Herefordshire Council

Meeting:	Audit & Governance Committee
Meeting date:	16 June 2020
Title of report:	Corporate Risk Register
Report by:	Head of Corporate Performance

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 considers the areas identified for development of the Risk Management Plan at paragraph 14, and makes further recommendations where necessary**

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.
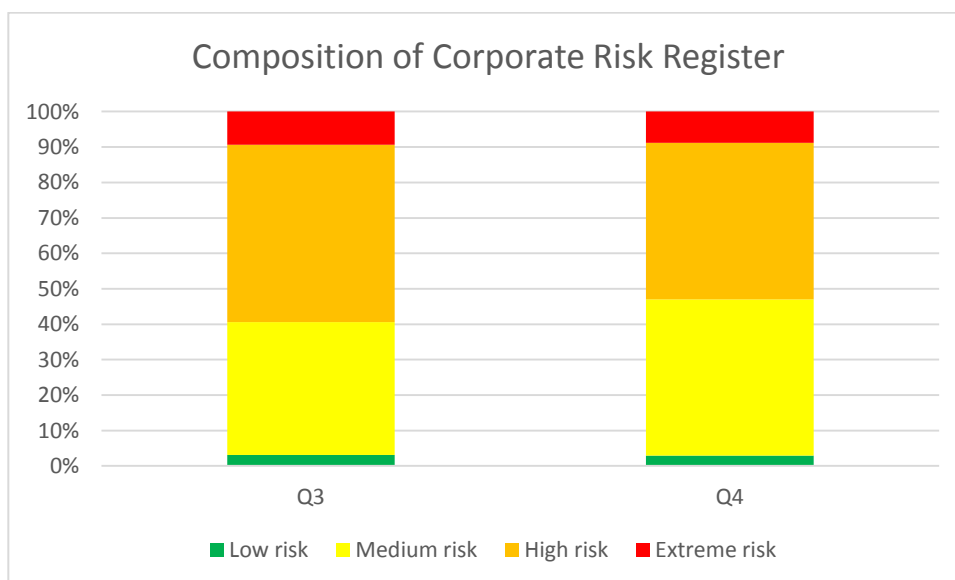
Key considerations

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. Whatever level of residual risk remains, it is essential that the controls identified are appropriate, working effectively and kept under review.

    Current Risks

8. The risk "heat map" below shows the current risks identified on the corporate risk register at the end of March 2020. Full details of the risks below are found in Appendix 1.

Likelihood	Consequence				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
5 Certain					CRR.39
4 Likely			CRR.11	CRR.02; CRR.03; CRR.04	CRR.01; CRR.31
3 Possible			CRR.17; CRR.18; CRR.19; CRR.20; CRR.37; CRR.38	CRR.06; CRR.07; CRR.8; CRR.09; CRR.10; CRR.12; CRR.13; CRR.41	CRR.33; CRR.35; CRR.40
2 Unlikely		CRR.30	CRR.24; CRR.25; CRR.26; CRR.29	CRR.15; CRR.21; CRR.22; CRR.23; CRR.34	
1 Rare					

9. 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 mitigating activities completed to date. Fifteen risks are rated as high risk (scoring between 10 and 16) following mitigation, fifteen as medium (in the yellow grouping) and one are rated as low following mitigation.

10. The change in composition of risks on the corporate risk register compared to when reported in January is shown below:

Composition of Corporate Risk Register

11. Since January, there have been the following changes:

Four risks have been removed from the corporate risk register:

- Development Regeneration Partnership – Keepmoat and Engie: these risks have been removed, and replaced with a new risk that covers all disputes between the council and major contractors.
- South Wye Transport Package: this risk materialised and existing growth funding was removed.
- Hillside: an agreement has been reached, and the facility is now being utilised during the COVID-19 pandemic.

Five new risks have been identified and entered onto the corporate risk register:

- 5 year Housing Land Supply / Housing delivery test: this risk has been escalated to the corporate risk register, as the current estimation is that there is only a three-year supply.
- Dispute with major contractors: this risk has been introduced as a generic risk to cover all disputes between the council and its contractors.
- COVID-19: the significance of this pandemic means that it impacts on every service that the council delivers and its ability to achieve the strategic priorities of the county.
- Ofsted outcomes: an unfavourable outcome following an Ofsted inspection will affect the council through the need to realign activity in order to ensure effective delivery of services.
- County Wide Net Zero Carbon Target: non-achievement of the target could result in an increase in local climatic changes that would have economic, social and environmental impacts.

12. As the impact of the COVID-19 pandemic emerged towards the end of March, it was decided to monitor risks relating to COVID-19 in a separate register owned and monitored by Management Board. These risks feed in to the overarching COVID-19 risk on the corporate risk register. This has been established and is subject to regular review as part of the 3 meetings of Management Board each week. A further formal review of the register occurs monthly.

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.

Risk Management Plan

14. The Performance, Risk and Opportunity Framework (PROM) is being refreshed, likely to become the Performance Management Framework (PMF). As part of the revised PMF, a Risk Management Plan will be developed, establishing a greater focus on risk, with improved organisational guidance on the approach and processes.

15. To support the development of the plan, the following areas have been identified as requiring improvement or consideration;

- A simple and robust process, to improve operational understanding and engagement with risk management
- Transparent and clear escalation criteria
- Alignment of corporate risk to strategic objectives
- Internal checks and challenge to ensure consistent application of the new risk management plan
- Clear visibility of the risk appetite, controls in place, 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, decision reports, project and programme and decision reports.

16. A draft version of this plan will be shared with the Audit & Governance committee during its development, and before sign off by Cabinet in late summer 2020.

Community impact

17. 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

18. 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.

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

Resource implications

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

Legal implications

21. None.

Risk management

22. 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

23. None

Appendices

Appendix 1   Corporate Risk Register

Appendix 2   Adults and Communities Risk Register

Further information on the subject of this report is available from
Paul Harris, Tel: 01432 383675, email: Paul.Harris1@herefordshire.gov.uk

Background papers

None