

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Strategic Director: Transformation and Governance

Author: Yasmine Makin, Policy Officer

Tel: 01483 444070

Email: yasmine.makin@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

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## **Risk Management and Corporate Risk Register**

### **Executive Summary**

This report presents the changes to the corporate risk register since it was last presented to this Committee in April 2022, including the change in residual RAG ratings in respect of three corporate risks, as shown by table 1.

This report also details how the new process continues to achieve the desired outcomes set out in the Risk Management Strategy and Policy as well as setting out any changes made to the Strategy and Policy by the Risk Management Group.

### **Recommendation to Committee**

- (1) That the Committee considers the corporate risk register and makes any observations or comments.
- (2) That the Committee considers the progress made to implement the new risk management process and makes any observations or comments.

### **Reason for Recommendation:**

The Risk Management Strategy and Policy states that this Committee will review the corporate risk register on a six-monthly basis. It is the responsibility of the Committee to ensure it is satisfied that the Council operates and maintains a robust and effective risk management process.

**Is the report (or part of it) exempt from publication? No**

## **1. Purpose of Report**

- 1.1 The purpose of this report is to present the changes to the corporate risk register since it was last presented to this Committee in April 2022. This report also details the results of the light-touch review of the Strategy and Policy and provides an assessment of the achievement of the Strategy and Policy's outcomes.

## **2. Strategic Priorities**

- 2.1 In order to achieve its strategic priorities, the Council must identify, manage, and learn from corporate risks. The new corporate risk register enables the Council to better articulate and mitigate the risks to achieving its strategic priorities.

## **3. Background**

- 3.1 At its meeting in April 2022, the Committee received the new corporate risk register and the Risk Management Strategy and Policy. The report can [be accessed online](#). Since then, the new Risk Management Group (RMG) has met three times and reported to Corporate Management Board (CMB) in accordance with the roles and responsibilities set out within the Strategy and Policy document.
- 3.2 This report outlines the changes to the corporate risk register since April 2022, including the addition of new risks and changes to scoring which are detailed in Appendix 2.
- 3.3 At the time of writing this report, KPMG is undertaking an audit of the new corporate risk management process. The next report to come to Committee (June 2023) will respond to the recommendations made in KPMG's audit report relating to the Council's risk management process. As set out in the Risk Management Strategy, the results of this audit will be considered when assessing the performance of the Strategy.
- 3.4 The Committee is reminded that the new risk management process was developed in alignment with that of Waverley Borough Council. This provides a foundation for future collaboration work between our Councils on risk.

## **4. Corporate Risk Register**

- 4.1 Table 1 below presents the changes made to the corporate risk register since it came to Committee in April 2022. Appendix 2 contains a heat map showing how the changes to overall residual risk scores have affected RAG ratings of risks.

Table 1

	<b>Previous</b>	<b>Change</b>	<b>Reasoning</b>
1.		Addition of CR22	Referral by Health & Safety Group re roof running.
2.	CR5 Risk description: There is a risk that a cyber security incident could lead to the loss of IT systems or data	Changed to: There is a risk that the Council experiences a loss of IT systems or data, for example as a result of a cyber security incident.	To focus on the risk of losing IT systems or data as opposed to examples of how it could be lost.
3.	CR5 Factors affecting likelihood: International political unrest and conflict (e.g. Ukraine) - hostile state actors seeking to disrupt workings of western governments.	Addition of: Multiple databases contained within Salesforce as a single platform	Addition by Information Governance Officer
	CR6 Mitigation measures: Agency recruitment through Comensura or procurement exemption Acting up of junior officers to fulfil these roles	Addition of: Considering 'grow your own' training programmes Consider fundamental review or recruitment and retention Annual pay negotiations Making use of potential collaboration opportunities	Addition by Risk Management Group to reflect new opportunities
4.	Mitigation of CR21: Training with Association of Public Service Excellence. Development of energy monitoring capabilities with corporate performance indicators on 'energy use by the Council: gas, electricity and fleet' and 'CO2 emissions from Council operations' starting to be monitored in Q2 2022/23	Changed to: Action plan going to Council to provide clear pathway to net zero carbon. A revised carbon reduction trajectory report has been commissioned and is expected later this year, allowing the Council to better forecast its success at reaching the target.	Updated mitigation measures.

