

AUDIT AND GOVERNANCE COMMITTEE

DATE	24 th June 2021
REPORT OF	Executive Director Environment, Economy and Resources
SUBJECT	Risk Management Annual Report 2020/21
STATUS	Open

CONTRIBUTION TO OUR AIM

An effective approach to risk management supports the delivery of the Council's strategic aims by identifying, evaluating and then mitigating those issues which could result in them not being effectively delivered.

EXECUTIVE SUMMARY

This report provides the Audit and Governance Committee with an overview of the Council's risk management activities during 2020/21.

RECOMMENDATIONS

That the Committee notes the Council's progress in managing risk during 2020/21.

REASONS FOR DECISION

The Committee's responsibilities include monitoring the effectiveness of the Council's risk management framework. As part of discharging its responsibilities it receives updates on the development of the council's approach to risk.

1. BACKGROUND AND ISSUES

- 1.1 The Council maintains a strategic risk register that is aligned to its strategic outcomes and are assigned to Directors and Assistant Directors to manage. During 2020/21 the strategic risk register was reviewed every quarter and reported to the Corporate Governance Group (to ensure the register is properly maintained including any emerging strategic risks) and Assurance Board (for final sign-off). It was also provided to the Audit and Governance Committee in July 2020 and January 2021. It will be presented to the Committee on 22 July 2021.
- 1.2 Following on from the January meeting a decision was made to invite risk owners to Audit and Governance Working Group meetings to explain how risks are managed. At the meeting of 26 March 2021, the following strategic risks were discussed and risk owners explained how they were being managed:
 - Failure to achieve commissioning intentions
 - Significant breaches to the control environment
 - Failure to achieve long-term financial resilience
- 1.3 During the pandemic the reviews of the strategic risk register considered the impact of Covid-19 and two specific risks were created:
 - Adverse impacts arising from Covid-19; and

- Covid-19 impact on the local economy.

- 1.4 A review of the Council's operational risk registers was undertaken by the Strategic Lead (Risk and Governance) in May 2021. This exercise identified that further work needs to be carried out on them as there are some areas where the registers are not consistently kept up to date. In light of the new Leadership Team restructure further risk super users have been nominated in order to provide support to Directors and Assistant Directors in keeping their risk up to date. The Strategic Lead will work with the super users to ensure the operational risks are kept up to date.
- 1.5 It is the responsibility of Directors to ensure that all cabinet reports have considered risk and opportunity. Internal Audit are undertaking a short audit to provide assurance on whether this is being done. The audit also incorporates a review to confirm that Integrated Impact Assessments are completed for all key decisions. This audit is nearing completion however indications suggest that whilst risk is being considered in the reports, there are further improvements that can be made to ensure that risks are appropriately reflected within the operational risk register.
- 1.6 An important role of the Strategic Lead is to assist services in using a risk management approach to help deliver operational or project objectives. During the reporting period support has been provided to a number of areas within the Council. Support can take various forms including the provision of advice and guidance as well as training. Various workshops have been held with a number of teams to review, identify and evaluate their risks.
- 1.7 As part of their contract with the Council's main insurers (Zurich Municipal) the Council is entitled to risk management training and support. For 2021 we have agreed that they will support the Council in a review of its risk management arrangements including topics such as risk culture and risk appetite.
- 1.8 On the basis of the information set out in this report it can be concluded that arrangements for managing risk within the Council are appropriate. Overall the Council keeps its registers up to date however there are further improvements which can be made to ensure that the operational risk registers remain current.

2. RISKS AND OPPORTUNITIES

Risk management is the systematic identification, analysis and economic control of opportunities and risks that challenge the assets, reputation and objective of the Council.

An effective risk management framework is an essential element of good management and a sound internal control system, risk management being a key contributor to good governance.

3. OTHER OPTIONS CONSIDERED

Not applicable - the Audit and Governance Committee is required to regularly

receive risk management updates as part of the discharge of its responsibilities.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There can be reputational impacts for those organisations that do not manage their risks effectively. Where applicable controls and actions are in place to mitigate any relevant reputational risks identified as part of the overall risk framework.

5. FINANCIAL CONSIDERATIONS

Regular reviews of risk management arrangements should safeguard the council's assets and ensure that value for money is achieved in the use of resources.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None directly arising from the recommendations in this report.

7. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

8. LEGAL IMPLICATIONS

There are no direct legal implications arising from this report.

9. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the content of this report.

10. WARD IMPLICATIONS

Applicable to all wards

11. BACKGROUND PAPERS

Risk and Opportunity Policy January 2020

12. CONTACT OFFICER(S)

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