

**30 September 2021****Agenda Item: 7****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****CORPORATE RISK MANAGEMENT UPDATE****Purpose of the Report**

1. To seek members' approval of the updated corporate risk register, and to inform members of developments in the Council's arrangements for corporate risk management.

**Information**

2. The County Council's corporate risk management processes are managed through the work of the Risk, Safety and Emergency Management Board (RSEMB), under the leadership of the Service Director, Place and Communities. The RSEMB comprises representatives from all departments, plus specialist support officers.
3. Under normal circumstances, RSEMB meets five times each year. Meetings are held more frequently to manage the Council's response to local and national emergencies, and this has been the case in recent times as a result of the ongoing, national coronavirus pandemic and to manage local flooding incidents. The RSEMB links to the Risk, Safety and Emergency Management Group (RSEMG) for each department, and it informs the Corporate Leadership Team (CLT) on risk issues. By this mechanism, risk topics are cascaded through the organisation as appropriate.

***Corporate Risk Register***

4. RSEMB continues to keep the Council's corporate risk register under regular review. The updated register has been approved by the Board and is attached as **Appendix 1**.
5. The first page of the appendix sets out the approach to risk scoring, along with some guidance notes and definitions. There are then 11 corporate risk entries captured in the register. The following sets out a brief guide to aid understanding of the terms and format:
  - Cause and impact – this section captures the factors which may give rise to a risk event occurring and describes how significant the event would be for the Council
  - Inherent risk – using the scoring matrix on page 1 of the appendix, this is a risk ranking on the basis of there being no controls or actions in place to mitigate either the likelihood or

the impact of a risk. This is an important first score, as it identifies which are the most significant risks facing the Council that need to be treated

- Current risk – using the same scoring matrix, this risk ranking takes into account the key risk management activities (summarised in the appendix) that are in place to mitigate the likelihood or impact
- Target risk – this is the expected risk score once the additional actions to be taken (summarised in the appendix) are in place and operating effectively.

6. The following summarises the movement in current risk ratings since the previous report in February 2021:

Movement in current risk rating	Commentary
↑ 1 risk increased	Risk 8: Prolonged loss of ICT – the increase here is due to improved insight into the patching status of workstations and servers across the estate. Effective patching bolsters further the hard security measures in place (firewalls), and remedial actions on this are being prioritised.
→ 9 risks stayed the same	
↓ 1 risk reduced	Risk 4: Sustained business interruption - this reflects the fact that the Council's business continuity arrangements withstood the height of the pandemic, and the organisation continues to learn and plan for the delivery of services in an environment where coronavirus is circulating.

7. Of the entries seeing no change in the current risk rating, six are currently rated in excess of the target risk level. The appendix provides concise details of the actions planned to further mitigate these risks:

- Information governance
- Safe and secure premises
- Supply chain
- Transformation programme
- Vulnerable children and young people
- Governance

8. Ongoing review of the corporate risk register by RSEMB includes consideration of the need for new entries to be brought on to the register for close monitoring.

### ***External review of Corporate Risk Management***

9. Since the previous update in February 2021, an external review of the Council's risk management arrangements has been carried out by Zurich Municipal (ZM). This review was commissioned from the expert consultancy hours available to the Council under the current contract with ZM as the Council's insurance provider (ie no additional charge for the service). The work was conducted by the 'Workforce Strategies' arm of ZM, independent of its insurance underwriting team. The review provided timely assurance to inform the Council's Annual Governance Statement for 2020/21 and the Head of Internal Audit's annual opinion, both of which were presented to the Committee in June 2021.
10. The report assessed the maturity of the Council's arrangements against a performance model for six dimensions of effective risk management:

<b>Risk Culture &amp; Leadership</b>	Exploring the attitude that Senior Officers and Members take towards the role and priority of risk management
<b>Risk Appetite &amp; Strategy</b>	Reviewing the extent to which the policies for risk management support the organisation and how the appetite for risk is considered and utilised
<b>Governance</b>	Establishing how assurance is provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within departmental areas.
<b>Methodology</b>	Assessing whether effective risk processes and tools are in place in order to support the organisation
<b>People &amp; Training</b>	Evaluating the level of risk management skills, knowledge and capacity across the organisation
<b>Projects, Partnerships &amp; Supply Chain</b>	Determining whether there are effective arrangements for managing risks within projects and with partners and suppliers

11. Each dimension was rated on a maturity scale from 0 to 5 (5 being the most mature). The outcome for this Council is depicted in the following chart:



12. This indicates significant scope for improvement, and RSEMB and CLT have endorsed planned actions to address the key findings, as follows:
- a. *Strengthening the oversight and management structure for risk management*: RSEMB will review its composition to more effectively deliver its oversight of both strategic and operational risk management
  - b. *Ensuring a reliable support structure is in place*: work is underway to identify the most impactful means of supporting and servicing the risk management framework within the resources currently allocated
  - c. *Re-aligning the risk focus of the Risk Board and supporting Risk Groups*: establishing a clear distinction between the management of strategic and operational risk. This will introduce a new approach to strategic risk management, linking in strongly with the work and remit of the newly established Strategic Insight Unit in the Chief Executive's Department
  - d. *Updating the Council's Risk Management Strategy and Policy*: this will be presented to the Governance & Ethics Committee for approval in due course
  - e. *Determining the Council's approach to identifying its risk appetite*: reviewing the trial use of Key Risk Indicators, as a contributor to a wider approach to determining the Council's risk appetite
  - f. *Improving consistency and clarity in risk templates and reporting*: Establishing a quarterly risk reporting regime between the Risk Groups and the Risk Board
  - g. *Reviewing and refreshing risk management training*: Designing and implementing risk management training for officers and Members
  - h. *Aligning our risk approach with our key suppliers and partners*: designing and implementing a risk-based approach to contract management.

13. Progress against these actions will feature as part of the next update to Committee.

### **Other Options Considered**

14. The report presents members with an updated position on the principal, corporate risks for the Council. No other options were considered.

### **Reason/s for Recommendation/s**

15. To present members with the opportunity to consider, and influence, the content of the Council's corporate risk register and its proposed actions to refresh the approach to corporate risk management.

### **Statutory and Policy Implications**

16. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) Members approve the updated corporate risk register.
- 2) Members agree to receive further updates and proposals for a refresh of the Council's approach to risk management, along with suggested training for the Committee.

**Nigel Stevenson**

**Service Director for Finance, Infrastructure & Improvement and Section 151 Officer**

**For any enquiries about this report please contact:**

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### **Constitutional Comments (LW 01/09/2021)**

17. Governance and Ethics Committee is the appropriate body to consider the content of the report.

### **Financial Comments (RWK 06/09/2021)**

18. There are no specific financial implications arising directly from the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

### **Electoral Division(s) and Member(s) Affected**

- All