

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM
TO THE AUDIT AND STANDARDS COMMITTEE**

27 July 2020

CORPORATE RISK MANAGEMENT REPORT

Submitted by: Executive Management Team

Portfolio: Corporate and Service Improvement, People and Partnerships

Ward(s) affected: All

Purpose of the Report

To inform Members of the progress made by the Council in enhancing and embedding risk management for the period January to March 2020 (Q4) and April to June 2020 (Q1), including progress made in managing identified corporate risks.

Recommendations

The Committee is asked to:-

- (a) Note that there are no overdue risk reviews (point 2.1.1).**
- (b) Note that there were 8 risk level increases (point 2.2.1).**
- (c) Note that there was 1 new identified risk (point 2.2.2).**
- (d) Note Appendix A and scrutinise the progress that has been made in managing the risks identified within the Corporate Risk Register (point 2.2.3).**
- (e) To agree Appendix B, the Risk Management Policy Statement to be signed by the Chief Executive and Leader (point 2.2.5).**
- (f) To note the Risk Management Strategy documents Appendix C (point 2.2.6).**
- (g) Identify, as appropriate, individual risk profiles to be scrutinised in more detail at the next meeting of the Committee.**

Reasons

The risk management process previously adopted by the Council has been reviewed to incorporate changes in the way the Council works and to provide continuity and streamlined reporting of risks to allow the process to become further embedded at each level of the authority. This will also aid the identification of key risks that potentially threaten the delivery of the Council's corporate priorities. The Risk Management Strategy provides a formal and proportionate framework to manage these identified risks and thus reduce the Council's exposure.

1. Background

- 1.1 The Council monitors and manages all its risks through the various risk profiles contained within GRACE (Governance Risk and Control Environment) – the Council's software used to record and manage risks.
- 1.2 The Council currently reviews its high (red 9) risks at least monthly and its medium (amber) risks at least quarterly.
- 1.3 The last review of these risks (Q3 2019) was reported to the Council's Audit & Standards Committee in March 2020.
- 1.4 Risk owners are challenged by the Council's Risk Champions in respect of the controls, further actions, ratings and emerging risks related to their risks, and are also challenged on the reasons for inclusion or non-inclusion and amendment of these.
- 1.5 Projects are managed to a high level in relation to risk and are reviewed in accordance with the Risk Management Strategy (i.e. at least monthly).

2. Issues

- 2.1 Further to an Audit Assurance recommendation, your officer has been asked to report on overdue risk reviews that are 6 months out of date.
 - 2.1.1 At the time of running the report, there are no overdue risk reviews.
- 2.2 Following a previous meeting a brief point is now produced to show any risks where the risk level has increased to a Medium 7, 8 or High 9.
 - 2.2.1 Your officer can report that there were 8 risk level increases. There were 3 increases in the Corporate Risk register; 4 in the Balances and Contingencies Reserve register (from page 18 of Appendix A); and one in Commercial Development (page 22).
 - 2.2.2 There has been 1 new risk identified in the Corporate Risk Register and is specific to the current Covid-19 pandemic. As part of the work incorporated in this risk where the majority is out of the council's control, your officer can advise that
 - During the COVID-19 crisis a high number of the Council's providers have been very proactive in releasing statements on their approach to 'Business as Usual' during current disruptions.
 - Internally Heads of Service were asked to identify their key service providers and to raise any concerns on the potential supply disruption to consumable goods used by their services on a regular basis. Following receipt of this information from officers, contact was made with service provider and suppliers asking for details on their business continuity plans during COVID-19, all responses in the main being very positive, all returns were made available to the relevant Head of Service.

- To date the Council has experienced some minor disruption with medium term capex orders being delayed or put on hold e.g. delivery dates being extended for some of the orders placed for new vehicles (due to the temporary closure of commercial garages). The Council has also seen some projects placed on hold or longer delivery projections received where social distancing measures have needed to be maintained. The Council has also experienced local SMEs having to furlough staff with a few temporarily halting operations.
- The short supply of some PPE products at the start of the crisis has been quickly overcome, with an abundance of new suppliers contacting the Council reference product availability.
- The Council continues to monitor invoice payments ensuring that these are promptly made, these include any part contract payments where certain project milestones were achieved by the Council's suppliers prior to lockdown.