	Previous	Change	Reasoning
5.	CR16 and CR17 Factors affecting likelihood: Human error, failure to observe policy, failure to attend training, technical faults.	Addition of: Lack of agreed data sharing process between the two councils. Information Security Officer post is vacant.	Update on current situation.
6a.	CR6 residual impact score 3	to 2	Updated by RMG, see risk heatmap attached for residual overall score changes.
6b.	<b>CR6 residual overall score from 18</b>	to 12	
6c.	CR9 gross likelihood score changed from 4	to 5	
6d.	CR9 gross impact from 2	to 4	
6e.	CR9 gross overall score change from 8	to 20	
6f.	CR9 residual likelihood from 3	to 4	
6g.	CR9 residual impact from 2	to 4	
6h.	<b>CR9 residual overall score change from 6</b>	to 16	
6i.	CR14 gross likelihood from 5	to 6	
6j.	CR14 gross impact from 3	to 4	
6k.	CR14 gross overall score change from 15	to 24	
6l.	CR14 residual likelihood from 4	to 6	
6m.	CR14 residual impact from 2	to 4	
6n.	<b>CR14 residual overall score from 8</b>	<b>to 24</b>	
7a.	Change in gross overall RAG rating of: CR1, CR2, CR3, CR7 and CR13 changed from red	to amber	Error in original RAG
7b.	CR9 gross and residual overall RAG from amber	to red	Revised scoring
7c.	CR14 residual overall RAG from amber	to red	Revised scoring
8.		Addition of CR18 (legal timeframe for FOIs) and	Addition by Strategy and Communications Manager

	Previous	Change	Reasoning
		subsequent renumbering of CR18, CR19, CR20	
9.		Addition of CR22, CR23 and CR24	Additions by CMB 7 September 2022
		Addition of CR25 and CR26	Additions by RMG 18 October 2022

## 5. Risk Management Strategy and Policy

### Outcomes of the Strategy and Policy

- 5.1 The desired outcome for the new risk management process, as set out in the Risk Management Strategy and Policy, is ‘the effective management of risk across the whole organisation resulting in the anticipation and resolution of risks before they become issues, and the leveraging of potential opportunities’. In order to achieve this, a common understanding of the risk management process is developing across the Council with all services completing risk registers and inputting into the corporate risk register.
- 5.2 The new process has provided a consistent method of assessing and monitoring risks and has enabled better identification and articulation of risk across the Council.
- 5.3 The governance route for risk has been simplified and standardised by the new risk management process, as set out in the Risk Strategy and Policy which came to this Committee in April 2022. This has resulted in risks, identified either within services or corporately, being escalated through the governance process to enable review at a suitable level.

### Reviewing the Strategy and Policy

- 5.4 The Risk Management Strategy and Policy is reviewed annually with the next review due in April 2023. At its meeting on 19 October 2022, the RMG concluded at this stage the only change to the Strategy and Policy needed is the updating of membership and officers’ titles following the collaboration changes. These are minor changes (set out in Appendix 3) which are delegated to the Strategy and Communications Manager (new position being the Executive Head of Organisational Development) in consultation with the Lead Councillor.

## **6. Consultations**

- 6.1 Heads of Service are consulted on the corporate risk register regularly, including in advance of each RMG meeting and report to CMB.

## **7. Key Risks**

- 7.1 Without a fit-for-purpose and consistent risk management process the Council risks being exposed to unnecessary and unacceptable risks.

## **8. Financial Implications**

- 8.1 There are no financial implications arising directly from this report.

## **9. Legal Implications**

- 9.1 The Accounts and Audit Regulations 2015, Regulation 3, provides that: 'A relevant authority must ensure that it has a sound system of internal control which—(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.
- 9.2 The proposals in this report contribute to the Council's effective arrangements for the management of risk.

## **10. Human Resource Implications**

- 10.1 The Council's Risk Management Strategy and Policy sets out the approach to risk management at both strategic and operational levels and outlines the roles and responsibilities of posts and services across the Council. Accountabilities and responsibilities of employees and specific posts for managing risks are clearly communicated in the risk register. All senior managers have overall responsibility for managing risks in their service area. We will increase the understanding and expertise of these risk management roles through targeted training of employees and the sharing of good practice.
- 10.2 The Council is responsible as an employer for the health and safety of its employees, councillors and the general public. The aim of the Risk Management Strategy and Policy is to implement common methods of risk identification, assessment and monitoring to provide protection from harm. The risk management process supports the service specific risk processes that are in place for health and safety. As the Council moves to different models of service delivery the health and safety risks will be reviewed through those processes.

## **11. Equality and Diversity Implications**

- 11.1 The Public Sector Equality Duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

## **12. Climate Change/Sustainability Implications**

- 12.1 There are no direct climate change or sustainability implications of this report. The Council must manage risk effectively, especially risks relating to programmes and projects, in order to achieve its goal of being net-zero carbon by 2030.

## **13. Summary of Options**

- 13.1 The Committee is asked to consider and comment on the changes made to the corporate risk register and on the effective implementation of the risk management process.

## **14. Conclusion**

- 14.1 The new risk management process is embedding with risks being effectively identified, articulated and escalated through the appropriate governance channels. The Committee will receive a report in June 2023 detailing the latest changes to the corporate risk register and any amendments to the Risk Management Strategy and Policy. The RMG has concluded that at this stage the only amendments needed to the Risk Management Strategy and Policy are the updating of the membership and job titles. A more detailed review of the document will take place in April 2023, as per the review process detailed within the document.

## **15. Background Papers**

None

## **16. Appendices**

Appendix 1: Corporate risk register  
Appendix 2: Risk heatmap  
Appendix 3: Updated roles and responsibilities