

## **AUDIT COMMITTEE - 31 January 2019**

<b>Title of paper:</b>	Risk Management and Corporate Risk Register Update	
<b>Director(s)/ Corporate Director(s):</b>	Laura Pattman, Strategic Director for Finance	<b>Wards affected:</b> ALL
<b>Report author(s) and contact details:</b>	Jackie Handley Insurance and Risk Manager 0115 8764159 <a href="mailto:Jackie.handley@nottinghamcity.gov.uk">Jackie.handley@nottinghamcity.gov.uk</a> Caroline Stevens Principal Risk Specialist 0115 8764346 <a href="mailto:Caroline.stevens@nottinghamcity.gov.uk">Caroline.stevens@nottinghamcity.gov.uk</a>	
<b>Other colleagues who have provided input:</b>	Risk Leads	
<p>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.</p> <p>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.</p>		
<b>Recommendation(s):</b>		
<b>1</b>	To note the update on actions and progress made to review existing processes and embed Risk Management across the Council.	
<b>2</b>	To note the refreshed Risk Management Framework.	
<b>3</b>	To note the risks identified on the 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 Update**

- 2.1.1 The Insurance and Risk Team completed a review of Risk Management across the Council in November 2018 and an action plan was created. The review found that many risks were being identified and managed by departments, however, not in line with the agreed framework, departmental Risk Registers were not consistent across the Council and links between these and the Corporate Risk Register were unclear.

#### **Progress to date**

- 2.1.2 The Risk Management Framework has been refreshed and is attached as Appendix 1 for information. 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.
  - The toolkit provides guidance to managers, to assist them in undertaking any risk management activities.
- 2.1.3 The Framework is now supported by risk templates, a quick reference toolkit for managers and online risk management training. An intranet site has been established and provides access to the Framework, all supporting documents and contact details for the risk team.
- 2.1.4 Departments and directorates have been supported with risk management including development of risk registers and risk workshops. Work continues with risk champions in each department to support departmental and directorate risk registers.

**Strategy and Resources department** – a departmental risk register is in place and is reviewed quarterly. A risk identification workshop with the Departmental Leadership Team (DLT) confirmed that all risks captured were correct.

**Children and Adults department** – a departmental risk register is in place and is reviewed quarterly. This is supported by directorate risk registers. A risk workshop with the department provided training to team members on identifying and managing risks.

**Development and Growth department** – a departmental risk register is in place and will be reviewed quarterly. A risk workshop at DLT supported a review of the previous risks identified.

**Commercial and Operations department** – a departmental risk register is in place and will be reviewed quarterly. Directorate risk registers are in place and high level risks from each directorate are reported quarterly to DLT. Risk workshops and the Principal Risk Specialist are supporting the directorates and their risk champions to develop the risks and the registers.

- 2.1.5 A Corporate Risk Group has been established following discussion with all Corporate Directors and held its first meeting on Wednesday 23 October 2019. The purpose of the meeting is to evaluate, respond to and if deemed necessary challenge risks escalated from departmental risk registers and provide Corporate Leadership Team (CLT) with regular, meaningful reports on the "top" corporate risks facing the Council

and any action required. The group is chaired by Candida Brudenell, Corporate Director for Strategy and Resources and membership includes a Head of Service or Director representative for each department, departmental risk champions and the Risk Team. The group meets quarterly and reports six monthly to CLT.

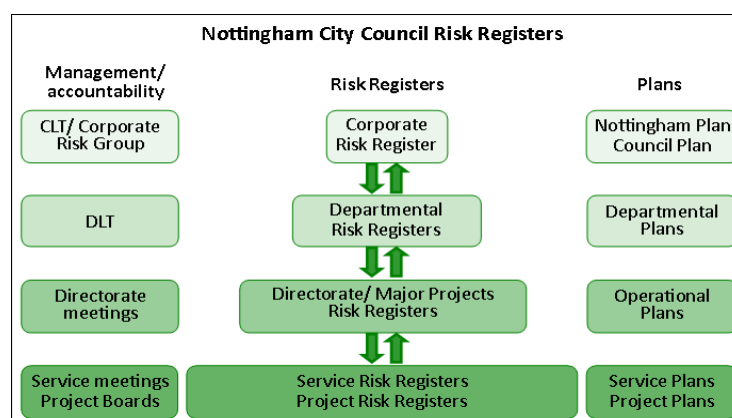
2.1.6 Corporate risk reporting to CLT has been re-established. A report from the Corporate Risk Group and the full Corporate Risk Register is now reviewed by CLT six monthly. CLT's responsibilities for risk management are to:

- Own and manage the Corporate Risk Register using the principles of the Council's Risk Management Framework.
- Ensure consistent implementation of the Risk Management Framework across Council directorates, partnerships and projects.
- Assess that suitable actions are taken to mitigate different levels of risk.
- Ensure that controls are prioritised and that risk responses are proportionate.
- Incorporate risk management in all strategic business planning and decision making.

2.1.7 A risk reporting process has been implemented to support escalation of risk as required throughout the Council. Risks can move between registers based on seriousness and required oversight and support. Escalation of risk occurs with agreement of the Risk Register owner (Corporate Director for departmental, Director for directorate etc.) if:

- the risk owner has implemented all possible mitigations and risk is still high
- risk and mitigations are across Council departments and require wider input

The escalation process is shown diagrammatically as follows:



## Next steps

2.1.8 Risk Management support will continue to be provided, ensuring risk is fully embedded across the Council and the escalation process is correctly implemented by all departments.

2.1.9 Council risk appetite and tolerance levels will be explored, further risk workshops across the Council will be held and risk management training will be provided for Audit Committee in the summer of 2020.

2.1.10 An evaluation of the new processes implemented will be completed alongside ongoing benchmarking through the Association of Local Authority Risk Managers (ALARM), East Midlands Insurance Officers Group (EMIOG) and our insurers.

2.1.11 The Risk Management Team will also support implementation of a Council Assurance Framework to provide assurance that all business as usual risks are being managed.

## **2.2. Corporate Risk Register Update**

2.2.1 All risks within the Corporate Risk Register presented have been escalated from Departmental Risk Registers. All Departmental Leadership Teams (DLTs) reviewed their departmental risk registers in early October 2019.

2.2.2 All risks escalated from DLTs were reviewed and discussed by the Corporate Risk Group on 23 October 2019. At the meeting, the Group agreed the risks for the Corporate Risk Register.

2.2.3 The Corporate Risk Register was reviewed and discussed by Corporate Leadership Team (CLT) on 12 November 2019.

2.2.4 An overview of risk changes is included as Appendix 2 and the full Corporate Risk Register is included 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.