

<b>Report To:</b>	<b>AUDIT COMMITTEE</b>	<b>Date:</b>	<b>11<sup>th</sup> MARCH 2019</b>
<b>Heading:</b>	<b>CORPORATE RISK</b>		
<b>Portfolio Holder:</b>	<b>LEADER</b>		
<b>Ward/s:</b>			
<b>Key Decision:</b>	<b>NO</b>		
<b>Subject to Call-In:</b>	<b>NO</b>		

### **Purpose of Report**

For Audit Committee to review the Corporate Risk Register and the analysis of movement in risk and mitigating actions in respect of those risks.

### **Recommendation(s)**

Audit Committee are asked to note the current significant items on the Corporate Risk Register and to consider whether any further immediate actions are necessary to mitigate those risks.

### **Reasons for Recommendation(s)**

To prioritise and manage the mitigation of Risk in order that the Council can achieve its objectives

### **Alternative Options Considered**

*(with reasons why not adopted)*

None

### **Detailed Information**

### **Context/Background**

All strategic risk at corporate and directorate level is incorporated into the Pentana performance system to enable quarterly updates at the same time as updating performance, therefore enhancing the consideration of risk in the delivery of services.

The Risk Template was revised to incorporate new columns to ensure we identify:-

- business continuity links
- ability to influence
- actions required and milestones separate to actions completed

The full corporate risk register is appended to this report.

## **Corporate Risk Register**

### Risk Rating Summary

	2012/13 Qu 4	2013/14 Qu 4	2014/15 Qu4	2015/16 Qu4	2016/17 Qu4	2017/18 Qu4	2018/19 Qu3
Significant	23	15	10	10	9	7	4
Medium	10	11	9	7	6	10	10
Low	1	8	7	5	2	3	10
Total	34	34	26	22	17	20	24

Our approach is to focus our review of those risks where we believe that we have a high ability to influence and therefore seek ways to reduce or mitigate the risk. Current assessments indicate that significant risks continue to slightly reduce whilst the total number of Corporate Risks has increased with the introduction of risks related to Brexit (rated low) and 3 new risks in respect of the leisure centre of which 2 are low and one is medium risk. The risk involving Overpayments for housing benefit has also been removed as the only control over the level of overpayments we have is the level of Local Authority error Overpayments, which represents less than 10% of the total, and all of that is returned back from the Government therefore there is no loss to the Council

New additional risks are currently being considered for incorporation into the Corporate Risk Register:-

- workforce planning, in respect of risks relating to resilience, recruitment and retention and succession planning
- job families implementation risks

Those significant risks remaining are (\* mitigatable, and no improvement in last 12 months):-

- Ethical framework \*
- Failure to identify savings required by Medium Term Financial Strategy (MTFS)\*
- Level of central government funding

## **Corporate Risk Strategy**

The Corporate Risk Strategy was reviewed early in the 2018/19 financial year in order to ensure that it continues to meet the needs of the organisation and aligns with the Public Risk Management Association model known as "The Alarm national performance model for risk management in public services". This model is comprehensive and focuses on seven strands of risk management activity, by which the organisation can measure current performance against recognised achievement levels for each of the seven strands. The model provides the basis for clear performance indicators and acts as a catalyst for improved risk management performance within the organisation. It will also inform assurance in corporate governance terms and the further embedding of risk management across the organisation. Four membership subscriptions to ALARM have been purchased and this will allow for the access to training and development resources which will be used in a rolling program to further embed risk management across the organisation.

The Improvement and Project Officer from Corporate Services and Transformation has visited every Directorate Management Team (DMT) to discuss managing risks using the ALARM model and at the next joint Extended Leadership and Aspring Leadership Team (ELT/ALT) forum in March this will be further embedded as the Midlands Chair of ALARM will be presenting a session in relation to managing risk using the ALARM model.

The following analysis of corporate risk has been undertaken using the ALARM model for risk maturity assessment.

<b>Maturity type</b>	<b>Definition</b>	<b>Number of risks</b>
Averse	Low risk/low opportunity	0
Cautious	Low to medium risk/low to medium opportunity	4
Open	Medium risk/medium opportunity	16
Hungry	High risk/high opportunity	4

	<b>Averse</b>	<b>Cautious</b>	<b>Open</b>	<b>Significant/Hungry</b>
<b>Appetite description</b>	Avoidance of risk and uncertainty is a key objective	Preference for safe delivery options that have a low degree of risk and may only have limited potential for reward.	Prepared to consider all potential delivery options and choose the one that is most likely to result in successful delivery and acceptable level of reward and value for money.	Willing to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)

A recent evaluation of the management of risks across the Council was undertaken in order to understand the levels of risk currently being managed. The ALARM model encourages a risk culture over the entire organisation. The analysis concluded further improvements can be made:-

- Robust identification and management of project related risk - There are still numerous projects that are currently being managed where there is little or no risk management visible as there is a lack of documentation of risks attached to these projects and recorded in our performance system. Further embedding is required of the benefits of robust risk management and the recording of risks where projects are in delivery.
- Adequate identification and review of internal control measures to ensure effective management and mitigation of risk.

