Committee Name and Date of Committee Meeting
Audit Committee – 28 June 2022

Report Title
Risk Management Annual Summary 2021-2022

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report
Jo Brown, Assistant Chief Executive

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Ward(s) Affected
Borough-Wide

Report Summary
This report forms part of the Audit Committee's remit to regularly consider risk management.

The Risk Management Standard, ISO31000, suggests that every organisation produce an annual summary of risk management activity. Following on from our summaries produced for the Audit Committee in recent years, this is our fourth annual summary.

The report aims to summarise the principal risk management activity that has been carried out in Council throughout the past financial year. It covers a wider range of topics than the regular report on the Corporate Strategic Risk Register (which will be presented to the next Committee meeting) and aims to cover both the movements in strategic risks that have occurred over the period and the key elements of the Council's risk management activity throughout the year.

Recommendations

1. The Audit Committee is asked to consider and note the annual summary of risk management activity.

List of Appendices Included
None

Background Papers

Report to Audit Committee; 22nd June 2021 (Annual Risk Management Summary 2020-2021)

Report to Audit Committee; 30th November 2021 (Risk Management Strategy and Policy 2021)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

This paper is not intended to be circulated to other Committees or Panels and is produced solely for the Audit Committee.

Council Approval Required
No

Exempt from the Press and Public
No

Risk Management Annual Summary 2021-2022

1. Background

1.1 The Council's ongoing risk and assurance aims are:

- To provide Members and Senior Officers an understanding of the key risks facing the Council and its community, and to show how these risks are being effectively mitigated.
- To implement and maintain a fluid process for business-as-usual management of risks relevant to our objectives, outcomes, services and assets.
- To align reporting mechanisms for finance, risk, audit and performance providing members and senior officers triangulated risk and assurance profiles.
- To continue to meet the requirements of our external auditor and compliance providers.

1.2 This report aims to summarise the principal risk management activity that has been carried out in Council throughout the past financial year. It also summarises the key movements in Strategic Risks that have occurred over the period.

2. Risk Management Responsibilities

2.1 The Council's Risk Management Policy and Guide states that risk management is the responsibility of all Council officers. This is further set out in section 12.2 of the Policy and Guide where the specific responsibilities of all members and officers are detailed. In particular, all employees are required to:

- Have an understanding of risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities.
- Support and undertake risk management activities as required.
- Attend relevant training courses focussing on risk and risk management.

2.2 As well as the key responsibilities set out in the Policy and Guide, the Council has a group of Risk Champions. Each Directorate has at least one Risk Champion who leads on risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Improvement and Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating risk management across the Council.

2.3 Overall responsibility for risk management rests with the Assistant Chief Executive, with day-to-day responsibility delegated to the Corporate Improvement and Risk Manager. The team working on corporate risk management also includes a "Corporate Improvement and Risk Officer". The team's responsibilities are wider than corporate risk management, but the presence of the additional posts ensures that there is resilience in the Council's risk management activity.

2.4 Throughout the past year there have been Risk Champions in place for the following Directorates and Services:

- Children's and Young People's services
- Regeneration and Environment
- Finance and Customer Services
- Adult Social Care, Housing and Public Health (Housing)
- Adult Social Care, Housing and Public Health (Adult Care)
- Adult Social Care, Housing and Public Health (Public Health)
- Assistant Chief Executive

2.5   In most cases, each Directorate also has a substitute or deputy Risk Champion who can stand in for the primary Risk Champion when required.

2.6   The Risk Champions Group meets bi-monthly and has done so consistently over the past twelve months.

3.   Training Summary

3.1   Risk Management training is a fundamental element of the Council's approach to risk management. Following a pause and restart caused by the Pandemic, three core elements of the training programme have mostly restarted. These are:

- A two-hour risk management course for all M2 managers and above. This course is run by the Corporate Improvement and Risk team at least quarterly and more frequently if required
- A two-day risk management training course which is run by an external provider who are accredited by the Institute of Risk Management (IRM). This course is open to all staff but is a requirement for all Risk Champions and their deputies.
- Specific training for elected members in risk management, delivered as part of the member training programme.

3.2   Take up of the M2 manager course is very high, with over 50 managers attending the two courses run so far in 2022 and the remaining courses for the year being close to fully booked.

3.3   The two-day IRM accredited course was run once again in January 2022. Nine staff successfully completed this course and, as a result, have received IRM accreditation following a short assessment and test at the end of the course. Again, the level of take up of this course is very encouraging and it will be run again in early 2023.

3.4   The course for elected members was run on the 22nd February and attended by fifteen members. A recording of this course is held on the member training database for later access.

