

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit and Corporate Governance Committee
DATE: 30th September

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PART I **FOR COMMENT & CONSIDERATION**

RISK MANAGEMENT UPDATE – QUARTER 2 2021/22

1. Purpose of Report

- 1.1. The purpose of this report is to update to the Audit and Corporate Governance committee on the initial revised corporate risk register with the opportunity to comment and amend it, as shown in Appendix 1.
- 1.2. This is the first revision of the risk register and others will follow to ensure that the Council develops a proper strategic risk register and process and will encompass tracking of the risk scores over time, more detailed actions etc milestones etc.

2. Recommendations

- 2.1. This report recommends that the Audit and Corporate Governance Committee notes the improvements to the risk register, process and comments on the report.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five-Year Plan

Slough Joint Wellbeing Strategy Priorities

- 3.1. The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to Slough wellbeing strategy.

Five Year Plan Outcomes

- 3.2. The actions contained within this report will assist in achieving all of the five-year plan outcomes.

4. Other Implications

- a. Financial: There are no direct financial implications of the updates on the actions; but resolution of the queries/issues will improve the Council's processes which underpin sound financial management, by way of example the Council's accounts and budget.

b. Risk Management

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
<p>Failure to operate an adequate strategic risk register exposes the Council to risk across a wide variety of services because:</p> <p>Risks are not identified</p> <p>Actions are not planned and progress reported</p> <p>Members are not made aware of the serious risks facing the Council</p>	Red	<p>Pro-active officer risk and audit board</p> <p>Pro-active management of the risk register</p> <p>Risk register that encompasses strategic risks with actions, milestones</p> <p>Reporting that shows trends, update on actions, impact of actions</p>	Amber (a revised risk register being progressed with the officer risk and audit board, work over the coming months will improve this to Green)

c. Legal Implications: There are no direct legal implications in this report.

d. Equalities Implications: There are no identified equalities implications in this report

5. Supporting Information

Initial Improvements to the Corporate Risk Register

5.1. Risk Management is a critical part of good governance. It provides a consistent and comprehensive framework for identifying, comparing and managing issues which, although different in nature, all have a significant impact on the organisation and may prevent or affect achievement of agreed priorities.

5.2. Good risk management helps to deliver Council services more effectively by ensuring that:

- responsibility and accountability for managing specific risk areas is clearly set out and well understood, and that;
- adequate staff resources and management attention are directed to areas of highest risk.

5.3. Risk Management is also a core component of:

- the Annual Governance Review which must be undertaken by all local authorities in order to comply with the requirements of the Accounts and Audit Regulations 2015:
- statutory requirements included in the Local Government Acts 1992, 2000 and other legislation for local authorities to maintain adequate processes for internal control.

5.4. Failure to operate adequate risk management potentially exposes the Council to failure across a wide range of services because either:

- risks are not identified
- no proper assessment is made of the possible impact and/or expected likelihood of these identified risks occurring
- appropriate actions are not taken to mitigate the level of assessed risk identified
- responsibility for managing each risk is not clear
- senior officers and members are not aware of the key risks facing the Council.

5.5. There is a need to routinely review all strategic level risks to ensure their ongoing relevance to the needs of the Council. This is an integral part of the Council's risk management strategy.

5.6. The Council's previous approach to risk management was to take a "bottom up" approach to identification of risks for the corporate register by escalating risks on directorate registers up to the corporate register. This has resulted in a register that does not take into account strategic level risks the Council is facing, for example in light of recent challenges in relation to finance and Covid.

Risk Management Processes

5.7. Comprehensive risk management should cover all the following areas:

- **Strategic risks** i.e., that the Council will fail to deliver its agreed corporate priorities
- **Operational risks** i.e., significant failures in day-to-day service delivery
- **Financial risks** i.e., that the Council will fail to operate within agreed budget parameters
- **Demographic risks** i.e., that service plans and budgets will not reflect changes to the local population in terms of age, tax base and demand for key services
- **Legal and Regulatory risks** i.e., that the Council will face legal action or fail to comply with relevant legal requirements
- **Fraud, corruption and probity risks** i.e., reputational and financial damage resulting from failures in corporate governance and systems of internal control

- **Partnership risks** i.e., reputational and financial exposure arising from joint working, partnership arrangements and participation in limited companies.

