Report To:	**Performance Scrutiny Committee**
Date of Meeting:	**Thursday 21st February 2013**
Lead Member / Officer:	**Cllr Barbara Smith / Alan Smith**
Report Author:	**Nicola Kneale**
Title:	**Corporate Risk Register review, February 2013**

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1. What is the report about?

1.1 The February 2013 formal revision to the Corporate Risk Register.

2. What is the reason for making this report?

2.1 To present Performance Scrutiny with the latest version of the Corporate Risk Register, as agreed by CET.

3. What are the Recommendations?

3.1 That Members note the deletions, additions and amendments to the Corporate Risk Register

3.2 That Members confirm that the attached Corporate Risk Register provides full coverage of the major risks facing the council at this time, and that the actions identified in the Corporate Risk Register are appropriate to address the identified risks.

4. Report details.

4.1 The main changes made to the Corporate Risk Register are:

i) The revision to DCC001, '*The risk of a serious safeguarding error where the council has responsibility*'. Further work is required, so a revised deadline of 31 March 2013 has been applied.

ii) Removal of DCC002, '*The risk of a judicial review of care home fees ruling against the council'.* A regional methodology has now been agreed. The risk will continue to be monitored at a service level, but the inherent risk has reduced enough for it to be downgraded.

iii) The revision to DCC004, '*The risk that we are unable to develop the staff and management capability to deliver the change agenda'*. It was considered that the risks around HR are wider than just the change agenda. Hence the risk has been changed to, '*The risk that the HR framework doesn't support the organisation's aims'*.

iv) Removal of DCC005, '*The risk that the time and effort invested in existing large-scale collaboration projects is disproportionate to the benefits realised'.* Due to the fact that the collaboration projects referred to are now almost complete, and project management has been strengthened, this is no longer considered to be a risk.

v) Revision to DCC006, '*The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income'.* The residual risk was originally a C2 but has been downgraded to a D2; this reflects our predictions for the next two years. The wording has also been altered to refer to the financial climate, reflecting the fact that a partner's budget can impact on us.

vi) Revision to DCC007, '*The risk that critical or confidential information is lost or disclosed'.* The responsibility for implementing EDRMS solutions has transferred to Alan Smith, and another mitigating action around raising awareness of information legislation to MMC has been included.

vii) Removal of DCC009, '*The risk that strategic ICT does not enable improvement and support change'.* It was felt that this has been addressed by development and delivery of a corporately-endorsed strategy. A related risk has been developed (see DCC017).

viii) Removal of DCC010, '*The risk that our asset portfolio becomes an unmanageable liability and an obstacle to strategic planning'.* CET felt much was in place to address this now, so the risk should reduce. Hence, it can also be managed at service level now.

ix) Revision to DCC011, *'The risk of a severe weather event, over and above expected patterns of seasonal weather'.* A risk was proposed around an unexpected outbreak of food poisoning. CET considered that a common theme across these two events was the fact that they were emergency events, and would be responded to in similar ways through emergency planning arrangements. Hence, the risk description has changed to *'The risk of a severe weather, contamination, or public health event'*, and the list of examples of problems has been extended.

x) Revision to DCC013, '*The risk of significant financial liabilities resulting from the failure of an external organisation'.* It was felt that this risk was about more than just financial liabilities – also including health & safety, and safeguarding liabilities. Hence, it has been reworded as, '*The risk of significant financial and reputational liabilities resulting from management of an Arm's Length company.'*

xi) Revision to the residual risk of DCC016, '*The risk that the impact of welfare reforms is more significant than anticipated'.* Originally classed as a B2 risk, this has been downgraded to a B3 (the impact has reduced). This is because the Welsh Government has recently announced that it will subsidise reductions in Council Tax Benefit, and to potential delays to the introduction of Universal Credit.

xii) Addition of DCC017, '*The risk that ICT investment does not deliver the efficiencies and savings required for the Modernisation priority'*. This description reflects the fact that ICT merely enables improvements – effective investment decision-making is crucial for releasing benefits.

xiii) Addition of DCC018, '*The risk that change/modernisation projects are not implemented as intended, hindering benefit realisation'*. This risk reflects the fact that we can lay the groundwork for change, but unless associated behaviours and processes also change we will not be able to realise the projected benefits that warranted initial investment.

4.2 The Corporate Risk Register enables the council to manage the likelihood and impact of risks by evaluating the effect of any mitigating actions, and recording deadlines and responsibilities for further action to enable tighter control.

4.3 The Corporate Risk Register has been developed by, and is owned by, the Corporate Executive Team. The process for review is as follows:

- All service risk registers are reviewed by services (according to the corporate risk management methodology) prior each round of Service Performance Challenge meetings. Any issues or queries are discussed in the Service Performance Challenge meetings.

- The Corporate Improvement Team analyse service risk registers to identify risks of corporate significance or any themes emerging across services.

- Updates on current corporate risks are collected from risk owners, and updates on mitigation actions are collected from action owners.

- Individual meetings are held with the Chief Executive and each Corporate Director, to discuss the risks for which they are lead. Consideration is given to whether the risk remains, whether the scores are accurate, and whether any new risks under their jurisdiction need to be included.

- A risk workshop is held with CET to review existing risks; discuss progress on agreed mitigation actions; discuss and agree new corporate risks; review and update residual risk scores; update existing controls (in light of completed actions); and agree any new actions required to mitigate risks.

4.3 The Corporate Risk Register is formally reviewed by CET following each round of Service Performance Challenges (where each service risk register is reviewed and discussed). However, any significant new or escalating risks are brought to the attention of CET (via the Corporate Improvement Team) as and when they are identified. CET then take a view as to whether that risk should be included in the Corporate Risk Register.

4.4 Following each formal review of the Corporate Risk Register (twice per year), the revised document is presented to the Performance Scrutiny Committee.

4.5 Actions identified to address corporate risks are included in Service Plans, where appropriate, which enables Performance Scrutiny Members to monitor progress. Any performance issues in relation to the delivery of these activities should be highlighted as part of the Service Performance Challenge process.

4.6 The council's Internal Audit function provides independent assurance on the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the council. It also offers independent challenge to ensure the principles and requirements of managing risk are consistently adopted throughout the council. Internal Audit also use information from our service and corporate risk registers to inform its forward work programme.

4.7 An annual review and report on progress of the risk management policy, produced for the Corporate Governance Committee, will identify weak areas that need to be strengthened to improve the risk management process.

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 Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

7.1 This Corporate Risk Register documents identified risks, and current and proposed mitigating actions. The process of developing and reviewing the document does not impact adversely on people with protected characteristics. However, any new process, strategy or policy arising as a result of a mitigating action should be equality impact assessed at service delivery level.

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

8.1 Details of the consultation process to review the Corporate Risk Register are contained in paragraph 4.2.

9. Chief Finance Officer Statement

9.1 There are no financial implications arising from the process outlined in this report for 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 The main risk associated with the risk management process is that the registers are not regularly reviewed and do not therefore become a dynamic and meaningful management tool. However, the new process is fully integrated into the council's performance management framework which should ensure that this does not happen.

Power to make the Decision

10.1 Local Government Act 2000.