### **Risk Audit Update**

An Internal Audit of risk was undertaken in 2016/17, previous outstanding recommendations which have now been completed are:-

- *Ensure employees attend risk management training* –completed and incorporated into corporate training programme for Corporate Leadership Team (CLT) and ELT leadership levels. We now have ALARM membership and are able to use the training resources. Webinars have been placed in HELIOS and the Midlands Chair of ALARM has been asked to attend the next ELT/ALT conference in March 2019 to present risk management using the ALARM model.

This will ensure that the use of the ALARM model is further embedded throughout the organisation.

- *Ensure risk management training built into Member training schedule* –completed and incorporated into Member training programme. This will be monitored and evaluated by the Service Manager, Democratic Services & Scrutiny in conjunction with the Learning & Development Manager.
- *Reports to Members should include a section on the implications associated with Risk* – completed and now incorporated into the report template. The Improvement & Project Officer in Corporate Services and Transformation will work with the Service Manager, Democratic Services and Scrutiny to ensure that support is provided so that the absence of risk reporting is addressed.
- *Council undertake an exercise to identify its current risk maturity level using the ALARM model. The results of this should then highlight any areas for improvement and inform a plan of action to achieve the desired level of risk maturity and risk appetite* – the Corporate Risk Strategy has been reviewed and updated in order to facilitate improved performance against the ALARM model. A risk maturity assessment has been conducted in relation to corporate risks. An evaluation of each service directorate has been completed and forms a part of this report to CLT. Monitoring of the risk maturity and appetite will continue to be included in future reports to CLT.

Recent Internal Audit 2018/19 outcome was of reasonable assurance, recommendations were:-

- *For Corporate Leadership Team and Audit Committee to review the Councils corporate risks in accordance with the quarterly time frequency stipulated within the Corporate Risk Management 'Strategy and Process document.* The Service Manager – Corporate Services and Transformation will ensure that corporate risk is reported on a quarterly tracker basis to CLT and bi-annual basis to Audit Committee (every March and September).
- *The discussions that take place as part of the above process should be minuted accordingly with sufficient detail provided which evidences that corporate risks are subject to the appropriate degree of scrutiny afforded to identify risks which could impact on the delivery of the Council's strategic objectives.* Raised and agreed with secretaries.
- *The Council formally assesses and documents its risk appetite as soon as practically possible. As a core consideration of the Council's risk management approach, formally documenting its risk appetite could help the Council to make informed decisions, achieve its goals and support sustainability.* Risk appetite has now been assessed for all corporate and service level risks and incorporated into reports, concluding with this report to Audit Committee.
- *A formal procedure is established and documented within the Corporate Risk Management Strategy and Process, which ensures that those risks identified outside of the typical process for identifying and escalating potential risks are captured for discussion and decision by CLT, i.e. Council committees.* A review of the corporate risk strategy and methodology will be undertaken by September 2019
- *In accordance with the ALARM best practice guidance, all Council Members should receive training on risk management, given that all Elected Members, Council Cabinet and Audit Committee have specific responsibilities in respect of the Council's risk management framework, it is important that Members are appropriately trained such that they are able to actively support the Council in its management of risks and also challenge and scrutinise the Council's risk position. Evidence of the training given to Members should be retained.* This action will be reviewed as part of development of Member Induction following local elections in May this year.

## **Implications**

### **Corporate Plan:**

Effective risk management will enable the delivery of corporate and service level priorities, particularly ensuring our people, structures, systems, processes and practices are 'fit for purpose' and remove barriers to improvement and growth. Risks concerning the ability to deliver our Corporate Priorities, performance and improvement will continue to be reviewed at service and corporate level. All types and levels of risk will be maintained and managed through Pentana.

### **Legal:**

No direct legal implications

### **Finance:**

<b>Budget Area</b>	<b>Implication</b>
General Fund – Revenue Budget	There may be resource implications to the improvement or mitigation of risk. Financial risks are incorporated into the Corporate Risk Register. Risk management training will be provided by ALARM and a charge has been incurred for four membership subscriptions which translates into a corporate membership at a cost of £666.00.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

### **Risk:**

<b>Risk</b>	<b>Mitigation</b>
Ineffective risk management impacting upon ability to effectively and successfully deliver against corporate priorities through associated projects in a timely, cost effective manner	<ul style="list-style-type: none"><li>• Risk management training and awareness across the organisation</li><li>• Regular review of corporate and service level risks</li><li>• Further embedding the project management framework and importance of good risk management</li></ul>

### **Human Resources:**

There is a need to ensure that service managers are clear with regards to the Corporate Risk Strategy and the requirement to follow the consistent processes contained therein. Risk Management training is a priority and refresher training is currently being scheduled for Members and Officers.

### **Equalities:**

No direct impact

### **Other Implications:**

*(if applicable)*

**Reason(s) for Urgency**

*(if applicable)*

**Reason(s) for Exemption**

*(if applicable)*

**Background Papers**

*(if applicable)*

Corporate Risk Strategy – updated May 2018

Detailed Corporate Risk Register – Quarter 3 2018/19

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