

Meeting: Cabinet
Date: 4 March 2024
Classification: Part 1
Key Decision: No
Title of Report: **Corporate Risk Register January 2024**

Executive Director: Joe Chesterton (Finance & Resources)
Report Author: Andrew Barnes (Head of Internal Audit)
Executive Councillor: Cllr John Lamb (Cabinet Member for Regulatory Services)

1. Executive Summary

- 1.1. Risk is defined as uncertainty, whether positive or negative, that will affect the outcome of an activity or intervention. The term 'management of risk' incorporates the activities required to identify and control the exposure to risk that may have an impact on the achievement of the Council's priorities.
- 1.2. The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's priorities and objectives and outlines the key management arrangements in place to mitigate and reduce the likelihood of the risks crystallising or maximise the likelihood of the opportunities being achieved.

2. Recommendations

It is recommended that Cabinet notes the revised Corporate Risk Register and the position in January 2024 outlined in Appendix 1 and supports the actions being taken to manage the risks.

3. Background

- 3.1. The purpose of the Council's Corporate Risk Register (CRR) is to set out the key risks to the successful delivery of the Council's priorities and objectives and outlines the key management arrangements in place to mitigate and reduce risks or maximise opportunities.
- 3.2. The Council's strategic approach to risk management is led by CLT, with responsibility assigned through all levels of the Council's structure to ensure risk management is integrated into strategic planning and prioritisation to assist in the achievement of outcomes and successfully dealing with

challenges. Risk management is an essential and integral part of meeting objectives, improving service delivery and achieving value for money.

- 3.3. Corporate Leadership Team has reviewed and updated the format of the CRR to ensure that the information provided will support informed decision making, which is vital to delivering successful services and transformational change. The changes made and the rationale are as follows:
 - Risks have been incorporated into a single table to facilitate analysis
 - Analysis of each risk has been expanded to include the potential consequences of the risk materialising
 - The inclusion of a target risk analysis and score, provides an indication of the gap between the current level of risk and the risk appetite
 - The 'Direction of Travel' has been included to illustrate the progress made in mitigating the risk since the last review (this will be populated in the next review once there is a comparison to be made).
- 3.4. A strategic risk identification workshop, was attended by CLT. A total of 11 risks were identified and assessed. Appendix 1 reports the key strategic risks to the achievement of the Council's priorities, the 'current score' position as assessed by management, and the management actions being taken to mitigate the risks. It includes the lead officers for each risk.
- 3.5. The risk register heat map on page 5 of appendix 1 plots the current risk score for each risk using the Council's scale, as shown on page 6 of appendix 1. This shows that the risks that have been escalated to the Corporate Risk Register are those with the potential to be the most detrimental to achieving the Council's priorities and objectives, which is why the risk scores are all relatively high and consequently the risks appear on the Corporate Risk Register.
- 3.6. The risks are effectively the worst-case scenario of what could happen if the Council is not appropriately managing the risk that it is facing. This does not mean that it will happen, as the purpose of the arrangements being put in place to manage the risk, or deliver the opportunity, is to ensure that the situation works out in the way that the Council wants it to.
- 3.7. Updates to the CRR will be carried out bimonthly and discussed with Executive Directors, Directors, Heads of Service and Managers, and reported to the CLT. The summary position will continue to be reported to Cabinet twice a year in September and March.
- 3.8. Directorate Risk Registers (DRR) are being developed. The DRR will include risks in respect of services, programmes or projects and holding companies that are within the remit of the directorate. Directorate level risks will be identified, assessed, monitored and reviewed by the Directorate Leadership Team on a bimonthly basis.

- 3.9. Directorate level risks should be escalated to the CRR if:
- The risk cannot be controlled / managed at its current level
 - The risk remains extremely high even after mitigations are implemented
 - The risk will impact on more than one service or project if it materialises
 - The action required to control the risk is outside the delegated authority of the risk owner.
- 3.10. Risks recorded on the CRR can be considered for de-escalation and recorded and managed on the relevant DRR where:
- The risk can be controlled at the service, programme or company level
 - The risk has been successfully managed down to its target level score
 - The risk will only affect one service area or team and the impact will be limited.
- 3.11. The appetite for risk varies according to the activity being undertaken and the ability to exercise control. Risk appetite provides a framework for informed decision making and the setting of a risk appetite relevant to the type of activity helps to prevent the under or over control of risks. CLT are in the process of developing and defining risk appetites for different elements of the Council's operations, which will be used for the CRR and DRRs.
- 3.12. Effective risk management is a key element of the governance framework and will therefore provide a key element of the updated governance framework. Work is being undertaken on updating the risk management policy statement and strategy as part of the review of governance arrangements, with the aim of ensuring that risk awareness and horizon scanning is business as usual for all teams.
- 3.13. In the period since the last report to Cabinet there have been further changes to the context that the Council is operating within that continues to increase the pressure on the local government sector. This includes the ongoing significant impact of inflation and cost of living pressures, with the impact on both costs of and demand for services. These issues continue to have the potential to cause far reaching consequences and impacts across the whole of the Council's activities, the ways that services and officers are required to operate, and the support that needs to be provided to the City.
- 3.14. A growing catalogue of recent incidents have occurred at other Councils where examples of the risks that we are facing and working to manage have crystallised, resulting in significant detrimental effects on the operations and provision of services at those Councils. These incidents demonstrate the importance of the effectiveness of management arrangements in respect of, and the governance arrangements overseeing that management of, the risks that are being faced by the Council, and the need to remain vigilant to the potential for things to go wrong.

4. Reasons for Decisions

- 4.1. The Accounts and Audit Regulations 2015 require that a relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function 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.
- 4.2. Cabinet noting the summary Corporate Risk Register contributes to the assurance that this requirement is being met.

5. Other Options

- 5.1. None.

6. Financial Implications

- 6.1. Any financial implications arising from identifying and managing risk will be considered through the normal financial management processes. Proactively managing risk can result in reduced costs to the Council by reducing exposure to potential loss.

7. Legal Implications

- 7.1. The Accounts and Audit Regulations 2015 require that:
- 7.2. *'A relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function 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.'*
- 7.3. Cabinet reviewing and endorsing this report contributes to the delivery of effective arrangements for the management of risk.

8. Policy Context

- 8.1. The Council has a Risk Management Policy Statement and Strategy that provides the framework for the Council's approach to risk management.

9. Carbon Impact

- 9.1. The commitment to net zero carbon is reflected as a risk included in the Summary Corporate Risk Register at Appendix 1.

10. Equalities

- 10.1. Corporate equalities considerations have been considered in the drafting of the register and any specific equality related risks have been identified for the Council.

11. Consultation

- 11.1. Consultation has taken place with key stakeholders of the corporate risk register.

12. Report Authorisation

| This report has been approved for publication by: | | |
|---------------------------------------------------|--------------------------------------|-----------|
| | Name: | Date: |
| S151 Officer | Joe Chesterton | 29/1/2024 |
| Monitoring Officer | Kim Sawyer | 29/1/2024 |
| Executive Director | Joe Chesterton | 29/1/2024 |
| Relevant Cabinet Member | Cllr John Lamb – Regulatory Services | 30/1/2024 |

13. Appendices

- 13.1. **Appendix 1: Summary Corporate Risk Register as at January 2024**