

Report to Audit Committee

Subject: Corporate Risk Management

Date: 17 September 2024

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To update members of the Audit Committee on the current position of risk management reporting.

Recommendations:

That Members:

- Note the current position with risk management reporting and associated actions.

2. Background

A new Risk Management Framework which includes a strategy, policy, risk appetite statement and a risk management toolkit was approved and adopted at Cabinet on 28 March 2024.

As part of the new Risk Management Strategy, a process review of internal risk management and risk registers has been undertaken with a view to making the system and reporting of risks more automated. A system has been procured and the transition of risks to the new risk matrix is currently underway.

The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

The Corporate Risk Register is a key enabler of the Strategy and Framework and provides assurance on the key risks identified as corporate risks.

Existing risks identified within both the Council's corporate and operational service risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

3. Quarter 1 Reporting

A quarterly report is usually brought to Audit Committee which includes the corporate risk register monitoring. We are currently in a transition period where risks are migrating over to the new risk management system, in addition the Council has recently undertaken a senior management restructure where risks are currently in the process of being transferred to new owners. Due to this transition there is no monitoring report to present at Quarter 1, we will report both quarters 1 and 2 together in the new format at the December Audit Committee.

Although there is no report for quarter 1, corporate risks have been reviewed and we can report that there has been no significant change in risk between April and June 2024.

We can also report actions relating to the following individual corporate risks:

1. FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET

The quarterly budget monitoring report was presented to Cabinet on 5th September 2024, whilst a balanced budget is currently reported, significant overspends have been highlighted in the Environment department. Officers are working with the department as current budgets do not seem to be in line with changes to service delivery and current service demand. A zero-based budgeting exercise is under way to determine base budget requirements. The risk remains relatively low as the Council was able to identify underspends in other areas to offset the overspends.

2. FAILURE TO MAINTAIN FINANCIAL INTEGRITY

A Cabinet away day took place on 30th July 2024, to start the process of considering efficiencies for the 2025/26 budget process and identification of further efficiencies to enable a balanced budget over the life of the medium term plan, the risk remains high due to the value of efficiencies still to be identified.

3. FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES

A thorough review of risk assessments in the Environment Department are currently being undertaken, with a number of training issues identified for delivery. The risk reduced in March 2024 and remains unchanged.

4. FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY

The Senior Management Restructure was completed in Quarter 1 and vacant posts have been recruited, this will increase capacity at senior level in order to ensure effective governance across the authority.

5. FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS

Recruitment to a number of posts has commenced in order to deliver the Digital, Data & Technology roadmap. A significant amount of work has been undertaken on Cyber Security and grant funding secured in order to progress the Cyber Assessment Framework.

6. FAILURE TO REACT TO CHANGES IN LEGISLATION

Draft Procurement rules have been written and additional resource has been secured to progress the procurement strategy, officers are also undertaking in-depth procurement training.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report.

6. Equalities Implications

None arising directly from this report.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

Statutory Officer Approval

Approved by: Chief Financial Officer
Date:

Approved by: Monitoring Officer
Date

