

Report title	Q4 2023/24 Corporate Risk Profile and report
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Department	Chief Executive's Office
Exempt?	No
Exemption type	Not applicable
Reasons for exemption	Not applicable

Purpose of report:

- **For information**

Synopsis of report:

The risk management framework and system have been thoroughly reviewed and updated. This report presents an update on risks for the organisation in accordance with new procedures which have been adopted.

1. Context and background of report

1.1 In line with the Annual Governance Statement action plan for 2023/24, the risk management framework and system have been thoroughly reviewed and updated. A series of reports were presented during 2023/24 to this Committee and onwards to Full Council as necessary, to seek approval for the risk management framework, risk appetite statements and, in January 2024, the proposed risk reporting mechanism. This concluded the review period and the updated risk management processes and procedures are now considered core activity for all service areas and risk owners.

2. Report

1.2 As part of the wider approach to corporate performance, the Project Management Office has developed a single database of risks identified from across the organisation to form the risk management system. This has replaced separate documents for each risk register (corporate risk register, service risk register, project risk registers, contract risk registers) and permits a significant improvement in dynamic risk management, analytical capability and reporting of risk.

1.3 Since the last presentation of the proposed risk reporting format in January 2024, service areas and risk owners have reviewed their risk registers and updated as appropriate.

- 1.4 An internal audit of risk management has also been conducted and the draft report issued for management response. The risk dashboard previously presented at this Committee was shared with the internal auditors.
- 1.5 Entries from the National Risk Register (NRR), published by the government in Aug 2023¹ were incorporated as part of the overall risk management system to ensure these risks were captured and considered at the local level for emergency planning purposes. This source provides the government's assessment of the most serious risks facing the UK that would have a substantial impact on the UK's safety, security and/or critical systems at a national level. For these specific risks, risk scores pre-mitigation reflect the national-level risk scores assigned to the risk by Central Government. Risk scores post-mitigation should reflect specifically the Borough's local landscape for the risk.
- 1.6 One of the recommendations from internal audit is to further filter the risk data to exclude the National Risk Register entries from the Corporate Risk Register as these entries were artificially skewing the number of risks above the threshold.
- 1.7 Therefore the dashboard shown at Appendix A shows the Council's risk profile excluding NRR entries. Relevant NRR entries are now shown separately on page 4 of the dashboard at Appendix A and are not included in the overall risk numbers presented in this report.
- 1.8 The Council has currently identified a total of 268 risks (excluding 21 NRR entries) from service, project and contract risk assessments which have been categorised against the thirteen risk categories. Risks have been reviewed by Risk Owners during March and scores revised where necessary. New risks may have been added as a result of this review. In addition, risks identified as part of the Non-Statutory Best Value Notice response programme have been added to the risk management system as project risks.
- 1.9 The risk score is calculated by assessing both the likelihood and impact of the risk if it were to occur without and with mitigation using a scale from 1 to 5. Multiplying the likelihood by the impact gives the overall risk score and is therefore between 1 – 25.
- 1.10 The post-mitigation risk score is used to identify those risks above the threshold (>10 risk score, thick black line in the diagram below) that are escalated to the Corporate Leadership Team (CLT) for consideration of inclusion on the corporate risk register. 'Significant' risks are defined as those risks that score above 15 post-mitigation (highlighted red in the diagram below).

¹ [2023 NATIONAL RISK REGISTER NRR.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

LIKELIHOOD (A)	Certain 5	5	10	15	20	25	Likelihood of Occurrence (A)	Severity of Impact (B)		
	Probable 4	4	8	12	16	20			1 – Highly unlikely to happen	1 – Negligible impact
	Possible 3	3	6	9	12	15			2 – Unlikely to happen	2 – Only a small effect
	Unlikely 2	2	4	6	8	10			3 – Possibly will happen	3 – Noticeable effect
	Highly unlikely 1	1	2	3	4	5			4 – Probably will happen	4 – Serious problem with significant impact
		Negligible 1	Small 2	Noticeable 3	Serious + Significant 4	Critical + Considerabl 5			5 – Certain to happen	5 – Critical issue and considerable impact
IMPACT (B)										

1.11 Excluding NRR entries, 58 risks identified (22%) score above the threshold post-mitigation (>10), of which 18 are 'significant' risks, scoring above 15 (7%). Page 2 of Appendix A lists the 18 'significant' risks from across the organisation. The distribution of risks above the threshold per risk category is shown in the table below.

Risk Category	Grand Total below the threshold (<10)	No. of risks scored (post-mitigation) above the threshold (>10)						Grand Total >10	Grand Total >15
		10	12	15	16	20	25		
Operations	56	3	7	-	1	1	-	12	2
Financial	33	-	11	3	3	2	-	19	8
Property	20	-	3	1	3	-	-	7	4
People	29	-	2	-	-	-	-	2	-
Legal	4	1	2	1	-	-	-	4	1
Strategic	10	-	5	-	-	-	-	5	-
Security	3	-	-	-	1	-	-	1	1
Data and Information Mgmt	9	-	3	-	-	-	-	3	-
Reputational	15	-	1	-	1	-	-	2	1
Governance	13	-	2	-	-	-	-	2	-
Technology	11	-	-	-	-	-	-	-	-
Commercial	6	-	-	-	1	-	-	1	1
Project/ Programme	1	-	-	-	-	-	-	-	-
Grand Total = 268	210	4	36	5	10	3	0	58	18

1.12 Operational and Financial risks are the most commonly attributed risks, accounting for 45% of total risks identified, and 54% of risks scoring above the threshold post-mitigation.

