

<b>Report To:</b>	<b>CABINET</b>	<b>Date:</b>	<b>21<sup>st</sup> JUNE 2022</b>
<b>Heading:</b>	<b>YEAR-END CORPORATE RISK UPDATE</b>		
<b>Executive Lead Member:</b>	<b>COUNCILLOR SARAH MADIGAN, EXECUTIVE LEAD MEMBER FOR CUSTOMER SERVICES AND STRATEGIC PLANNING</b>		
<b>Ward/s:</b>	<b>ALL</b>		
<b>Key Decision:</b>	<b>NO</b>		
<b>Subject to Call-In:</b>	<b>NO</b>		

### **Purpose of Report**

For Cabinet to review the Corporate Risk Register and the analysis of movement in risk and mitigating actions in respect of those risks. For Cabinet to also to consider and approve the updated Corporate Risk Strategy.

### **Recommendation(s)**

- **To note the current significant items on the Register and to consider whether any further immediate actions are necessary to mitigate those risks.**
- **To approve the updated Corporate Risk Strategy.**

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

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

Updates have been made to the Corporate Risk Strategy because of a recent audit and subsequent recommendations. This is also highlighted as an improvement action in the Annual Governance Statement.

The Corporate Risk Strategy has recently been reviewed following the outcome of audit recommendations summarised within this report.

On 28th March 2022, Audit Committee endorsed the revisions to the Corporate Risk Strategy prior to presentation of these to this Cabinet for approval.

### **Alternative Options Considered**

*none*

## Detailed Information

All organisations are required to consider potential risks which may impede the delivery of corporate objectives. Effective risk management processes strengthen the ability of the Council to react to all situations and protect its own interests and those of the District, ensuring essential service delivery, through actively managing and mitigating risk effectively and innovatively. The management of risk forms an integral part of the Council's business. Effectively managing our risks means that we can maximise opportunities and minimise the costs and disruption to the Council which may possibly be caused by undesired events.

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.

Significant corporate and service level risks are also 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 – Corporate Services and Transformation.

In summary, overall, the current corporate risk position indicates the positive management of risk since the last report to Cabinet in December 2021: -

- 94% of corporate risks have been effectively managed without an increase in risk assessment rating
- Positively, one corporate risk has been effectively managed and mitigated with a reduction in risk assessment rating

### **1. Audit of Risk Management**

An audit review of the Council's approach to Risk Management was undertaken in 2022 by the Central Midlands Audit Partnership (CMAP). All recommendations have been implemented.

The key recommendations were (responsive action in italics): -

Strategy: -

- The corporate risk definition contained within the Risk Management Strategy and Process document was too broad to accurately differentiate between corporate risk and service level risk.  
*A revised definition of a corporate risk has been included to read "any key risk facing the Council or a particular service in the delivery of its plans, that is, a threat that an event or action will adversely affect the Council's ability to achieve its corporate objectives, perform its duties or meet expectations of its stakeholders"*
- It was unclear what review periods were in effect for the review of risks and if they were being met.  
*Risk review dates are now included*
- Accountabilities were not sufficiently defined within the Risk Management Strategy and Process document. The officer with overall responsibility for risk management was not identified.  
*Accountabilities are now clearly defined in the strategy document. The Assistant Director - Corporate Services and Transformation has been included as the Officer having overall responsibility*

- The Risk Management Strategy and Process document did not contain an organisational chart showing the relationships between all the boards and committees established for risk management.  
*An illustration is now included to show the governance structure in relation to risk responsibilities*
- Key staff with specific and specialist risk management responsibilities were not identified within the Risk Management Strategy and Process document.  
*Other key staff are now included in the strategy.*
- The Risk Management Strategy and Process document contained insufficient and contradictory guidance on risk identification techniques.  
*The strategy document has been expanded on to include risk response types and description.*

Reporting and Review: -

- The risk management framework was not subjected to full ongoing regular review by the Audit Committee as set out within the Risk Management Strategy and Process document.  
*On 28th March 2022, Audit Committee endorsed the revisions to the Corporate Risk Strategy.*
- Risk registers did not contain the most appropriate information for review, such as the key fields recording inherent and residual risk scores as suggested by good practice.  
*Risk registers are being redesigned to include inherent risks as well as residual risks. The corporate risk register and the fraud risk register have already been redesigned and service risk registers will also be redesigned during the 2022 service review process which will be completed by mid-June 2022.*
- Controls listed on the corporate risk register may not have been adequately evaluated in order to mitigate against the identified risk.  
*The controls are reviewed by the risk owner and subject to examination by CLT in their reviews of the risk register. CLT will query whether the controls are adequate or whether there needs to be additional controls in place.*

## 2. Corporate Risk Strategy

The Corporate Risk Strategy has been reviewed 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 programme to continue to embed risk management across the organisation.

