

AUDIT COMMITTEE: 23 MARCH 2021

CORPORATE RISK MANAGEMENT - QUARTER THREE 2020/21

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 9.1

Reason for this Report

1. To update Audit Committee on the risk management position at quarter three 2020/21 and to highlight any changes from the quarter two 2020/21 report.
2. The 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. Audit Committee receives a risk management update each financial quarter with the opportunity to make comments. The last Audit Committee review was on 17th November 2020, at which time the risk management position at quarter two 2020/21 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

7. 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).

8. The Risk Management Review process has two tiers (Directorate and Corporate) and the actions at each for quarter three are detailed as follows.

Directorate Risks

9. At the quarter three position, 291 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on 11th March 2021.
10. It was agreed that eight directorate risks would be carried forward as SMT escalated risks at quarter three. Also included in the figure of 291 directorate risks are 81 Covid-19 specific risks that have been identified and are being managed within directorates as at the end of quarter three.

Directorate	Directorate Risks	Risks at SMT Escalation Point	Covid-19 Specific Risks
Economic Development (inc Waste)	31	2	13*
Education	21	0	9
Housing & Communities	62	2	25
Performance & Partnerships	2	0	0
Social Services	42	3 (1 Shared)	19
Planning, Transport & Environment	29	0	3*
Resources	90	1	8
Governance & Legal Services	14	1 (Shared)	5
Total	291	8	81

* Includes 1 shared

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter three.
12. In considering the Corporate Risk register, the Senior Management Team considered the appropriateness of the approach in respect to the “ICT Platforms (Unsuitable/Outdated)” risk. This risk has is now rated at its targeted risk rating of D3 (Amber-Green) due to the retirement of a large number of outdated service platforms. The Senior Management Team considered that this risk could be managed by the Directorate and is recommending that it will be removed from the Corporate Risk register at the end of Q4. The established Risk Management process allows re-escalation into Senior Management if/when it were determined in the future that a corporate response is required in terms of action or resources.
13. Work to broaden the current corporate risk titled Schools Organisation Programme (Band B) in order to consider new asset infrastructure across the Council is ongoing. This will ensure that there is a corporate view on the risks associated with all infrastructure projects and will be reported to the Audit Committee in the future.

Coronavirus (COVID-19)

14. The impact of Covid-19 on existing risks continues to feature as part of quarter three reporting arrangements and this is likely to continue for many months. Directorates have also considered Covid-specific risks as set out in the previous table.

15. The Council's response to the pandemic and its risk management is not restricted to delivering its own services, and there are clear links with Welsh Government and Health partners.
16. The Senior Management Team has kept an oversight on preparations and actions of directorates in order to ensure that there is a level of business continuity and resilience built into service delivery plans. This robustness is supported by the existing Emergency Management processes in place and reliance is placed in this as an escalation mechanism.

UK's Exit of the European Union

17. Despite a deal being finalised, the UK's departure from the EU will bring change for organisations of every size and sector. No major member state has ever left the EU before; there is little precedent for the situation in which we find ourselves and therefore it is important that we keep in place our relevant plans and mitigations in respect to risks for the foreseeable future.

Reason for Recommendation

18. To enable the Audit Committee to monitor risk management activity, and consider the Risk Management Review – quarter three 2020/21.

Legal Implications

19. 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

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.

RECOMMENDATIONS

21. 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 2020/21
- Appendix B** - Detailed Corporate Risk Register – Q3 2020/21

The following background papers have been taken into account:

- *Directorate Risk Registers Q3 2020/21*