

Report To:	Audit Committee	Date:	16th December 2019
Heading:	CORPORATE RISK – CURRENT POSITION		
Portfolio Holder:	COUNCILLOR SAMANTHA DEAKIN, PORTFOLIO HOLDER FOR CUSTOMER SERVICES AND IT		
Ward/s:	ALL		
Key Decision:	NO		
Subject to Call-In:	NO		

Purpose of Report

For Audit Committee to review the Corporate Risk Register, 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 Register and to consider whether any further immediate actions are necessary to mitigate those risks.

Audit Committee are asked to note the proposed changes to the Corporate Risk Strategy prior to seeking Cabinet approval.

Reasons for Recommendation(s)

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

Updates to the Corporate Risk Strategy in 2018 were considered appropriate in order to facilitate greater understanding of risk maturity and improved organisational performance against the Alarm national performance model for risk management in public services, as suggested by Internal Audit. This is also highlighted as an improvement action in the Annual Governance Statement. We are continuing to develop our approaches to understanding risk appetite.

The Corporate Risk Strategy has recently been reviewed following the outcome of audit recommendations. See Appendix 1.

Alternative Options Considered

None

Detailed Information

Context/Background

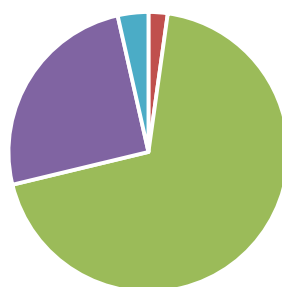
All strategic risk at corporate and service level is incorporated into the Pentana performance system to enable quarterly updates at the same time as updating performance, therefore enhancing the consideration of risk in the delivery of services.

All levels of risk are discussed bi-annually in detail with each service manager as a standing agenda item for Performance Boards, led by the Chief Executive and Assistant Director – Resources and Business Transformation.

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 embed risk management across the organisation.
- The Improvement and Project Officer from Resources and Business Transformation has visited every DMT to discuss managing risks using the ALARM model. In March 2019, this was further embedded as the Midlands Chair of ALARM presented a session to the Extended Leadership Team in relation to managing risk using the ALARM model.
- A recent evaluation of the management of risks across the Council was undertaken in order to understand the levels that risk is currently being managed. The ALARM model encourages a risk culture over the entire organisation and it is clear from the below that there is still much more work to do in order to delegate risk management to other levels within the Council. This will be addressed with the roll out of a risk management training program using the resources that is available from ALARM. Discussion at DMTs will be undertaken to strengthen the delegation of risk management.

Risks Managed by Tier



■ 1st Tier ■ 2nd Tier ■ 3rd Tier ■ 4th Tier ■ Below 4th Tier

Corporate Risk Register

The most up to date Corporate Risk Register (position as at 5th December, 2019) is attached at Appendix 2

Risk Rating Summary

	2013/14 Qu 4	2014/15 Qu4	2015/16 Qu4	2016/17 Qu4	2017/18 Qu4	2018/19 Qu4	2019/20 Qu2
Significant	15	10	10	9	7	4	9
Medium	11	9	7	6	10	10	5
Low	8	7	5	2	3	6	8
Total	34	26	22	17	20	20	22

The identification of those risks with a high ability to influence should enable Audit Committee to review progress against those areas of risk where mitigation has not been achieved.

Corporate Leadership Team have regularly reviewed the authority's key risks, most recently in alignment with the new Corporate Plan. As a result, during the last 12 months, a couple of low risks have been lowered from corporate to service level (loss of Capita financial services and PCI compliance) whilst 9 new risks have been added to the register:-

- New Kirkby leisure centre risks (3) – 2 x low and 1 x medium rating
- Sustainability of HRA business plan – medium rating
- Loss of planning appeals – increased from medium to significant rating
- Town centre funding, inability to deliver – significant rating
- Inability to deliver Big Spring Clean – low rating
- Workforce planning – significant rating
- Brexit, lack of policy decisions – low rating

The total number of Corporate Risks has therefore increased slightly. There has also been a corresponding increase in significant risks.

Those significant risks are (* mitigatable, and remained significant over last 12 months):-

- Introduction of universal credit
- Failure to have adopted Local Plan
- Loss of planning appeals
- Town centre funding, inability to deliver
- Government Waste Strategy targets unattainable *
- Failure to make required savings identified in MTFs *

- Ethical framework *
- Level of Central Government funding 2020 onwards
- Workforce Planning

Risk Audit Update

An Internal Audit of risk was undertaken in 2019, the recommendations were:-

- Corporate Leadership Team and Audit Committee review the Council's corporate risks in accordance with the quarterly time frequency stipulated within the Corporate Risk Management Strategy and Process document. Regular review and monitoring of risks is fundamental to embedding a risk management framework and culture along with a commitment to ensuring the risk process is continuous and high-profile. *Corporate risk is now scheduled as a quarterly tracker item for CLT consideration. It is suggested for bi-annual reporting to Audit Committee, the Corporate Risk Strategy has been amended in accordance.*
- Senior Council Officers and Elected Members should actively scrutinise and challenge the identified risks on the Council's Corporate Risk Register. The discussions that take place as part of that 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. *More detailed minutes of discussion and action at CLT are now minuted.*
- 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. *The most appropriate and relevant approaches to understand risk appetite are being determined. We recognise that specific key projects or corporate activity, such as commercial investment, have a level of risk appetite integral to decision making.*
- 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. *The Performance Boards specifically discuss all levels of risk on a bi-annual basis. This procedure has now been incorporated into the Corporate Risk Strategy.*
- 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. *Risk Management training is currently being reviewed by the Democratic Services Manager.*

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.

Legal:

No direct legal implications

Finance:

Budget Area	Implication
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.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
Lack of an effective risk management framework could result in the organisation having a poor understanding of the major obstacles or blockages that could potentially impact upon its ability to maximise the delivery of its objectives and provision of services to customers	<ul style="list-style-type: none">• Make risk management part of normal business and therefore incorporate within all decision making processes, including key project delivery.• Integrate risk management into the culture of the Council and cascade awareness through all levels of leadership and beyond.• Ensure the organisation has a clear understanding of its risk maturity level and is taking steps towards improving this to a desired level.

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 implications

Other Implications:

None

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers

Corporate Risk Strategy – updated December 2019
Detailed Corporate Risk Register – Quarter 2 2019/20

Report Author and Contact Officer

Jo Froggatt, Assistant Director –Corporate Services and Transformation
01623 457328
j.froggatt@ashfield-dc.gov.uk

Carol Cooper-Smith
INTERIM CHIEF EXECUTIVE