- 2.2.3 See Appendix A for a list of the Corporate Risks, relevant risk owner(s), and the ratings, and those risks that have increased in final risk rating in Q1 2020/2021. It should be noted that by their nature these risks are not within the direct control of the Council and this is reflected in the residual risk rating.
- 2.2.4 Should there have been any changes or increases during July to September 2020 these will be fully reported to the next relevant meeting of the Committee.
- 2.2.5 Appendix B is the revised Risk Management Policy statement that this Committee is required to review and agree, so that it can be signed off by the Chief Executive and Leader.
- 2.2.6 Appendix C is the reviewed Risk Management Strategy that sits behind the policy statement, and highlights roles and responsibilities of all Members and Officers in the council.

3. Options Considered

- 3.1 Following the comprehensive review of risk profiles taking place across the council, the only risks to be reported are those from the Corporate Risk Register, unless there are any significant occurrences or increases in other profiles.

4. Proposal – Corporate, Strategic, Operational, Project and Partnership Risk Registers (Appendices)

- 4.1 The Council regularly reviews and refreshes its risk registers in accordance with the Risk Management Strategy.
- 4.2 These reviews are co-ordinated by the Strategic Risk Champion who works closely with Directors, Operational Risk Champions and Risk Owners.
- 4.3 The measure of the ratings for the impact and likelihood are shown below, for ease of use.

Impact Measures

	High (red)	Medium (amber)	Low (green)
Health & Safety	Death, abuse, life threatening <u>OR</u> permanent disability	Serious injury <u>OR</u> long-term absence from work (over 7 days)	Minor injury <u>OR</u> short-term absence from work (less than 7 days)
Cost	More than £300k	Between £50-£300k	Between £20-£50k
Reputation	National media attention, potential public interest report, third party intervention	Sustained local media attention, Executive Director reporting, Member interest	Short term local media attention, Wider Management Team reporting
Service Delivery	Serious service failure directly affecting partners, stakeholders (more than 1 month)	Service failure but not directly affecting partners or stakeholders (up to 1 month)	Service disruption (between 1 day to 2 weeks)
Project Delivery	Project failure impacting on council's priorities and performance	Project failure impacting on Directorate's performance and priorities	Project delay impacting on service performance and priorities
Legal implications	Statutory body, partner or enforcement agency	Member and Executive Management Team	Wider Management Team

Likelihood Measures

	High (red)	Medium (amber)	Low (green)
Timescale	Highly likely to occur (90%+ chance)	Likely to happen (50-89% chance)	Possible (1-49% chance)
	An incident has occurred in the past year <u>OR</u> is highly likely to occur in the next year	An incident has occurred in the past 2-5 years <u>OR</u> is likely to occur in the next 2-5 years	An incident has occurred in the past 6+ years <u>OR</u> is likely to occur in the next 6+ years

L I K E L I H O O D	High	7 Amber	8 Amber	9 High Red
	Medium	4 Green	5 Amber	6 Amber
	Low	1 Green	2 Green	3 Amber

		Low	Medium	High
IMPACT				

5. Reasons for Preferred Solution

5.1 To offer a continual review process to minimise and mitigate risks.

6. Outcomes Linked to Corporate and Sustainable Community Priorities

6.1 Good risk management is a key part of the overall delivery of the Council's four corporate priorities of:

- Local Services that Work for Local People.
- Growing our People and Places.
- A Healthy, Active and Safe Borough.
- A Town Centre for all.

7. Legal and Statutory Implications

7.1 The Accounts and Audit (England) Regulations 2015, state that:

*“The relevant body **is** responsible for ensuring that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk”.*

8. Equality Impact Assessment

8.1 There are no differential equality impact issues in relation to this report.

9. Financial and Resource Implications

9.1 None where actions are to be taken in order to mitigate the risks as these will be met from within existing budgets. Where this is not possible, further reports will be submitted to Members of relevant Committees.

10. Major Risks

10.1 As highlighted in Appendix A.

11. Sustainability and Climate Change Implications

11.1 Officers assess sustainability and climate change implications as part of their local services.

12. Key Decision Information

12.1 This report is for information and there are no key decision requirements pertaining to the information contained within the report.

13. Earlier Cabinet/Committee Resolutions

13.1 Previous Minutes from Committee meeting held on 9th March 2020.

14. List of Appendices

14.1 Appendix A – Corporate Risks and heat map.

14.2 Appendix B – Risk Management Policy Statement.

14.3 Appendix C – Risk Management Strategy.

15. Background Papers

15.1 Previous Minutes and reports have been circulated to relevant Members and Officers.

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