

<b>Report to:</b>	Audit and Governance Committee	<b>Date of Meeting:</b>	Wednesday 23 June 2021
<b>Subject:</b>	Corporate Risk Management		
<b>Report of:</b>	Executive Director of Corporate Resources and Customer Services	<b>Wards Affected:</b>	All
<b>Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

### Summary:

The Corporate Risk Register is presented to each meeting of the Audit and Governance Committee. Since the last Committee meeting in December 2020, the Corporate Risk Register has been reviewed and updated.

There have been two new risks which have been added or escalated from the Service Risk Registers to the Corporate Risk Register.

- Gaps in understanding of community needs
- School debts transferring back to the Council in the event of them being forced into academy status or closing

No risks have been de-escalated from the Corporate Risk Register to the Service Risk Registers.

One risk has not been updated with revised content or confirmed that it remains up to date and this is:

- Failure to manage pandemic

The risks have been re-scored in accordance with the revised assessment guidance included in the Corporate Risk Management handbook which was approved by the Committee in December 2020.

Although there has been substantial work undertaken over the past six years to embed risk management across the Council there is a gap in delivering key aspects of the Corporate Risk Management Handbook such as the regular updating of Service Risk Registers and Operational Risk Registers. Key actions have been set out to address these findings.

A presentation on one of the risks within the Corporate Risk Register, impact to the

Sefton economy, will be provided to Members at June meeting.

**Recommendation(s):**

(1) Consider the updated Corporate Risk Register, noting the nature of the major risks facing the Council, and the controls and planned actions in place to mitigate these.

**Reasons for the Recommendation(s):**

A robust system of risk management will assist the Council in meeting its identified objectives

**Alternative Options Considered and Rejected:** (including any Risk Implications)

None.

**What will it cost and how will it be financed?**

**(A) Revenue Costs** - There are no direct financial implications arising from this report. However, the Council benefits from the work of the Risk and Audit section in reducing the potential impact and likelihood (and therefore the costs) of the risks identified.

**(B) Capital Costs** - There are no direct capital cost implications arising from this report.

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> There are no direct resource implications.	
<b>Legal Implications:</b> There are no legal implications.	
<b>Equality Implications:</b> There are no equality implications.	
<b>Climate Emergency Implications:</b>  The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
The report provides a summary of the risks identified and managed that will impact on the delivery of the Council's purpose. There is not a risk that has been identified around Climate Change and as the report itself does not outline any actions that should be	

undertaken that will impact on the climate emergency the impact of the report is judged to have a neutral impact.

### **Contribution to the Council's Core Purpose:**

Identifying, assessing and managing risks effectively will help to ensure the delivery of the Council's core purpose.

Protect the most vulnerable: Positive impact
Facilitate confident and resilient communities: Positive impact
Commission, broker and provide core services: Positive impact
Place – leadership and influencer: Positive impact
Drivers of change and reform: Positive impact
Facilitate sustainable economic prosperity: Positive impact
Greater income for social investment: Positive impact
Cleaner Greener; Positive impact

### **What consultations have taken place on the proposals and when?**

#### **(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD.6424/21) and the Chief Legal and Democratic Officer (LD.4625/21) have been consulted and any comments have been incorporated into the report.

#### **(B) External Consultations**

None

### **Implementation Date for the Decision**

Immediately following the Committee meeting.

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### **Appendices:**

The following appendices are attached to this report:

- Corporate Risk Register – June 2021

## **Background Papers:**

There are no background papers available for inspection.

### **1. Introduction/Background**

- 1.1 Risk Management is defined as ‘systematic application of principles, approach and processes to the task of identifying and assessing the risk and the planning and implementing of risk responses.’
- 1.2 The Risk Management Strategy included in the Corporate Risk Management Handbook, which is presented to the Audit and Governance Committee on an annual basis for approval, states that
  - 1.2.1 “Risk Management is to be an integral part of the planning and decision-making processes of the Council and that the Strategy is intended to ensure that Risk Management is embedded in the overall planning process.
  - 1.2.2 Risk management is a central part of Sefton’s strategic management and its corporate governance. Effective risk management makes sound business sense and is good management. The focus of good risk management is the identification and treatment of risk.
  - 1.2.3 Risk management should be a continuous and developing process which runs throughout the Council’s activities. A systematic approach to identifying and analysing risks is an integral part of all management processes and day-to-day working, rather than a separate initiative.”
- 1.3 Whilst the process of risk management is routinely undertaken within the Council in a number of areas, both at a strategic level and operationally, it is recognised that there is still scope, to develop a more integrated risk management approach. This report seeks to continue the process of formalising a system of robust Corporate Risk Management and embedding this into the organisation. The Corporate Risk Management Handbook outlines that there should be three tiers of risk registers in place across the organisation which are identified through the scoring of the risks:
  - Corporate Risk Register – risks scored at 16 plus and these are the key risks affecting the Council
  - Service Risk Registers – risks scored between eight and 15 which are owned and managed by the Head of Service.
  - Operational Risk Registers – risks scored at seven and below which are owned and managed by Service Managers
- 1.4 An updated Corporate Risk Register is presented at each meeting of this Committee. The Corporate Risk Register has been shared with and reviewed by senior officers to ensure that the risk register reflects the most significant risks facing the Council. The completion of a risk register also demonstrates that the Council has set out an approach to mitigate the risks that have been identified. The updated Corporate Risk Register is set out at Appendix A, using the revised scoring approved by Members in December 2020, for noting by the Committee.

