

<b>Meeting:</b>	<b>Audit &amp; Governance Committee</b>
<b>Meeting date:</b>	<b>Thursday 30 July 2020</b>
<b>Title of report:</b>	<b>Corporate Risk Register</b>
<b>Report by:</b>	<b>Head of Corporate Performance</b>

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose and summary**

To consider the status of the council's corporate risk register in order to monitor the effectiveness of risk management within the Performance, Risk and Opportunity Management framework.

## **Recommendation(s)**

**That:**

- (a) the committee determine any recommendations it wishes to make to ensure effective risk management**
- (b) the committee reviews the draft Risk Management Plan at appendix 7 and makes recommendations to strengthen the councils approaches to risk**

## **Alternative options**

1. The committee could choose not to monitor the corporate risk register; however this would not be recommended as regular monitoring provides assurance that risk is being managed effectively within the council.

## Key considerations

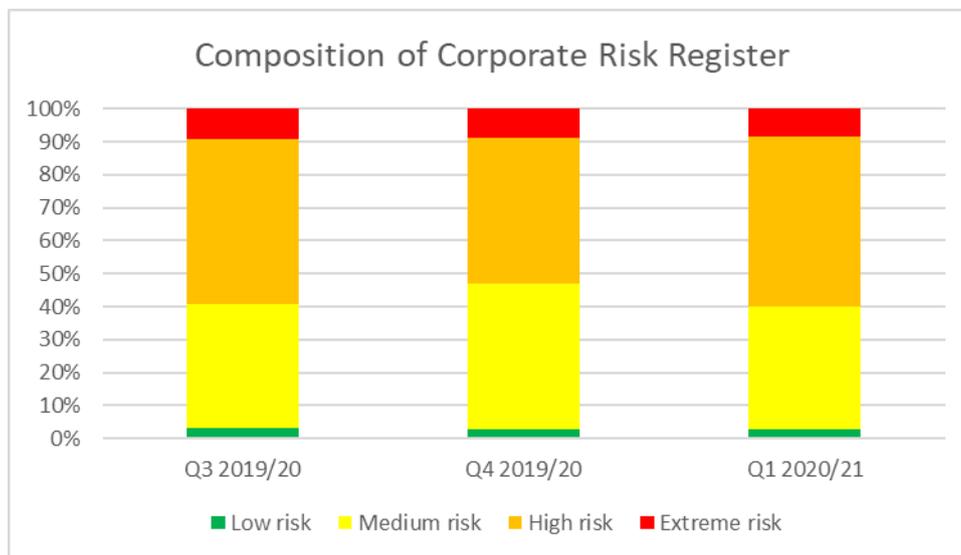
2. In accordance with the Performance, Risk and Opportunity Management (PROM) framework, it is the committee's role to ensure that risk management is effectively managed and in line with the processes set out in the PROM.
3. The PROM requires that a corporate risk register is compiled from high-level, organisation-wide risks which require strategic management and risks identified at an operational level that have been escalated; either where mitigating activity controlled within the directorate is not able to contain the risk, or where additional resources might be required to control the risk.
4. Entries within the corporate risk register reflect risks identified by management board and are endorsed by cabinet, thereby strengthening their strategic perspective, management response and controls, and increasing organisational awareness.
5. The inclusion of risks within any level of risk register indicates that officers are aware of the potential risks and mitigation strategies and controls are in place.
6. Each risk within directorate or corporate risk registers is scored to provide an assessment of the level of risk. All risks are score based on an assessment of the impact and likelihood. Scoring criteria is set out within the PROM. These assessments are made at two points; before actions are put in place (inherent risk); and after identified controls are in place (residual risk).
7. It is the responsibility of risk owners to ensure that risk scores are regularly reviewed and updated where necessary.
8. Whatever level of residual risk remains, it is essential that the controls identified are appropriate, working effectively and kept under review.

## Current Risks

9. The risk "heat map" below shows the current risks identified on the corporate risk register at the end of June 2020. This is following a review of risks within directorates. Full details of the risks below are found in Appendix 1.