Revised Risk Register

- 5.8. Going forward, it is proposed that this existing “bottom up” approach is supplemented by a “top down” approach i.e. identification of new and emerging risks by:
- Executive Directors and Associate Directors
 - the Council’s Chief Internal Auditor
 - the Council’s Officer Risk and Audit Board
 - members of the Audit and Corporate Governance Committee
- 5.9. New risks will be identified using a revised template. This template is based on best practice and includes guidance on identifying and assessing risks.
- 5.10. Nominated “risk owners” will then be responsible for ensuring that actions are put in place to mitigate all risks identified, and for monitoring implementation as agreed. For complex risks, more detailed action plans with milestones at key points will be prepared.
- 5.11. Risk managers will be responsible for keeping departmental and corporate risk registers up to date.
- 5.12. This revised approach to risk management will be supported by training to senior officers and risk managers to ensure that staff are well informed of their responsibilities associated with managing risk.
- 5.13. Membership of the Council’s officer risk and audit board has been reviewed and refreshed. A schedule of monthly meetings has been established so that the Board can review the contents of the Council’s risk register before it is issued to senior officers and elected members.
- 5.14. Executive Directors and Associate Directors have been asked to identify their initial considerations for top risks for inclusion on the register. This is based on a revised template that and includes guidance on assessment of the likelihood and impact of risk.
- 5.15. The refreshed register will be updated on a monthly basis by the Officer Risk and Audit Board and reported to the Council’s senior leadership team each month. This register will be sent to for use by the Council’s Audit and Corporate Governance Committee, on a quarterly basis, supporting the Committee to consider the effectiveness of the Council’s risk management arrangements, to review the Council’s risk profile and to ensure that actions are being taken on risk related issues, including partnerships with other organisations.
- 5.16. This regular reporting process will enable senior officers and elected members to:

- understand the Council's current risk profile
- assess the effectiveness of corporate risk management arrangements
- ensure that appropriate actions are being taken on all risk related issues.

5.17. The revised approach to risk management will be supported by training to senior officers to ensure that staff are well informed of their responsibilities associated with managing risk.

Changes to note

5.18. The following risks are new to the corporate risk register:

- delivery of the Adults Social Care Transformation programme
- Covid pandemic
- temporary accommodation
- disposal of assets
- health and safety
- elections and electoral registration
- SEND Local Area Inspection
- recovery and renewal
- workforce Management

5.19. The following risks appeared in previous versions of the corporate risk register and have been reviewed and put into the refreshed risk register format:

- business continuity
- financial sustainability
- cyber security
- information governance and General Data Protection Legislation

5.20. The following risks do not appear in the corporate risk register:

- failure of Children's Social Care – this risk is currently under review by the Director of Children's Services and will appear in the next version of the register
- speech and language therapy – this risk is covered by a new risk on the register – SEND Local Area Inspection. A detailed update on the SALT risk requested by members at the Audit and Corporate Governance Committee on 29th July is available in Appendix 2.

5.21. The format of the corporate risk register has also been amended and now sets out clearly:

- a description of each risk identified
- the named risk owner
- the possible consequences of failure to manage this issue effectively
- controls already in place to mitigate the risks currently identified
- further action required

5.22. A scoring system and red/amber/green traffic light system has been adopted to assess, for each issue identified:

- inherent risk
- residual risk i.e. reflecting the current controls in place, and
- the target risk profile after further action is taken as described

5.23. This enables risks of different types to be directly compared and assessed.

5.24. As new risk management processes become more established it is anticipated that the Council will be able to include in these reports:

- trend analysis, tracking risk scores over time
- more detailed action plans with milestones etc for complex risks identified

6. Comments of Other Committees

There are no comments from other Committees

7. Conclusion

Members note the report

8. Appendices Attached

Appendix 1 Corporate Risk Register

9. Background Papers

None