- 1.5 The Service Risk Registers are owned and should be reviewed by the Heads of Service on a quarterly basis and provided to the Risk and Audit team for information. The completed Service Risk Registers are used by Audit as an agenda item in the formal quarterly meeting with the Heads of Service and are also used for the monthly budget meetings that are held by Finance with the Service Management teams.
- 1.6 The Operational Risk Registers are owned and revised by Service Managers. Members may remember that the Risk and Resilience Team assisted by the Internal Audit Team completed an exercise in 2018/19 to fully implement this tier of risk registers across the organisation facilitating the completion of over 70 risk registers. This exercise was completed in March 2019. The Risk and Audit Team assisted by the Internal Audit Team work with the individual teams to facilitate regular reviews of the risk registers which will help to embed risk management at the centre of the Council's activities.

## **2. Key Developments**

### **2.1 Corporate Risk Register**

- 2.1.1 Since the March 2020 update to the Audit and Governance Committee, the Corporate Risk Register has been reviewed and updated.
- 2.1.2 There have been two new risks which have been added or escalated from the Service Risk Registers to the Corporate Risk Register. These risks are:
- Gaps in understanding of community needs
  - School debts transferring back to the Council in the event of them being forced into academy status or closing
- 2.1.3 No risks have been de-escalated from the Corporate Risk Register to the Service Risk Registers.
- 2.1.4 One risk has not been updated with revised content or confirmed that it remains up to date and this is:
- Failure to manage pandemic
- 2.1.5 The scoring of the risks has been reviewed by the risk owners in line with the revised scoring matrix approved by the Committee in December 2020.
- 2.1.6 Although there has been significant work put into the Corporate Risk Register to ensure it fully reflects the risks surrounding the completion of the organisation's objectives there is further progress required to ensure that strategic external risks, for example Climate Change, are formally identified and included in the risk register if appropriate.

## 2.2 Service Risk Registers

- 2.2.1 The March update highlighted that the position on the completion of the quarterly updates on the Service Risk Registers (SRR), in line with the requirements detailed in the Corporate Risk Handbook, would be provided to the Committee indicating how many had been updated and shared with the Risk and Resilience Team. A copy of the SRR is requested at the same time updates for the Corporate Risk Register are requested.
- 2.2.2 A total of eight (72%) SRR have been provided for 1<sup>st</sup> quarter 2021 with three SRRs replacing existing SRRs that were nine months old or longer. In this reporting cycle, in four (50%) cases the SRRs were provided late
- 2.2.3 The above findings indicates that in the last 18 months service risk registers in some services are not being updated consistently, on a quarterly basis, as they should be in accordance with the Corporate Risk Management handbook and good risk management practice. Whilst certain services have been disproportionately affected by the pandemic during this period, there is a need to improve this area of risk management moving forward.

## 2.3 Proposed actions

- 2.3.1 in order to address the issues identified and to get assurance around operational risk registers, all Heads of Service have been engaged and the following actions agreed in order to improve risk management and its reporting:
- 2.3.2 The Risk and Audit Team using resources from across the function will be request details of Operational Risk registers during the next quarter and will involve the Heads of Service in any escalation process. The outcome of this will be provided to officers as well as to the next meeting of Audit and Governance Committee
- 2.3.3 Heads of Service will consider whether the corporate risk register should be developed further to take account of wider strategic risks facing the organisation.
- 2.3.4 It is important that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis.
- 2.3.5 The Sharing of the Service Risk Register with the relevant Cabinet Member will take place on a quarterly basis.
- 2.3.6 The Audit and Governance Committee approved Corporate Risk Register to be posted on the intranet Risk and Resilience page with notification to be sent on the intranet news for all staff. **(completed)**
- 2.3.7 An e-learning package on risk management is to be launched across the Council during the next 12 months.

## 2.4 Implications of the current position

- 2.4.1 Substantial work has been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework,

providing training and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team outside of the Risk and Resilience Team.

2.4.2 There is a clear evidence of engagement by the leadership team in terms of regularly reviewing the Corporate Risk Register however there is a gap in fulfilling the other aspects of the Council's risk management framework.

2.4.3 The above actions in 2.3 are essential to assist the Council in embedding risk management effectively across the organisation.

## 2.5 Presentation to the June Audit and Governance Committee Meeting

2.5.1 At the Audit and Governance Committee in December 2019 it was agreed that for each meeting a short presentation would be made by a risk owner on one of the risks from the Corporate Risk Register. The briefing, in line with good practice on risk management, should be on the background to the key risk, the current controls and the actions to mitigate the risk further. A presentation on the Sefton economy will be provided to Members at the June 2021 meeting.

## **3. Recommendation**

3.1 Members are requested to note the revised Corporate Risk Register and the update on the Council's Risk Management framework.