers Q3 & Q4 2019/20*