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain					CRR.39
	4 Likely			CRR.11	CRR.01, CRR.02, CRR.04, CRR.09, CRR.36, <b>CRR.45</b>	CRR.03, CRR.31
	3 Possible			CRR.15, CRR.17, CRR.18, CRR.19, CRR.20, CRR.38	CRR.06, CRR.07, CRR.08, CRR.10, CRR.12, CRR.13, CRR.37, CRR.41, <b>CRR.43</b>	CRR.33, CRR.35, CRR.40
	2 Unlikely		CRR.30	CRR.24, CRR.25, CRR.26, CRR.29	CRR.21, CRR.23, CRR.34	
	1 Rare					

10. As shown in the heat map above, there are three risks which are on the corporate risk register which remain as extreme risks (i.e. score more than 20) following the mitigation completed to date. Eighteen risks are rated as high risk (scoring between 10 and 16) following mitigation, thirteen as medium (in the yellow grouping) and one are rated as low following mitigation.
11. The change in composition of risks on the corporate risk register at the end of the first quarter, compared to the end of quarter 4 2019/20 is shown below:



12. In the first quarter of 2020/21, there have been the following changes; two new risks have been identified and entered onto the corporate risk register:
  - Repair of Storm Damage following Storm Dennis; due to the likely shortfall in funding from Government.
  - COVID-19 funding issues; recognising the immediate financial impact of the COVID pandemic
13. Previous committee meetings have requested that the directorate risk registers are also available to evidence escalation / de-escalation of risks in line with the PROM framework. Heat maps of these risk registers are provided at appendices 2 – 5.
14. A separate risk register has been established, specifically considering the impact that COVID-19 is having, many of these risks are focussed on specific operational areas and responses. The risks are monitored and managed weekly with a formal review of the register occurring monthly.

### **COVID Risk Register**

15. Following the committee's request in June, the COVID Risk Register can be found at appendix 6.
16. In order to provide a responsive approach to managing risk during the COVID emergency response, the council has adopted a project style risk register, meaning that recording of risks could be more agile.

17. Specific risks have been aggregated to wider risks, e.g. risks to our staff, which have then been scored. These scores are regularly reviewed by members of Management Board.
18. At present, the risks identified in this register are split as follows:

Severity of Risk	Number of risks
Low Risk	0
Medium Risk	3
High Risk	3
Extreme Risk	5

19. Four risk scores have reduced in the last month, one risk has increased, and 4 new overarching risks have been identified; risk of non-compliance with advice/guidance by general public, risk of larger outbreaks leading to wider lockdown, missed education for Herefordshire learners and lack of digital inclusion/IT.

### **Risk Management Plan**

20. The council's Performance Risk and Opportunity Management (PROM) framework is being refreshed. As part of the revised Performance Management Framework, a Risk Management Plan has been drafted, establishing a greater focus on risk, with improved organisational guidance on the approach and processes.
21. The draft Risk Management Plan can be found at appendix 7. This document is still in draft, but has been informed from a number of other local authorities best practice frameworks, practice identified by ALARM (Association of Local Authority Risk Managers) as well as recognising the priorities for development in Herefordshire. The plan seeks to strengthen some of the following points;
  - A simple and robust process, easily embedded within all services improving operational understanding and engagement with risk management
  - Clear escalation criteria
  - Associating risk with strategic objectives
  - Internal checks and challenge to ensure consistent application of the plan
  - Clear visibility of the risk appetite, controls in place, and the SMART actions required to mitigate risk, and the impact that these have on the residual over time.
  - All risk identified within the organisation are aligned; corporate, directorate, service, project and programme and decision reports.
22. The new Performance Management Framework is scheduled for sign off by Cabinet in September.

### **Community impact**

23. In accordance with the principles of the council's adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective risk management is an important component of this performance management system.

### **Equality duty**

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

25. There are no equality duty implications arising from this report.

## **Resource implications**

26. There are no resource implications arising from this report.

## **Legal implications**

27. None.

## **Risk management**

28. There are no risks as a direct result of this report. By reviewing the corporate risk register, greater assurance is given that the council manages its risks appropriately.

## **Consultees**

29. None

## **Appendices**

- Appendix 1 Corporate Risk Register
- Appendix 2 Adults and Communities Risk Register
- Appendix 3 Children and Families Risk Register
- Appendix 4 Economy and Place Risk Register
- Appendix 5 Corporate Services Risk Register
- Appendix 6 COVID Risk Register
- Appendix 7 Risk Management Plan

## **Background papers**

None