

Report to	Governance and Audit
Date of meeting	23 November, 2022
Lead Member / Officer	Nicola Kneale, Interim Head of Business Improvement & Modernisation Cllr Julie Matthews, Lead Member for Corporate Strategy, Policy and Equalities
Report author	Iolo McGregor, Strategic Planning & Performance Team Leader and Emma Horan, Strategic Planning and Performance Officer
Title	Corporate Risk Register Review, September 2022

1. What is the report about?

- 1.1. An update on the September 2022 review of the Corporate Risk Register and the Risk Appetite Statement.

2. What is the reason for making this report?

- 2.1. This report asks Governance and Audit to review the risks facing the council (appendix 1) and our risk appetite statement (appendix 2).
- 2.2. We ask the committee to consider whether it is satisfied with risk management within the council.

3. What are the Recommendations?

- 3.1. Governance and Audit notes the risks, scores and controls included in the Corporate Risk Register (appendix 1), including the status of each risk against our Risk Appetite Statement (appendix 2).
- 3.2. The committee considers the risk appetite statement and accepts a verbal update on any changes (appendix 2).

4. Report details

- 4.1. The Corporate Risk Register is developed and owned by SLT and Cabinet. It is reviewed twice every year by Cabinet at Cabinet Briefing.
- 4.2. Following each review, the revised register is presented to Performance Scrutiny Committee, and is shared with Corporate Governance.
- 4.3. The last review was undertaken in February 2022. [Papers submitted to 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. During this latest review, there have been a number of updates. These changes have been made to the risk register and are specified at the start of each risk in appendix 1. In summary (summary at appendix 3), the most significant changes include:
 - Risk 01: The risk of a serious safeguarding or practice error, where the council has responsibility, resulting in serious harm or death, has increased in both its inherent score (A1 – Critical Risk Almost certain / Very high impact) and residual score (A1 – Critical Risk Almost certain / Very high impact). The risk score has been increased on the basis of our assessment that the chance of this occurring is currently higher than it was previously. Although we do not regard the likelihood as “almost certain to occur in most circumstances” (which is the definition of Risk Likelihood A in our risk methodology), the risk has certainly increased. It therefore feels appropriate to increase the Risk Likelihood score, and that means increasing it from B to A. Increasing the risk score enables the risk to be further prioritised and escalated, which feels appropriate and necessary at this time.
 - Risk 12: The risk of a significantly negative report(s) from external regulators. The risk score has increased to C3 – Moderate Risk: Possible / Medium Impact.
 - Risk 36: The risk that the economic and financial environment worsens beyond current expectations, and has a detrimental impact on local businesses and economic hardship for the local community. The inherent and residual scores have increased.

- 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. We are proposing to de-escalate this risk for it to be managed by the Service.
- 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. The risk owner is now Head of Planning, Public Protection and Countryside Services. On the basis of better intelligence, inherent and residual risk scores have decreased (but remain outside of our risk appetite).
- Risk 47: The risk that the new North Wales Corporate Joint Committee (CJC) results in the council having less influence and control at a local level. We are proposing to de-escalate this risk for it to be managed by Service(s).

4.6 It should be noted that CET has undertaken a review of Risk 01: Safeguarding (17 October 2022).¹ CET will review this risk monthly, and Cabinet will be considering how it will review the risk at its next Cabinet Briefing on November 14, 2022.

4.7 Risk appetite

- Risks 1, 6, 13, 18, 21, 27, 33, 34, 36, 44, and 45 are currently inconsistent with the council's Risk Appetite Statement (appendix 2).
- Excluding risks 43 and 47 on the basis they are proposed for removal, we have a total of 20 risks and 11 are inconsistent with our risk appetite (55%). Our February 2022 review included 22 risks and 14 were inconsistent with our risk appetite (64%).

4.8 Risk appetite statement

- The council's risk appetite statement (summary at appendix 2 and [full statement here](#)) was last reviewed in September 2020.

¹ We also recommended adding economic risks in relation to the council's finances (risk 6) and businesses and the community (risk 36) to CET's forward work programme.

- The statement will be reviewed, by Cabinet, on November 14 (after the date this report was submitted). This review is timely, given we now have a new council and a new corporate plan.
- The statement should reflect our appetite now in a post-pandemic, post-Brexit world, where escalating costs and uncertain economic forecasts pose challenges for us in the delivery of services and projects, and threaten shared outcomes around personal and community independence and resilience.
- We draw particular attention to our currently open risk appetite in relation to financial projects, which may be appropriate given increasing financial pressures.
- Our minimalist risk appetite in relation to Workforce: Terms and Conditions (see appendix 2 or pp.36-38 [here](#)) is proposed to be amended to a cautious risk appetite, to reflect the way we are ‘flexing’ recruitment processes – in a safe way – to alleviate challenges in filling roles.
- Cabinet will be considering the risk appetite statement on November 14, 2022 and we will provide a verbal update on those discussions at the Governance and Audit Committee meeting on November 23.

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 Director, relevant Heads of Service), also including input from officers leading on further actions for instance. A report has been presented to CET.
- 8.2. The register is then discussed by CET, SLT and Cabinet to agree and / or make further amendments.
- 8.3. Performance Scrutiny will be examining this September's risk review on November 24, 2022.

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 Act 2000.
- 11.2. The Council's Constitution outlines the roles and responsibilities of senior officers and stipulates that clear procedures and processes must be in place to manage risk effectively.