Risk Category	TOTAL no. of risks in category	% of risks in category scoring >10	% of total no. of risks in category	% of >10 risks in category as total of all >10 risks
Operations	68	18%	25%	21%
Financial	52	37%	19%	33%
Property	27	26%	10%	12%
People	31	6%	12%	3%
Legal	8	50%	3%	7%
Strategic	15	33%	6%	9%
Security	4	25%	1%	2%
Data and Information Mgmt	12	25%	4%	5%
Reputational	17	12%	6%	3%
Governance	15	13%	6%	3%
Technology	11	0%	4%	0%
Commercial	7	14%	3%	2%
Project/ Programme	1	0%	0%	0%
Grand Total	268			

1.13 As per the risk management framework, risks with post-mitigation risk scores above the threshold are escalated for review by CLT for inclusion in the Corporate Risk Register. Below is the profile of risks that make up the Corporate Risk Register (excluding NRR entries) as at 26 March 2024. Appendix A page 3 shows the risk records that form the Corporate Risk Register, sorted by post-mitigation risk score (high to low).

Corporate Risk Register Entries	Risk Score (post-mitigation)				Grand Total
	12	15	16	20	
Risk Category	12	15	16	20	Grand Total
Financial	5	1	2	1	9
Property	-	1	3	-	4
Strategic	2	-	-	-	2
Operations	2	-	-	-	2
Reputational	-	-	1	-	1
Data and Information Mgmt	1	-	-	-	1
Legal	1	-	-	-	1
People	1	-	-	-	1
Governance	1	-	-	-	1
Grand Total	13	2	6	1	22

1.14 Risk trend is calculated by the movement in post-mitigation risk score since the last snapshot extract was taken in December 2023. Seven risks have an upwards change in risk score post-mitigation, four of these remain above the threshold. Nineteen risks have a downwards change in risk score post-mitigation, two of which remain above the threshold. These are seen on page 1 of Appendix A, below the summary analytics.

3. Policy framework implications

3.1 Regular reporting of risk to this Committee is part of the Council's approved Risk Management framework.

3.2 Managing risk supports delivery of the Corporate Business Plan 2022-2026 as follows:

Corporate Business Plan achievement

- Increased probability of achieving strategic objectives: through minimising or removing key obstacles.

Organisational Development

- Improved awareness of risk: the Council can become less risk averse if risks are identified, assessed and mitigated.
- Improved corporate governance: through stronger, more transparent, evidence-based decision making, accountability and prioritisation.
- Safeguard the organisation and provide assurance to all stakeholders such as elected members and residents.

3.3 Risk management is an integral part of corporate governance and is a principle in the Local Code of Corporate Governance (Principle F: Managing Risk).

4.1 Resource implications

4.1 Failure to mitigate risks or take advantage of opportunities could result in financial loss to the Council.

5. Legal implications

5.1 The Council has a legal duty to have risk management arrangements in place, as stated in the Accounts & Audit Regulations 2015 (Part 2: Internal control Responsibility for internal control):

“A relevant body 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.

(c) includes effective arrangements for the management of risk.”

6. Equality implications

6.1 None arising directly from this report.

7. Environmental/Sustainability/Biodiversity implications

7.1 None arising directly from this report.

8. Risk implications

8.1 Failure to regularly review and report risk could have an adverse impact on the Council's achievement of corporate and strategic objectives.

8.2 Failure to regularly review and report risk could have an adverse impact on the Annual Governance Statement.

9. Timetable

9.1 Risk reporting to this Committee will be on a six-monthly basis. It is proposed that these reports will be presented in Q1 and Q3 annually.

10. Conclusions

10.1 This report completes the overhaul of the risk management system including formalising the risk management framework, setting risk appetite for 2024/25 and agreeing the format for regular 6-monthly reporting to this Committee. The Committee is asked to consider and agree the format of the Risk dashboard for future reporting of risk.

10.2 It should be noted that the risk scores shown in the sample dashboard are not final scores and therefore may not be representative of the level of risk currently being faced by the Council, as final, post-mitigation scoring is to be completed before the first formal reporting of the Risk dashboard to Members.

10.3 The dashboard, once fully operational, should provide greater transparency on the key risks facing the Council, and the measures in place to mitigate those risk, and will sit alongside the other governance functions of this Committee in supporting delivery of the Council's Local Code of Corporate Governance.

11. Background papers

- None Stated.

12. Appendices

- Appendix A: Risk dashboard for Quarter 4 2023/24