Audit have made several recommendations concerning our risk management strategy and the way in which our risk registers report. One of the recommendations that we accepted was the inclusion of both inherent and residual risks: -

- Inherent risk (also known as original risk) is the level of risk assessed before any identified controls or mitigations have been applied.
- A residual risk is the level of risk expected to be remaining after effective applications all of controls and mitigating actions.

All risk registers will now show Risk definitions - A set of risk classifications as follows: -

#### 1. Strategic Risk

The consequences of strategic decisions, or the failure to achieve our strategic vision.

#### 2. Financial Risk

Risk to the Council's balance sheet, assets and liabilities, funding, income and spending levels.

#### 3. Service Delivery Risk

Risks to the effective and efficient delivery of Council services and business continuity.

#### 4. Legal & Regulatory Risk

Risks of breaching the law, legal action, losses, fines and other sanctions arising from non-compliance with laws and regulations.

#### 5. Reputational Risk

Risks of adverse or damaging perception of the Council by the general public and Ashfield residents.

#### Removal of risks from the register.

The removal of risks from the Corporate Risk Register will be at the discretion of CLT. A risk can be removed once it is considered that it will have no impact on the Council's objectives in line with audit recommendations.

### **3. Corporate Risk Register**

The Corporate Risk Register (year-end position) is appended to this report.

There is a continued review of our corporate risk in alignment with the Corporate Risk Strategy and Risk Appetite Framework. The following changes have recently been made: -

- Commercial property investment – this risk has been moved to service level due to low level risk. However, the risk will be kept under review as to whether it needs to be raised back to corporate level should there be difficulties collecting rent from existing tenants.
- Idlewells shopping centre – this risk has been moved to service level as it has been identified as an operational risk.
- Procurement risk – this risk has been moved to service level on the back of the review of procurement and robust measures put in place.

- Waste Strategy – this risk has been moved to service level as it has been identified as an operational risk.
- Safeguarding – this risk has been moved to service level due to low level risk which is very well controlled.
- All covid related risks have been removed from the Corporate Risk Register. Resource level risk is now covered in the specific workforce planning risk. Ability to maintain service delivery and effective strategic leadership are no longer a risk as evidenced by positive LGA report regarding the organisation’s response to the pandemic. CLT are regularly reviewing the recommendations and action plan from this LGA review.
- Temporary accommodation – this risk has been moved to service level as it has been identified as an operational risk.

One new risk has been added to the register in 2021/2022: -

- Legal Services – Lack of staffing resources and disruption caused by exiting the shared service. The new Ashfield Legal Team structure was approved in February and thereafter implemented through vacant posts advertised and interviews were held during March. All vacant posts have now been successfully recruited to. New team members will be joining the Council between now and the end of June 2022.

### Risk Rating Summary

	2014/15 Qu4	2015/16 Qu4	2016/17 Qu4	2017/18 Qu4	2018/19 Qu4	2019/20 Qu4	2020/21 Q4	2021/22 Q4
Significant	10	10	9	7	4	12	11	7
Medium	9	7	6	10	10	12	12	7
Low	7	5	2	3	6	4	10	2
Total	26	22	17	20	20	28	33	16

The total number of Corporate Risks had previously increased significantly throughout the pandemic; however, our level of corporate risk has reduced, including a reduction in the level of severity of risk, which indicates less of an overall threat to the delivery of services.

Those significant risks remaining are: -

- Sustainability of HRA business plan to invest in current and new stock
- Ability to meet statutory obligation process timescales e.g. gas servicing
- Having an adopted LDF/Local Plan
- Workforce planning – inability to recruit and/or retain filled position to critical posts
- Ability to comply with the regulatory regime set out by the Regulator of Social Housing
- Planning appeals
- Legal services lack of staffing

### 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 in respect of the recommendations in the report. Legal and Governance risks are outlined in the report and in the Corporate Risk Register. [RLD 27/05/2022]

**Finance [PH 27/05/22]:**

Budget Area	Implication
General Fund – Revenue Budget	No direct financial implications arising from this report. 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"> <li>• Make risk management part of normal business and therefore incorporate within all decision-making processes, including key project delivery.</li> <li>• Integrate risk management into the culture of the Council and cascade awareness through all levels of leadership and beyond.</li> <li>• Ensure the organisation has a clear understanding of its risk maturity level and is taking steps towards improving this to a desired level.</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.

**Environmental/Sustainability**

*No direct implications*

**Equalities:**

*No direct implications*

**Other Implications:****Reason(s) for Urgency****Reason(s) for Exemption****Background Papers**

Corporate Risk Strategy – updated March 2022

Detailed Corporate Risk Register – Quarter 4 2021/22

**Report Author and Contact Officer**

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