

## Audit Committee – 26 March 2021

<b>Title of paper:</b>	<b>Risk Management and Corporate Risk Register Update</b>	
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<b>Exempt Information:</b> Appendix 2 and 3 to this report are exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.  It is not in the public interest to disclose this information because this may lead to potential for commercial disadvantage if sensitive commercial, financial or contractual information became available to potential contractors or partners.		
<b>Recommendation(s):</b>		
<b>1</b>	To receive the refreshed Risk Management Framework and provide views and feedback on the framework and implementation plan.	
<b>2</b>	To note the progress made to review existing processes and embed Risk Management across the Council.	
<b>3</b>	To note the High Level Corporate Risk Register.	
<b>4</b>	To identify any risks requiring additional assurance for review with the risk lead at a future Audit Committee meeting.	

### 1 Reasons for recommendations

- 1.1 The Audit Committee's risk management role is to provide assurance on the adequacy of the Council's Risk Management Framework and the associated control environment by reviewing the mechanisms for assessing and managing risk. This includes ensuring that relevant managers undertake active risk management. This report presents an

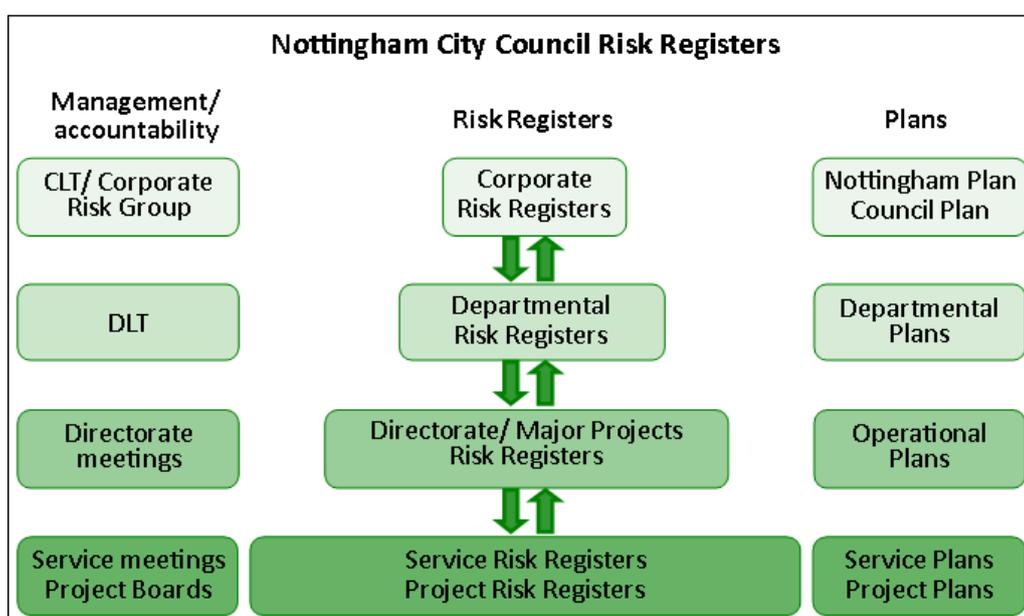
update on Risk Management and the latest review of the corporate risks faced by the Council.

## 2 Background

### 2.1. Risk Management Approach

2.1.1. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.

2.1.2. A risk reporting process is in place to support escalation of risk throughout the Council as required. Risks can move between registers based on seriousness and required oversight and support. The escalation process is shown diagrammatically as follows:



2.1.3. The Risk Team support review of risk registers by Departmental Leadership Teams (DLTs), Corporate Leadership Team (CLT) and Leadership Group quarterly.

### 2.2. Risk Management Update

#### Refreshed Risk Management Framework

2.2.1. The refreshed Risk Management Framework is attached as Appendix 1 for information. The Framework was approved by CLT in November 2020. The Framework sets out the Council's approach to risk management and includes a policy, a strategy and a detailed risk management toolkit:

- The policy states that the Council is committed to the proactive management of risks and outlines the Council's active promotion of the principles of effective risk management.
- The strategy sets out the Risk Management implementation plan for the next year.
- The toolkit provides guidance to managers, to assist them in undertaking any risk management activities.

2.2.2. The previous version had been reviewed and updated to incorporate changes requested through the governance improvement action plan. The framework now includes reference to companies as part of the risk identification process, a diagram

illustrating how risks are escalated between Council risk registers and how company risk feeds into the structure.

- 2.2.3. The framework is also supported by risk templates, a quick reference toolkit for managers and online risk management training. A risk management intranet site is also available and provides access to the Framework, all supporting documents and contact details for the risk team.

