

**GOVERNANCE & AUDIT COMMITTEE:
27 SEPTEMBER 2022**

CORPORATE RISK MANAGEMENT UPDATE

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.1

Reason for this Report

1. To provide Governance & Audit Committee with an update on the current risk management processes for the financial year 2022/23.
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 19th of July 2022, at which time the risk management position at quarter four 2021/22 was presented. Having considered the comments of the Governance & Audit Committee, the end of year Risk management report will be considered at Cabinet on 28 September 2022.
4. The current process for Risk management is that the Risk reporting process begins with each Directorate holding a Directorate Risk Register (DRR) with the Senior Management Team (SMT) collectively owning 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. Each Directorate has a Risk Champion(s) who liaise with the corporate Risk Management Team to ensure the Council's approach to risk management is consistent across the organisation and follows the Council's Risk Management Strategy & Policy.
6. 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.
7. 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.

Directorate Risks

8. The Q1 focus of risk management activity for Directorate risks has been a review of each Directorate Risk Register to ensure that all relevant risks are captured. These risks will include those previously identified in Covid Pandemic and / or Brexit Risk registers. In addition, the Council has not been immune to the significant economic and inflationary pressures facing the country and all current risks have been reviewed through the lens of rising costs, challenges in the supply market (whether it be labour, goods or services) and increased demand for services as people try to cope with the cost of living crisis.
9. The Risk Management Team have worked closely with Directorate Risk Champions to ensure that the risks identified reflect the current position and that any actions already implemented and those planned are assessed as to their effectiveness in managing the risks identified. The challenges faced require a high level of agility that ensure a focus on keeping risk registers fresh, current and relevant. Proportionate, early and effective use of the risk escalation process is key so that any red or red / amber risks that cannot be managed by directorates alone are raised early with Senior Management Team.

Corporate Risks

10. The challenges set out in paragraphs 9 and 10 equally impact on the council's corporate risks. As of Quarter one 2022/23, there are 21 risks held on the Corporate Risk Register.
11. Taking into account the comments from members of the Governance & Audit Committee held on the 19th of July 2022, the Risk Management Team has engaged with Directorate Risk Champions. The focus of attention was on ensuring that all actions noted for each Corporate Risk to help achieve the Residual Risk Rating have either been completed or were in the process of being delivered. For each proposed action that has been provided to help Directorates meet their Target Risk, each action now has an estimated completion date, or if the action is ongoing, this has been highlighted. This improvement was enacted for the Q4 2021/22 End of Year Risk Register. This work has continued into 2022/23 and will be seen in future risk management reports to this Committee.
12. There is a recognition that the Corporate Risk Register needs to maintain a focus on risk management and mitigation. Work has continued to try and focus on providing more succinct narrative on how risk levels are being maintained or reduced. This work is an ongoing challenge but the inclusion of target dates across all risk registers has now been completed and as a consequence some actions that are not impacting on the evaluation of risk have been removed.

Reason for Recommendation

13. To enable the Governance & Audit Committee to monitor risk management activity and consider the updated position and proposed future actions to ensure the Risk Management Strategy & Policy is applied consistently across the organisation.

Legal Implications

14. 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

15. This report outlines the key considerations and focus in delivering risk management for 2022/23. There are no direct financial implications arising from this report. Risk Management is a key building block in ensuring that the potential challenges to the Council delivering services are anticipated and managed effectively to provide both service and financial resilience.

RECOMMENDATIONS

16. Governance & Audit Committee to note and comment upon the risk management activity and latest position, and to consider the information given, in the programming of its work.

CHRISTOPER LEE
CORPORATE DIRECTOR RESOURCES