

GOVERNANCE & AUDIT COMMITTEE: 15 MARCH 2022

CORPORATE RISK MANAGEMENT - QUARTER THREE 2021/22

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 6.1

Reason for this Report

1. To update Governance & Audit Committee on the risk management position at quarter three 2021/22 and to highlight any changes from the quarter two 2021/22 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 23rd of November 2021, at which time the risk management position at quarter two 2021/22 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, 210 risks were reported from DRRs. All escalated risks and requests for de-escalation were discussed and approved in SMT on the 8th of March 2022.
10. It was agreed that ten Directorate risks would be carried forward as SMT escalated risks at quarter three. Also included in the figure of 210 Directorate risks are 71 Covid-19 specific risks that have been identified and are being managed within Directorates as at the end of quarter three.

Directorate	Directorate Risks	Of which:	
		Risks at SMT Escalation Point	Covid-19 Specific Risks
Economic Development (inc Waste)	31	2	11*
Education	18	0	7
Housing & Communities	34	2	24
Performance & Partnerships	15	0	0
Social Services	22	4 (1 Shared)	19
Planning, Transport & Environment	23	0	2*
Resources	59	2	8
Governance & Legal Services	8	1 (Shared)	1
Total	210	10*	71*

* Includes 1 shared

Corporate Risks

11. SMT collectively reviewed the escalated directorate risks and corporate risk updates at the end of quarter three.
12. At quarter three SMT considered and agreed to reduce the Climate Change residual risk rating from A1 to B2. The main reason for this is that the Biodiversity risk has been the only element keeping the Climate Change risk at a higher level. After a review by the Directorate it was felt the Biodiversity risk could now be reduced, therefore the overall Climate Change risk can also be reduced. The reasons why the Biodiversity risk has been reduced include:
- One Planet action plan approved by Cabinet.
 - Funding secured for Coed Caerdydd Project to increase urban canopy cover.
 - SuDS Approving Body (SAB) legislation is already making tangible benefits in terms of biodiversity as a key component of new development.
 - National Planning policy and Planning Policy Wales advocating positive contributions to biodiversity.

13. At quarter three SMT considered and agreed to reduce the Financial Resilience residual risk rating from B2 to C2. The reason for this reduction was the improved settlement figure for 2022/23, and to reflect resources equivalent to the challenges currently faced.
14. There was a discussion at SMT regarding the escalating energy costs, and the impact on both the residents of the City and the organisation. It was agreed that both the mitigations already in place and those to be undertaken, combined with assessing the impact of these increasing energy costs, would be considered during the quarter four risk management review, and the relevant risk register (s) would be updated accordingly and reported on at quarter four.
15. At the November 2021 Governance and Audit Committee, it was suggested by the Committee that all proposed management actions, for each corporate risk, should have estimated completion dates associated with the individual actions, so that progress could be monitored. The Risk Management Team have asked all Directorates to review their proposed management actions for the respective corporate risks and allocate estimated completion dates as part of their quarter four review.

Coronavirus (COVID-19)

16. The impact of Covid-19 on existing risks continues to feature as part of quarter three reporting arrangements and these risks will continue to be monitored for the rest of 2021/22. All Directorates have been asked to complete a full review of their COVID-19 risks by the 31st of March 2022.
17. 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.
18. 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.

Reason for Recommendation

19. To enable the Governance & Audit Committee to monitor risk management activity and consider the Risk Management Review – quarter three 2021/22.

Legal Implications

20. 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

21. 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

22. 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 2021/22

Appendix B - Detailed Corporate Risk Register – Q3 2021/22

The following background papers have been taken into account:

- *Directorate Risk Registers Q3 2021/22*