Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 15 December 2021
Subject:	Corporate Risk Management		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Corporate Risk Register is presented to each meeting of the Audit and Governance Committee. Since the last Committee meeting in June 2021, the Corporate Risk Register has been reviewed and updated. There have been three new risks which have been added or escalated from the Service Risk Registers to the Corporate Risk Register.

- Financial sustainability beyond 2021/22 (Housing Development Company).

- ASC Workforce - recruitment, availability of suitably qualified staff and retention of current workforce.

- Failure to adequately maximise the benefits of digital growth.

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

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.

There is no planned update of the Corporate Risk Management handbook in December 2021 as we are awaiting the outcome of definition of the Council's Risk Appetite before carrying out a review, which is due to take place in January 2021.

As highlighted in September 2021 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 the Corporate Risk Register as well as the Service Risk Registers. Tentative improvement noted on the updating of the Service Risk Registers this quarter. Key actions have been set out to address these findings and progress is being monitored.

A presentation on one of the risks within the Corporate Risk Register will be provided to

Members at December meeting.

Recommendation:

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 section in reducing the impact and likelihood (and so the cost) of risk.

(B)   Capital Costs - There are no direct capital costs arising from the report

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications.		
Legal Implications: There are no direct legal implications.		
Equality Implications: There are no equality implications.		
Climate Emergency Implications: The recommendations within this report will		
Have a positive impact	Y	
Have a neutral impact	N	
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. The Corporate Risk Register includes a Climate Change Emergency risk with actions to mitigate its impact and likelihood		

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A)   Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD..6634/21) and the Chief Legal and Democratic Officer (LD..4835/21) 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 December 2021

Background Papers:

There are no background papers available for inspection.

1.   Introduction

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 Resilience 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   <u>Corporate Risk Register</u>

2.1.1 Since the June 2021 update to the Audit and Governance Committee, the Corporate Risk Register has been reviewed and updated.

2.1.2 There have been three new risks which have been added or escalated from the Service Risk Registers to the Corporate Risk Register. These risks are:
- Financial sustainability beyond 2021/22 (Housing Development Company)
- ASC Workforce - recruitment, availability of suitably qualified staff and retention of current workforce
- Failure to adequately maximise the benefits of digital growth

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

2.1.4 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.

2.1.5   Although new risks have been identified and included in the Corporate Risk Register, progress on the holistic updating of the CRR remains as work in progress. Further progress is required to ensure that all strategic external risks have been highlighted and that there are timely updates included in the risk register if appropriate in addition to the continual review of all other risks that are contained within the risk register.

2.2   <u>Service Risk Registers</u>

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%) SRRs have been provided for 1st quarter 2021 with three SRRs replacing existing SRRs that were nine months old or longer.

2.2.3 A total of six SRRs have been provided for 2nd quarter 2021 with one being provided late.

2.2.4 All of the SRRs (100%) have been provided for 3rd quarter although one was provided late in the process.

2.2.5 There has been an improvement this quarter in the provision of the SRRs although timing of the return of the reviews remains an area to be improved. The above findings indicate that the completion of the SRRs, in line with the Corporate Risk Handbook, has over the past three quarters been varied however the latest position looks promising and needs to continue to demonstrate that this area of the risk management framework is embedded.

2.3   Operational Risk Registers

2.3.1 During the previous quarter, a request was made to all service/department managers to return the latest version of their Operational Risk Register (ORRs). The response to this was mainly positive. ORRs are in place in most service areas and the content of registers provided appears to be up to date in the majority of cases. The Risk and Resilience team are working with Communities and Education Excellence to further develop ORRs that reflect the structure within these service areas.

2.3.2 ORRs provided identified many risks scoring sufficiently to appear on SRR. This indicates that the escalation process of risks may not be fully embedded as either the risk should be included in the SRR or that with reflection the Head of Service may decide the risk should be scored lower. The previous request for SLB to ensure risk is included as an agenda item at each DMT, details below, should alleviate this issue.

2.4   Proposed actions from June 2021

2.4.1 In order to address the issues identified in June 2021, all Heads of Service have been engaged and the following actions agreed in order to improve risk management and its reporting. An update on the action is included below in italics:

2.4.2 Heads of Service will consider whether the CRR should be developed further to take account of wider strategic risks facing the organisation. Three further strategic risks have been identified this quarter and included in the CRR.

2.4.3 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. Guidance provided and testing of agenda and minutes will be undertaken in November/December 2021

2.4.4 The Sharing of the SRR with the relevant Cabinet Member will take place on a quarterly basis. Guidance provided and testing of agenda and papers will be undertaken in November/ December 2021

2.4.5 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)

2.4.6 An e-learning package on risk management is to be launched across the Council during the next 12 months. We have engaged a risk management provider to the Council, through the external Insurance Programme, to develop e-learning training content on risk management which is due to be completed by end of November 2021 and launched across the Council during the next six months. This is on track to be completed in early December.

2.4.7 The consideration of including the risks associated with the agenda item on Committee papers linked to the appropriate Corporate Objective. The Executive Director for Corporate Resource and Customer Services has confirmed that the intention is to implement this in the 2022 financial year after the assessment of the Climate Emergency addition on the header page has been assessed.

2.4.8 Considering including an agenda item on each of the SLB/ELT meeting at the end of the meeting to consider whether any of the content of the agenda/discussions has an impact on the current risk register for example:
- Is there a new risk which should be addressed?
- Does the scoring of any existing risk need to be addressed including risks to be escalated or de-escalated?
- Are there actions to be incorporated onto the risk register etc.

This will be introduced during 2022 and following introduction support will be provided to assess the impact.

2.5 Risk Appetite

2.5.1 There will be an exercise starting in January 2022 to help develop the Council's risk appetite involving Members and Officers. The final version will be shared with the Members in March 2022.

2.6 Summary of the current position

2.6.1 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.

2.6.2 There is a clear evidence of engagement by the leadership team in terms of regularly reviewing the CRR. To demonstrate that the risk management is embedded at this level engagement should be universal and consistent over time.

2.6.3 There has been tentative improvement in the updating of SRRs this quarter which is promising. There remain other gaps in the risk management framework including as well as the scoring of risks within the ORRs.

2.6.4 The development of the Council's risk appetite will help to further embed risk management within the Council.

2.7 <u>Presentation to the December Audit and Governance Committee Meeting</u>

2.7.1 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.

2.7.2 A presentation will be provided to Members at the December 2021 meeting.