

Report To: Corporate Governance Committee

Date of Meeting: Wednesday 18 December 2013

Lead Member / Officer: Alan Smith

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Title: Corporate Risk Register review, Nov 2013

1. What is the report about?

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

2. What is the reason for making this report?

2.1 To present the Corporate Governance Committee with the latest version of the Corporate Risk Register, as agreed at Cabinet Briefing and noted by Performance Scrutiny.

2.2 Note, formerly this risk register was developed only by CET, but including Members in its development and management is prudent. It was considered that the most effective way to do this was to involve Lead Members at Cabinet Briefing.

3. What are the recommendations?

3.1 That the Committee notes the deletions, additions and amendments to the Corporate Risk Register, and has the opportunity to comment.

4. Report details

4.1 The main issues to note for the Corporate Risk Register are listed below:

- i) Revision to DCC001, '*The risk of a serious safeguarding error where the council has responsibility*'. There are further mitigating actions relating to the process for establishing the Corporate Safeguarding Committee. The inherent and residual risks scores remain identical at the moment – until the committee is established, the likelihood is unchanged.
- ii) No revision to DCC004: '*The risk that the HR framework doesn't support the organisation's aims*'. The inherent and residual risks scores remain identical. Although the plan is progressing and a platform for improvement is being laid out, until the new processes are embedded the risk level remains the same.
- iii) Revision to DCC006: '*The risk that the economic and financial environment worsens beyond current expectations, leading to additional demand on services and reduced income*'. In the Risk Description column we'd originally referred to having a two-year indicative settlement, but this may no longer be

the case. The inherent score has increased from C2 to A1, given the Welsh Government's reduced settlement for local authorities. The residual risk score has increased from C2 to C1, as the impact's value is greater than £5 million.

- iv) Revision to DCC007: *'The risk that critical or confidential information is lost or disclosed'*. Two of the mitigating actions have been complete, and another two are on the verge of completion. We'd expect these actions to reduce the Residual Risk score in the near future, but as the new initiatives are yet to be embedded the score hasn't changed yet.
- v) Revision to DCC011: *'The risk of a severe weather, contamination, or public health event'*. Two mitigating actions have been completed, and another one added regarding the new Emergency Planning arrangements ('SLT to be trained in tactical and emergency response'). The inherent and residual risks scores remain identical at the moment because platforms for improvement are laid but still need embedding.
- vi) Revision to DCC012: *'The risk of a significantly negative report(s) from external regulators'*. The external regulators have been listed in the Impact/Consequence column, and the Residual Risk score has been increased from a D4 to a D3. The probability hasn't been affected; just the impact – it was felt that the '4' rating was not realistic.
- vii) Revision to DCC013: *'The risk of significant financial and reputational liabilities resulting from management of some Arm's Length organisations'*. A new mitigating ('Presenting options to Cabinet Briefing for recommendation covering the whole coastal strip') is noted here.
- viii) Revision to DCC014: *'The risk of a health & safety incident resulting in serious injury or the loss of life'*. Two mitigating actions are now complete, which has meant that we have embedded a Mitigating Action into business-as-usual ('Fire management system controls'). This hasn't impacted on the residual risk score because the likelihood (which is the area we can affect) was already scored very low at E2, but we'd hope that our actions have further reduced the likelihood in real terms.
- ix) Removal of DCC015: *'The risk that the collaborations that Denbighshire participates in don't deliver their forecast benefits and/or have an adverse impact in terms of finance and/or quality of service'*. It was considered that this risk could now be removed, as any major collaborations we were involved in are now embedded, and their performance and risks will be managed at service level. There are no new major collaborations on the horizon.
- x) Revision to DCC016: *'The risk that the impact of welfare reforms is more significant than anticipated by the council'*. A mitigating action to strengthen the governance of the Group has been put in place: the inclusion of the Chair of Corporate Governance on the Group.
- xi) Revision to DCC017: Risk now worded, *'The risk that the ICT framework does not meet the organisation's needs'*. This originally read, *'The risk that the ICT*

framework does not meet the organisation's needs, and that the technology we invest in does not deliver the intended benefits for the Modernisation programme'. This risk originally covered two facets: 1) the IT framework, and 2) programme benefits delivery. The second element can be incorporated into DCC018, which will better enable us to risk-assess each facet.

One mitigating action has been complete, and a further two have been added: a hardware upgrade to be completed by March 2014, and migration to MS Enterprise. Presently the Residual Risk score remains unchanged. Plans that should help reduce this are in place, but delivery is still required.

- xii) Revision to DCC018: *'The risk that change/modernisation programme and project benefits are not fully realised'* – adding the programme element. This originally read: *'The risk that change/modernisation project benefits are not fully realised'*. The Residual Risk score remains the same, despite the mitigating actions that we have in place. This is because change management remains a challenge (i.e. filtering corporate initiatives through to services). Until we've an evidenced track record of delivering our projected benefits, this likelihood will remain the same.
- xiii) Revision to DCC019: *'The risk that the availability of the Welsh Government's match-funding contribution towards Band A of the 21st Century Schools programme is not in line with the timescales for Denbighshire's work programme'*. A note has been added that a recent independent gateway review was positive, and a Strategic Outline Case for Rhyl High was approved.
- xiv) Revision to DCC020: *'The risk that the review by The Commission on Public Service Governance and Delivery negatively affects Denbighshire'*. The mitigating action that was identified last time is now complete. There is no change to the Residual Risk score (which is identical to the Inherent Risk score) as we must wait for the Commission's findings.
- xv) Revision to DCC021: *'The risk that effective partnerships and interfaces between BCU Health Board and Denbighshire County Council (DCC) do not develop, leading to significant misalignment between the strategic and operational direction of BCU and DCC'*. BCU leadership has changed since first articulating this risk, but we continue to be at a stalemate. In terms of the further mitigating action, the board is operating, but is only currently useful as an avenue to secure information and lobby. Projects can't get started and we're experiencing inordinate delays. The Residual Risk score has therefore increased from a B3 to a B2.

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 itself does not impact adversely on any 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 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 to each Corporate review.
- 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 at Cabinet Briefing 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 to mitigate risks.

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.

11. Power to make the Decision

11.1 Local Government Act 2000.