

1 February 2021

Agenda Item: 5

## **REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT**

### **CORPORATE RISK MANAGEMENT UPDATE**

#### **Purpose of the Report**

1. To inform members of the updated corporate risk register, along with developments in the Council's arrangements for corporate risk management.

#### **Information**

2. The previous update on the corporate risk register in September 2020 included an overview of the Council's framework for corporate risk management. This framework remains in place, with the only variable element being the frequency with which the Risk, Safety and Emergency Management Board (RSEMB) and the Risk, Safety and Emergency Management Groups (RSEMGs) meet; this continues to be flexible as demanded by the developing course of the pandemic.

#### ***Corporate Risk Register***

3. RSEMB continues to keep the Council's corporate risk register under regular review. The updated register has been approved by RSEMB and CLT and is attached as ***Appendix 1***.
4. The previous report in September 2020 included a brief guide to aid understanding of the terms and format. The guide is repeated here to help cement Members' familiarity with the register. The first page of the appendix sets out the approach to risk scoring, along with some guidance notes and definitions. The corporate risk entries follow, one on each page of the appendix. Each entry in the register is structured to be read from left to right across the page, and the following describes the purpose of each element
  - Sources and triggers – these describe the factors which may give rise to a risk event occurring. These describe how ***likely*** an event is to happen.
  - Possible consequences – these describe how significant the event would be for the Council. These relate to the ***impact*** of an event, should it happen.
  - Current controls and mitigations – these summarise the control framework currently in place to protect the Council from the likelihood and impact of each risk. These are set out in terms of the 'three lines of defence', with which Members will be familiar from the previous reports on assurance mapping:
    - 1<sup>st</sup> Line – day-to-day controls operated by management

- 2<sup>nd</sup> Line – controls applied by corporate functions, often located in the Chief Executive’s Department
- 3<sup>rd</sup> Line – verifications by independent inspectors, such as Internal Audit, External Audit, etc.

- Agreed current risk – this a score agreed with risk owners, RSEMB and CLT, based around the notional formula of:

$$\text{Current Risk} = \text{Sources \& Triggers} \times \text{Possible Consequences} - \text{Current Controls \& Mitigations}$$

- Additional controls required and new controls being introduced – these set out additional actions planned to be taken to further strengthen the mitigations in place
- Agreed target risk – this is the expected risk score once the additional controls are in place and operating effectively.

5. The following summarises how the risk profile has changed since the previous update in September 2020.

Risk	Sep 2020		Feb 2021		After actions
1.Information governance	VH	↓	H	↓	M
2.Safe premises	VH	↔	VH	↓	H
3.Supply chain	H	↔	H	↔	H
4.Business continuity	VH	↔	VH	↓	H
5.Transformation	H	↔	H	↓	L
6.Safe children	VH	↔	VH	↓	H
7.MTFS	H	↔	H	↔	H
8.ICT	H	↔	H	↓	L
9.Community emergency	M	↔	M	↔	M
10.Safe adults	H	↔	H	↔	H
11.Governance	H	↓	M	↓	L

6. As shown above, no corporate risks have increased since September 2020, but the following two have seen reductions due to improved mitigation:

- a) Information Governance (IG) – alignment with the more detailed, operational IG risk register, managed by the Council’s IG Board, identified scope to more accurately reflect current mitigations in the corporate entry.
  - b) Governance – some of the planned mitigations identified in September 2020 are now in place and this has reduced the ‘likelihood’ element of the risk assessment. Further mitigations, once in place, should see a fall in risk level to ‘Low’.
7. As reported to Committee in January 2021, the Council has maintained a separate risk register for Brexit and EU Transition since the referendum in 2016. The Committee decision to incorporate the impacts of Brexit across the other entries in the corporate risk register is currently being applied.
  8. The Risk, Safety & Emergency Management Board continues to keep the corporate risk register under active review, to consider the need for new entries to be brought on to the register for close monitoring.

### ***Further development***

9. The previous update in September 2020 advised of work being progressed by the Assurance Group to review the corporate risk management process in the Council. This work continues to advance and has now included input available to the Council from risk experts working within its insurer, ZM Municipal. Central to the development is an approach to capturing the Council’s risk appetite, and this is currently being trialled through engagement with each RSEMG. Once the pilot has been assessed and finalised, proposals will be presented to the RSEMG and CLT for consideration and brought to Committee for approval, hopefully in March 2021.
10. The other development highlighted at the previous update in September 2020 concerned provision of training for Members on risk management. A first, brief slot was delivered at the close of the Committee’s meeting in January 2021, introducing some key concepts in the risk management process. Members feedback on that slot, and ideas for future training content on this aspect of the Committee’s remit, will be welcome; this will help shape a suitable programme for the Committee in the period after the Council elections this year.

### **Other Options Considered**

11. 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**

12. 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**

13. 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 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 05/01/2021)**

14. Governance & Ethics Committee is the appropriate body to consider the content of the report.

## **Financial Comments (SES 05/01/2021)**

15. There are no specific financial implications arising directly from this 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