

Report to	Governance and Audit Committee
Date of meeting	November 24, 2021
Lead Member / Officer	Julian Thompson-Hill, Lead Member for Finance, Performance and Assets / Alan Smith, Head of Business Improvement & Modernisation
Report author	Iolo McGregor, Strategic Planning & Performance Team Leader and Emma Horan, Strategic Planning and Performance Officer
Title	Corporate Risk Register Review, September 2021

1. What is the report about?

1.1. An update on the September review of the Corporate Risk Register.

2. What is the reason for making this report?

2.1. This report asks that the Governance and Audit Committee considers the output of the latest risk review and are satisfied with the process of managing risk within the council.

3. What are the Recommendations?

3.1. That Corporate Governance and Audit are assured that the council's risk management process is being correctly applied.

4. Report details

4.1. The Corporate Risk Register is developed and owned by the Senior Leadership Team (SLT) alongside Cabinet. It is formally reviewed twice yearly by Cabinet at Cabinet Briefing.

4.2. Following each formal review, the revised register is presented to the Performance Scrutiny Committee, and is shared with the Governance and Audit Committee.

- 4.3. The last review was undertaken in February 2021. [Papers submitted to the Performance Scrutiny Committee are available online.](#)
- 4.4. The council's risk appetite approach has been applied to the discussions that we have had with risk owners, and our risk exposure (based on the score) is analysed within the Corporate Risk Register (appendix 1).
- 4.5. Our September review also implemented the actions identified in June's Internal Audit review of Corporate Risk Management, such as identification of critical and ancillary controls. Furthermore, the Corporate Executive Team will shortly be commencing 'risk focus sessions'. These sessions will provide more time to interrogate our most concerning risks with risk owners, and have been selected in part by the risk appetite 'gap' (that is the gap between the classification of the risk and our risk appetite).
- 4.6. There have been a number of updates around risk owners, titles, descriptions, impacts / consequences, and actions. Several risks have been newly scored. Two new risks have been proposed. These changes have been made to the risk register and are specified at the start of each risk in appendix 1.
- 4.7. In summary:
- Risk 18: The risk that programme and project benefits are not fully realised has increased in likelihood from D2 – Major Risk: Unlikely / High Impact to C2 - Major Risk: Possible / High Impact.
 - Risk 35: The risk that the return on investment that Denbighshire receives from the Regional Growth Deal is disproportionate has sufficiently decreased and has been removed. Aspects of the risk have been merged with risk 18 to ensure continued scrutiny and management.
 - Risk 30: The risk that Senior Leadership capacity and skills to sustain service and corporate performance is not available has increased in likelihood from D3 Moderate Risk: Unlikely / Medium, to C3 – Moderate Risk: Possible / Medium.
 - Risk 34: The risk that demand for specialist care cannot be met locally has increased from C2 – Major Risk: Possible / High Impact to A2 – Critical Risk: Almost certain / High Impact.

- Risk 36: Brexit risk updated to reflect the current picture, with the residual risk score being downgraded from B2 – Critical Risk: Likely / High Impact, to C2 – Major Risk: Possible / High Impact.
- Risk 37 has been refocussed to include explicit reference to the importance of wider efforts to reduce inequality and deprivation (“The risk that partners don't have the resources, matching priorities or commitment to support delivery of shared plans and priorities, and in particular, fail to reduce inequalities and deprivation”)
- Risk 43: The risk that the council does not have the funds or resources to meet its statutory obligations under the Additional Learning Needs and Education Tribunal (Wales) Act 2018 has increased in impact from D3 – Moderate risk: Unlikely / Medium Impact to D2 – Major risk: Unlikely / High Impact.
- Risk 44: The risk of Ash Dieback Disease (ADB) in Denbighshire leading to significant health and safety issues that represent a potential risk to life has reduced in likelihood from A2 – Critical Risk: Almost Certain / High impact to B2 – Critical Risk: Likely / High impact.
- Risk 45: The risk that the council is unable to deliver the agenda of Council and external organisations within existing resources has been updated to have a singular focus on climate change (“The risk that the council fails to become a net carbon zero and ecologically positive council by 2030”).
- Risk 47 (New): The risk that the new North Wales Corporate Joint Committee (CJC) results in the council having less influence and control at a local level. The CJC offers opportunities to establish a strategic and regional approach to these functions to develop Denbighshire's economy and communities. However, there is a risk that there is insufficient clarity, time and engagement to capitalise on these opportunities. Conversely, there is a risk that the council puts in a lot of effort but doesn't receive a proportionate return on investment. Residual risk score of D3 - Moderate Risk: Unlikely / Medium (within our risk appetite).
- Risk 48 (New): The risk that recruitment and retention issues, leading to a loss of expertise and capacity, worsen resulting in poor or inadequate

services. Many services have been struggling to recruit and retain staff for some time, particularly – but not limited to - critical front line social care and health and highways and environment roles. Residual risk score: B3 – Major Risk: Likely / Medium Impact (within our risk appetite).

4.7 Risk appetite

- During this review, each risk owner was asked to consider again whether the risk posed is consistent with our risk appetite statement. The risk owner was asked to consider all impacts and determine the most serious impact, to identify our level of appetite. We've also set out the anticipated direction of travel for each risk. A case study can be found at appendix 3.
- Risks 1, 6, 13, 14, 21, 27, 33, 34, 36, 37, 43, 44 and 45 (see appendix 1) are currently inconsistent with the council's Risk Appetite Statement (appendix 2). These have been reviewed in discussions with risk owners, their current scorings being agreed as appropriate. This discrepancy justifies their inclusion to be monitored as corporate risks.
- We have a total of 21 risks and 13 are inconsistent with our risk appetite (62%). Our February 2021 review included 11 risks (out of a total of 20) that were inconsistent with our risk appetite, and at that point 55% of corporate risks were inconsistent with the council's risk appetite statement.

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.

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 identify 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. Individual discussions have been held with Risk Owners (Chief Executive Officer, Corporate Directors, relevant Heads of Service), also including input from officers leading on further actions for instance. The register is then discussed with SLT and Cabinet to agree and / or make further amendments. The final register is then shared with the Performance Scrutiny Committee and the Governance and Audit Committee.

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 this review.

11. Power to make the decision

11.1. Local Government (Wales) Measure 2011, Part 6, Chapter 2, section 81. It is the responsibility of a local authority's audit committee to 'review and assess the risk management, internal control and corporate governance arrangements of the authority'; and to 'make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements'.

11.2. The Council's Constitution stipulates that clear procedures and processes must be in place to manage risk effectively.