

Report to	Performance Scrutiny
Date of meeting	28 November 2019
Lead Member / Officer	Alan Smith, Head of Business Improvement & Modernisation
	Julian Thompson-Hill, Lead Member for Finance, Performance and Strategic Assets
Report author	Emma Horan, Strategic Planning & Performance Officer
Title	Corporate Risk Register Review, September 2019

1. What is the report about?

- 1.1 An update on the review of the Corporate Risk Register and the revised Risk Management Guide.

2. What is the reason for making this report?

- 2.1 To update the Committee on the latest review of the Corporate Risk Register and the revised Risk Management Guide, which now includes a Risk Appetite Statement.

3. What are the Recommendations?

- 3.1 That Performance Scrutiny consider the amendments to the Corporate Risk Register and the Risk Management Guide.

4. Report details

4.1 Review of the Corporate Risk Register

The Corporate Risk Register (appendix 1) enables the council to manage the likelihood and impact of the risks it faces by evaluating the effect of any current mitigating actions, and recording deadlines and responsibilities for further action that should enable tighter control.

- 4.2 Following recent changes, the Corporate Risk Register is developed and now owned by the Senior Leadership Team (SLT) alongside Cabinet. It is formally reviewed twice yearly by Cabinet at Cabinet Briefing, but is often discussed outside of the formal review timetable by Officers and Members informally.

- 4.3 Following each formal review, the revised register is presented to Performance Scrutiny Committee and is shared with Corporate Governance. It is also shared with our Head of Internal Audit and Wales Audit Office lead.

4.4 During this latest review - undertaken in September 2019 - there have been a number of amendments; with some risks escalated and others de-escalated. These changes are all specified in appendix 2. In summary:

- There are two new risks associated with:
 - the Additional Learning Needs and Education Tribunal Act
 - Ash Dieback Disease
- Internal Audit recommended the inclusion of the risk associated with compensation for the compulsory purchase of the Former North Wales Hospital. However, SLT and Cabinet (at Cabinet Briefing) agreed that the risk did not meet criteria to be managed at a corporate level (as per our Risk Management Guide) and that it should continue to be managed at project / service level until such time the risk may need to be escalated.
- Some Member / Officer leads have changed to reflect personnel / portfolio changes.
- We have one increasing risk:
 - 00006 (the risk of the economic and financial environment worsening beyond expectations): Residual risk has increased from C3 - Yellow to C2 - Orange (increased impact due to the combining pressures of social care, waste, benefits and inflationary pay increases).
- We have two declining risks:
 - 00031 (the risk of fraud and corruption): Inherent risk has reduced from B2 - Red to C2 - Orange (decreased likelihood)
 - 00035 (the risk that the return on investment from the Regional Growth Deal is disproportionate): Inherent and residual scores have reduced from C1 - Red to C2 - Orange (decreased impact)

4.5 Revised Risk Management Guide and Risk Appetite Statement

An Internal Audit Review of risk management was undertaken in November 2018. The review concluded that Denbighshire's risk management is "robust with good processes in place". However, the Internal Audit Review found that Denbighshire's Risk Management Guide (which outlines our approach to risk in the council) was lacking in relation to risk appetite.

- 4.6 Risk appetite is defined as "the level of risk we are prepared to tolerate or accept as a Council in pursuit of our long term, strategic objectives". Determining and articulating our risk appetite allows us to consider all options to respond to risk and make informed decisions that are most likely to result in successful delivery whilst also providing an acceptable level of value for money.
- 4.7 Following the conclusions of the Review, we have undertaken a range of research and engagement, including with CET, SLT and at Cabinet Briefing, to develop an approach to risk appetite that is proportionate and workable. The approach we have developed is based on the application of risk appetite in other areas and by other institutions. We have also sought advice from our Strategic Risk Consultant, Zurich Insurance Ltd.

- 4.8 The new approach has been endorsed by Corporate Governance and a training and communications plan is being implemented.
- 4.9 The Risk Management Guide now incorporates information about risk appetite, which now includes Denbighshire's Risk Appetite Statement and Risk Appetite Framework (appendix 3). It also highlights the new role of the Senior Leadership Team, as co-owners of the Corporate Risk Register.
- 4.10 The Risk Appetite Statement, which should be reviewed annually, provides a framework for Officers and Members to work within. The statement is particularly useful for sense checking our risk appetite with our corporate priorities, projects and corporate risks (are we risk averse or risk hungry?).
- 4.11 The Statement sets out the level of risk that the Council is prepared to accept, tolerate or be exposed to at any point in time. This will vary depending on the category of risk.
- 4.12 The table at appendix 4 summarises our risk appetite in relation to different aspects of council business:
- 4.13 However, it should be noted that the inclusion of risk appetite does not substitute or lower the importance of the reporting and escalation process set out in our Risk Management Guide.
- 4.14 Risk appetite has been considered by risk owners, as necessary, during this latest review. In future we will analyse our risks against our appetite in appendix 2.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the council's ability to deliver its objectives, including its corporate priorities. The identified controls and actions are therefore crucial to the delivery of the corporate priorities.
- 5.2 The Risk Appetite Statement sets out the Council's appetite to risk taking across a number of areas. These areas will affect / be affected by our corporate priorities.

6. What will it cost and how will it affect other services?

- 6.1 The cost of developing, monitoring and reviewing the Corporate Risk Register is absorbed within existing budgets.

7. What are the main conclusions of the Well-being Impact Assessment?

- 7.1 This Corporate Risk Register documents identified risks and mitigating actions. The process of developing and reviewing the document itself does not impact adversely on any of the well-being goals. However, any new process, strategy or policy arising as a result of a mitigating action will probably require a well-being impact assessment.

8. What consultations have been carried out with Scrutiny and others?

- 8.1 Details of the consultation process are contained in section 4.

9. Chief Finance Officer Statement

9.1 There are no financial implications arising from developing, monitoring and reviewing the Corporate Risk Register.

10. What risks are there and is there anything we can do to reduce them?

10.1 There are no risks associated with accepting recommendation 3.1.

11. Power to make the decision

11.1 Local Government Act 2000.

11.2 Section 7.2.1 of the Council's Constitution stipulates that Scrutiny should review or scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions whether by Cabinet or another part of the Council.

Contact Officer:

Strategic Planning & Performance Team Leader,

Tel: 01824 708078