

## Corporate Risk Register

To: Audit & Accounts Committee

Meeting Date: 1<sup>st</sup> December 2023

From: Chief Executive

Electoral division(s): All

Outcome: Good risk management - including the identification of risks and triggers as well development of mitigating actions - should inform decision making and areas for improvement; lead to better overall management of the Council's business, and protect the Council's assets, workforce, finances and services.

Recommendation: The Committee is recommended to note the Corporate Risk Register as presented to the Strategy Resources & Performance Committee on 31<sup>st</sup> October 2023.

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# 1. Background

- 1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management, we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control which includes effective arrangements for the management of risk.
- 1.2 Under the Council's constitution, the Strategy, Resources & Performance Committee (SRPC) is responsible for the development and oversight of the Council's risk management and strategy. The Audit & Accounts Committee (AAC) also has important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment and to seek assurances that appropriate action is being taken in response to risk.
- 1.3 Risk is inherent in our delivery of high-quality public services. The volatility, complexity and ambiguity of the Council's operating environment continues to increase, and taxpayers rightly expect transparency and accountability from the Council in managing the impacts of risk. We are committed to managing risk so that we enhance strategic planning and prioritisation and achieve our objectives with agility. The benefits of risk management include:
- Taking timely and proportionate action to prevent risks occurring or to manage effectively
  - Development and delivery of robust and effective action plans and enhancements to the governance of the organisation
  - Ensuring that decision makers are fully aware of any key risk issues associated with proposals being considered at the point of decision making
  - Demonstrating openness and accountability
- 1.4 The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council. Risk registers operate at three tiers across the organisation: (a) service/project specific, (b) directorate, and (c) corporate. This report provides an update on the Council's Corporate Risk Register.

# 2. Corporate Risk Register Updates

- 2.0 The full updated Corporate Risk Register can be found at Appendix 1 to this report.
- 2.0.1 Please note, on the risk matrices, "RA" denotes the Council's maximum risk appetite of 15, which is a set maximum appetite for all risks. Where risk owners have identified a target risk below this risk appetite level, this is denoted with a "T".

## 2.1 Corporate Risk Register Overview

2.1.1 The following table gives an overview of the current status of the risks on the corporate risk register, including information on the current risk scoring compared to the scores at the previous report to Committee, and the direction of travel for each risk.

*Table 1: Corporate Risk Register Overview, October 2023*

Risk	Residual Risk Score Oct 23	Residual Risk Score Jul 23	Direction of Travel	Last Reviewed
1. Risk that the Council's arrangements for safeguarding vulnerable adults fail.	15	15	→	02/10/23
2. Risk of failure of the Council's arrangements to safeguard vulnerable children and young people.	15	20	↓	28/09/23
3. Risk that the Council does not have enough budget to deliver agreed short and medium term corporate objectives.	12	12	→	03/10/23
4. Risk that a serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.	12	12	→	04/10/23
5. Risk of failure of corporate governance.	10	10	→	03/10/23
6. Risk that the Council's workforce is not able to meet business need.	15	15	→	05/10/23
7. Risk of failure to deliver key Council services.	10	10	→	29/09/23
8. Risk that the Council is a victim of cyber crime.	15	15	→	04/10/23
9. Risk that the Council fails to comply with Information Governance legislation and industry standards	12	12	→	15/09/23
10. Risk of failure of key contracts.	12	12	→	29/09/23
11. Risk of failure of collaborative working.	12	12	→	28/09/23
12. Risk of Climate Change.	16	16	→	21/09/23

2.1.2 The only risk on the corporate risk register showing a change in scoring since the previous reporting period is Risk 2, 'the risk of failure of the Council's arrangements to safeguard vulnerable children and young people'. This reduction follows a comprehensive review of the risk by the new Executive Director of Children, Young People and Education.

## 2.2 New Risks / Risks De-Escalated from the Corporate Risk Register:

2.2.1 There have been no new risks added to the Corporate Risk Register since the previous report in July 2023, and no risks have been de-escalated from the corporate risk register.

## 2.3 Key Actions Implemented:

2.3.1 A number of actions incorporated in the Action Plans for the Corporate Risk Register have been closed since the previous report in July 2023. In particular, the following key actions have been marked as complete by Corporate Risk Owners:

- Audit & Accounts Committee to undertake a self-assessment of effectiveness in line with CIPFA guidance.
- Appointment of Independent Non-Voting Member of the Audit & Accounts Committee.
- Receipt and review of Monitoring Surveyor reports for This Land Ltd.
- Governance Review undertaken by the Monitoring Officer.
- Creation and finalisation of a corporate IT Strategy and implementation of the Cyber Treatment Plan.
- Consultation and Restructure within Strategy & Partnerships.
- Consultation & Restructure within People's Services.