### **Progress to date**

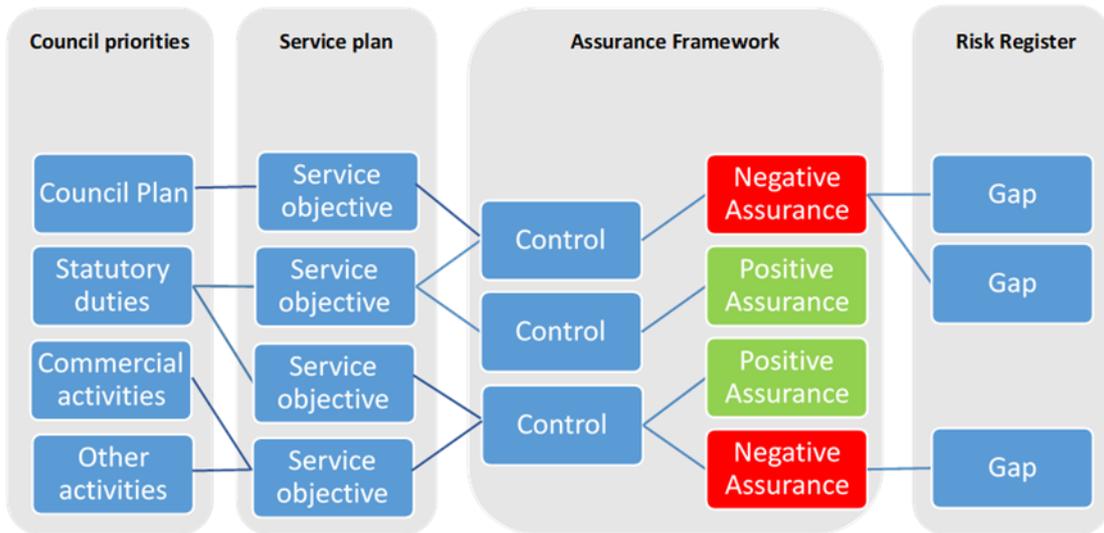
- 2.3.1. The Audit Committee agreed the terms of reference and membership for a Risk and Assurance Working Group and this group met for the first time on 29 January 2021. The group reviewed the refreshed Risk Management Framework and the December High Level Corporate Risk Register and will meet quarterly during 2021. The purpose of the group is to enable deeper understanding and focus by Audit Committee members on risk management including adopting a risk-focused approach to the work programme.
- 2.2.2. Risk Management training was delivered to Audit Committee members in December 2020. The session was facilitated by Matthew Hardwick, Strategic Risk Consultant at Zurich as part of the strategic risk management support from our insurers. The training provided an overview of the importance and relevance of Risk Management in achieving the Council's goals, the risk management principles and processes at the Council and the role of the Audit Committee. Further training was also delivered to the Audit Committee Chair and Vice Chair in January 2021 on the risk management principles and processes at the Council and the role of the Audit Committee.

### **Next steps**

- 2.2.3. A risk workshop session will be arranged for CLT in April 2021 to review the High Level Corporate Risk Register and establish the Council's risk appetite. A workshop will also be arranged for Senior Leadership Forum in May 2021 to further embed risk management across the Council.
- 2.2.4. The online risk training module will be refreshed and relaunched alongside the refreshed Risk Management Framework, supporting documents and risk management intranet page.
- 2.2.5. The Risk Team have started discussions with some other local authorities regarding opportunities for benchmarking risk management processes. These discussions will be progressed further and findings reported to future Audit Committee meetings.

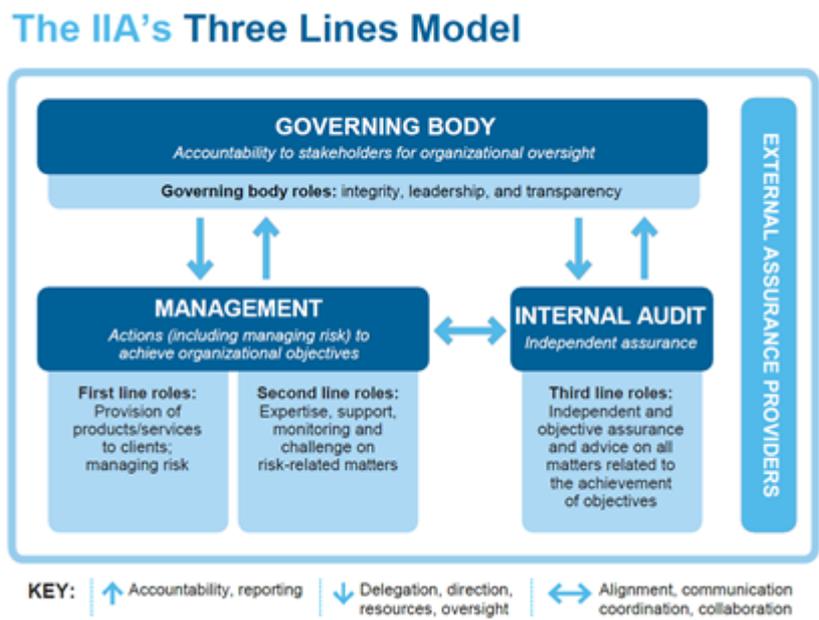
### **Implementing an Assurance Framework**

- 2.2.6. An Assurance Framework is being developed to provide assurance to CLT and Audit Committee that all key strategic risk areas are being controlled effectively. This will include some risks that were previously reported via the full Corporate Risk Register (see diagram below).



2.2.7. The aim of an Assurance Framework is to demonstrate the state of effectiveness of the arrangements in place to deliver objectives and in particular to highlight issues that need attention. The framework will link to the High Level Corporate Risk Register and will support identification of new risks to the High Level Corporate Risk Register where negative assurance or gaps in assurance are highlighted.

2.2.8. The Assurance Framework will follow the IIA's Three Lines of Defence Model (see image below). The framework will provide a summary for each strategic risk area of all key controls, how they are managed and internal and external assurances available for these.



### 2.3. High Level Corporate Risk Register

2.3.1. The High Level Corporate Risk Register reflects the top risks to the Council, based on risks escalated from departmental risk registers, cross cutting risks and discussion with Corporate Directors. All risks escalated to the Corporate Risk Register from departmental risk registers with a risk score of 16 or more have been reviewed again

by departments and recast corporately. The register was developed in response to the high number of risks related to and impacted by the Coronavirus.

- 2.3.2. The High Level Corporate Risk Register was last reviewed by CLT on 2 March 2021. An overview of the key changes to the High Level Corporate Risk Register since the last review by Audit Committee in July 2020 is attached as Appendix 2 and the latest High Level Corporate Risk Register is attached as Appendix 3.

**3 Background papers other than published works or those disclosing exempt or confidential information**

- 3.1 None

**4 Published documents referred to in compiling this report**

- 4.1 None