



## **AUDIT COMMITTEE – 14TH SEPTEMBER 2016**

**SUBJECT: CORPORATE RISK MONITORING**

**REPORT BY: CORPORATE DIRECTOR, SOCIAL SERVICES**

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### **1. PURPOSE OF REPORT**

- 1.1 To provide an update of the Corporate Risk Register in accordance with the recommendations to Audit Committee at their meeting 17<sup>th</sup> September 2013.
- 1.2 To afford Audit Committee the opportunity to satisfy itself that appropriate arrangements are in place for the council's risk management processes to be regularly and robustly monitored and scrutinised.
- 1.3 Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible, mitigates/removes risk. Risk Management is crucial to the effective delivery of council services.

### **2. SUMMARY**

- 2.1 At its meeting on the 17<sup>th</sup> September 2013 Audit Committee accepted the council's new Risk Management Strategy and supporting Guidelines, which were subsequently approved by Cabinet on the 2<sup>nd</sup> October 2013.
- 2.2 The Strategy identified the role of Audit Committee in the risk monitoring process as being:
  - Review the effectiveness of the risk management and internal control framework
  - Review the Council's Risk Management Strategy and how it is being implemented
  - Review and challenge the risk register and resultant action plans for the council's key strategic and corporate risks
  - Satisfy itself that robust processes and procedures exist and are applied for the management of operational risks including health & Safety risks.
- 2.3 For some time Corporate Management Team (CMT) has identified and monitored the council's key corporate risks. Monitoring arrangements have been strengthened following the introduction of the Risk Management Strategy. CMT now monitor the Council's Corporate Risks on a quarterly basis and report progress to Cabinet on a regular basis. The Strategy identifies that the Corporate Risk Register should be owned and understood by Cabinet and CMT. It also recognises that Audit Committee would be the guardians of the risk management strategy and should satisfy itself that it is being adhered to.
- 2.4 Work has been undertaken since we last reported the Corporate Risk Register to Audit Committee to develop the current process of managing risk to ensure we adhere to the requirement of the Well-being of Future Generations (Wales) Act 2015 (FGA). We have incorporated the current risks to the Authority and the key FGA elements into one seamless process/register. Applying the five ways of working (the sustainable development principle) in viewing existing risks through the lens of the FGA changes the way we identify and analyse the impact of risk.

### 3. LINKS TO STRATEGY

3.1 Service improvement and delivery is key to delivering council priorities and risk management is a crucial element.

3.2 The Well-being of Future Generations (Wales) Act 2015 is a new approach to ensure Public Services Boards and public bodies think more about the long term, work better with people, communities, and each other, in meeting the seven national well-being goals ushered in by the legislation;

A prosperous Wales  
A resilient Wales  
A healthier Wales  
A more equal Wales  
A Wales of cohesive communities  
A Wales of vibrant culture & thriving Welsh language  
A globally responsible Wales.

### 4. THE REPORT

4.1 Attached as Appendix 1 is the updated version of the council's Corporate Risk Register. This document has been revised after the review by CMT on the 14<sup>th</sup> July 2016. These risks will continue to be reviewed on a quarterly basis by CMT.

4.2 The Corporate Risk Register is compiled generally in the following ways:

1. CMT collectively identify organisational risks that arise from such sources as national/regional agendas, changing legislation, budget settlements, partnership risks, project risks etc
2. CMT collectively identify whole authority operational risks that could result from Regulatory inspections/reviews, political influences, work force planning, performance management etc
3. Directors escalate operational risks that in their opinion require a corporate approach to their management

4.3 The Corporate Risk Register is a 'living document' and changes at every review as new risks are introduced, existing risks are closed, or existing risk's RAG assessment is updated.

4.4 The revised template for the Corporate Risk Register incorporates the FGA elements. Listed below is a core set of activities that are common to the corporate governance of public bodies:

- Corporate Planning
- Financial Planning
- Workforce Planning
- Procurement
- Assets
- **Risk Management**
- Performance Management

4.5 The sustainable development principle is made up of **five ways of working (ICLIP)** that public bodies are required to take into account. These are:

- **Involving** a diversity of the population in the decisions that affect them;
- Working with others in a **Collaborative** way to find shared sustainable solutions;
- Looking to the **Long term** so that we do not compromise the ability of future generations to meet their own needs;

- Taking an **Integrated** approach so that public bodies look at all the well-being goals in deciding on their well-being objectives;
- Understanding the root causes of issues to **Prevent** them from occurring.

- 4.6 There will be long term risks that will affect both the delivery of our services but also the communities we are enabling to improve. We have used the well-being goals and five ways of working to frame what risks we may be subject to in the short, medium and long term, and together with the steps we will take to ensure they are well managed.
- 4.7 We have not sought to add new risks for future generations (with the exception of climate change) rather to view the existing ones from the perspective of impact to the citizen or to view them over a longer term of 10-20 years. This does not mean short term risks or other types of risk such as financial go away, rather it means we need to review the risks in different ways as well as recognising day to day challenges.
- 4.8 The format of the current Risk Register has been amended to include the five ways of working (ICLIP) mentioned above in 4.5. Also three more columns have been added to the format to capture how the risk will affect the well-being of future generations in our communities, whether the risk is long-term, medium term or short-term through the lens of the Future Generations Act and the FGA risk level.
- 4.9 Other processes in our risk structure will need to be reviewed such as a re-write of our Risk Management Strategy (approved by Cabinet in 2013) and a review of the risk at a directorate and service level to ensure there is alignment to any changes.
- 4.10 A summary of the main changes in the Register since last review is provided in the table below:

Risks Removed	Risks Added	Risks Amended
None	CMT 41- risk of climate change  CMT 42- risk of exit from the EU	CMT 17- risk to grant funding raised to HIGH  CMT 29- WHQS risk level reduced to MEDIUM  CMT40- Wellbeing of Future Generations Act risk level reduced to LOW

## 5. EQUALITIES IMPLICATIONS

- 5.1 The Local Government Measure defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales programme for Improvement 2009.
- 5.2 Promoting equalities is a fundamental requirement of the Future Generations legislation, with specific resonance for meeting the well-being goals of - *A More Equal Wales*, and *A Wales of Cohesive Communities*.

## 6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications associated with this report

## 7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications associated with this report

## **8. CONSULTATIONS**

8.1 There are no consultees that have not been included in the overall report.

## **9. RECOMMENDATIONS**

9.1 It is recommended that Audit Committee accepts the Corporate Risk Register update as part of their ongoing commitment to regularly reviewing the Register.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To ensure compliance with the Council's Risk Management Strategy.

## **11. STATUTORY POWER**

11.1 Local Government Measure 2009, Wales Programme for Improvement 2010, Well-being and Future Generations Act 2015.

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Background Papers:  
Risk Management Policy & Guidelines

Appendices:  
Appendix 1 Corporate Risk - FGA Register (July 2016)  
Appendix 2 Corporate Risk- Register (April 2016)