## 3. Other Risk Management Updates

### 3.1 CLT Risk & Assurance Meeting:

3.1.1 A meeting of the CLT Risk & Assurance group took place on 10<sup>th</sup> October.

i. *Review of Risk Matrices:*

3.1.2 As part of the meeting, CLT reviewed the risk matrices currently in use at Cambridgeshire, which follow a linear 5x5 model for scoring risk (with scores of 1 – 5 for the likelihood of the risk occurring and 1 – 5 for the impact if the risk were to occur). The current model was compared with an alternative model that gives greater weighting to the impact score.

3.1.3 In order to inform the discussion, the Corporate Risk Register was scored using both the existing linear method and weighted model, for comparison. A benchmarking exercise against 10 other local authorities indicated that 7/10 used the linear method and 3/10 used a weighted model.

3.1.4 Discussion at CLT highlighted the following feedback on the risk matrix:

- It was felt that the weighting being placed on the impact score reduced rather than increased the nuance of the scoring by pushing risks with low likelihood but high impact up the risk matrix.
- It was also discussed that officers felt that when managing risk, it was more often possible to reduce the likelihood of a risk occurring than to reduce the impact if the risk should occur. Therefore it was suggested that by weighting impact rather than likelihood, the alternative methodology may over-emphasise risks that are comparatively well controlled, while not highlighting risks where more could be done to reduce the likelihood of the risk occurring.
- It was felt that changing the approach to risk scoring could prove counter-productive at a time when the Council is seeking to continue embedding and communicating the risk management approach throughout the organisation. There would be a need to re-start the cycle of approval followed by education and training and re-embed a new process.

3.1.5 Following the discussions, CLT decided to retain the current risk matrix and methodology. They will continue to keep the methodology under review, as part of the annual review of the risk management policy, and the next CLT Risk & Assurance meeting will further review an alternative methodology placing additional weighting on the 'likelihood' scale, for comparison.

ii. *Risk Registers Review*

3.1.6 CLT reviewed the updated Corporate Risk Register and Directors confirmed that since the previous meeting there have been no escalations required for risks on Directorate Risk Registers. CLT also reviewed the Adults Directorate Risk Register.

3.1.7 The mechanism for taking Directorate Risk Registers to Committee was also discussed. It is recognised that the remit of the Council's Committees does not always align to the remit of its Directorates, which can make it complex to establish which Committees should see which Directorate-level risks.

3.1.8 Following the establishment of the new Assets & Procurement Committee, it was agreed that the Head of Internal Audit & Risk Management will arrange a meeting with the Executive Director of Finance & Resources and the Executive Director of Strategy & Partnerships to discuss how best to align reporting of Directorate risk to Committee, ideally by assigning each Directorate Risk Register to a single Committee as far as possible.

3.1.9 Further guidance for officers on directorate-level risk reporting will then be produced by the Audit & Risk Management team, and the service will aim to support directorates to move to a consistent format of risk reporting using the Council's GRACE risk management system.

3.2 Risk Management Training:

3.2.1 A risk management training session for all Councillors was held on 14<sup>th</sup> September, 12 –

1.30pm online via Microsoft Teams. The session covered the basics of risk management, the risk management policy and processes in place at CCC, and the role of Members in risk management. The training session was attended by 18 Members, and a recording of the session will be made available for other members to watch.

3.2.2 The Internal Audit & Risk Management team is planning a communications campaign regarding the updated Risk Management Policy and Toolkit, with posts on the corporate intranet and the staff newsletter planned to go out in October to raise awareness of these key policies amongst officers.

### 3.3 Risk Strategy Implementation Update:

3.3.1 The Internal Audit & Risk Management team is progressing the actions from the Corporate Risk Strategy shared with Committee in July 2023. Key action updates since July include:

- *Action: "The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing."*

The Service Director: Legal and Governance has been undertaking an in-depth review of the Committee report template and report-writing guidance. As part of this, a greater emphasis will be placed on providing sufficient information on risk management in all reports.

- *Action: "Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit."*

The Internal Audit & Risk Management team have identified key contacts across the organisation to re-form the Corporate Risk Group. In October, the team will develop a draft Terms of Reference for the group and the first meeting is planned to take place in mid-November.

3.3.2 As part of the Business Planning process, the Head of Internal Audit & Risk Management has put forward plans to introduce a dedicated Risk Manager post in the new financial year, to enhance capacity to further develop and strengthen risk management processes at CCC.

## 4. Alignment with ambitions

4.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes

There are no significant implications for this ambition.

4.2 Travel across the county is safer and more environmentally sustainable

There are no significant implications for this ambition.

#### 4.3 Health inequalities are reduced

There are no significant implications for this ambition.

#### 4.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

There are no significant implications for this ambition.

#### 4.5 Helping people out of poverty and income inequality

There are no significant implications for this ambition.

#### 4.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

There are no significant implications for this ambition.

#### 4.7 Children and young people have opportunities to thrive

There are no significant implications for this ambition.

### 5. Source documents guidance

#### 5.1 Source documents

Corporate Risk Register

#### 5.2 Location

Appendix 1