3.4   Work is currently underway, alongside the HR and OD Service, to develop and relaunch an online training tool in Risk Management for all staff. This is likely to be launched in the autumn of 2022. In addition, Internal Audit have recommended that specific training for Directorate Leadership Teams and SLT is put in place and work is in hand to deliver this by September 2022.

3.4   Our training supplier has also made available more tailored online courses that involve specific training on Health and Safety related risks. We are currently discussing with the Health and Safety Team the possibility of taking the offer of some shorted courses focused on specific Health and Safety risks.

4.   Risk Management Process

4.1   As set out in the Risk Management Policy and Guide, individual Service Management Teams (SMTs) and Directorate Leadership Teams (DLTs) have reviewed their risk registers in line with the Risk Management Policy and Strategy. Typically, teams review their registers every four to twelve weeks depending on the individual meeting cycle and the significance of the risks they are managing. We aim to achieve the best practice of DLTs considering risk at every meeting, but in a way that is proportionate to the risks being faced by the services in question.

4.2   The Corporate Strategic Risk Register has been formally reviewed by Strategic Leadership Team (SLT) both at joint Strategic Leadership Team/Assistant Directors (SLT/AD) Performance Management meetings and at separate SLT meetings. The regular cycle of quarterly reviews has been in place throughout the 2021/22 financial year.

4.3   The Corporate Strategic Risk Register is also reported regularly to the Audit Committee alongside the annual "deep dives" of Directorate Risk Registers. Additionally, the Corporate Improvement and Risk Manager, through the Risk Champions, ensures updates are obtained from all risk owners, reviews each update, and draws attention to issues or missing risk register updates.

4.4   The programme of Audit Committee risk register for the 2021-22 financial year was completed as planned. A new cycle has been established for the coming year and this means the Audit Committee will once again review all directorate risk registers at least once during the next 12 months.

4.5   In addition, the Corporate Improvement and Risk Team has worked with a range of services throughout the Council to provide specific support on risk issues. These have included Health and Safety, Business Continuity and Public Health.

4.6   Internal Audit have recently carried out their annual review of Corporate Risk Management. This review focused on the arrangements in place for risk management in the Council throughout the year and specifically, to review whether or not:

   •   Previously agreed actions have been implemented (avoiding exposure of the Council to avoidable risk).
   •   The Council's Risk Management arrangements reflect the principles of good corporate governance.
   •   Corporate risks are aligned with the new Council Plan.
   •   Relevant officers & Members have received appropriate Risk Management training.

4.7   Their conclusion was that there was "substantial assurance" that the controls within the Corporate Risk Management system were operating effectively during 2021-2022. This is the highest assurance rating achievable and demonstrates that our risk management process continued to operate effectively.

5.   Risk Profile for 2021/2022

5.1   The Audit Committee's receives reports on the overall status of the Council's strategic risks. The "heat map" derived from the Corporate Strategic Risk Register's update at the end of 2021/22 showed the risk profile as seen below.

Risk Heat Map at March 2022
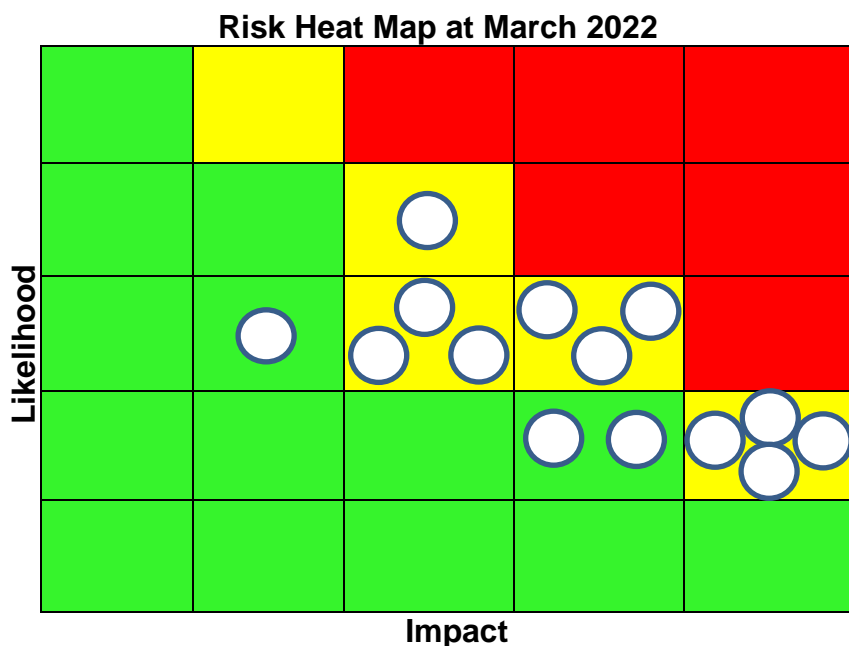
5.2   The table over the page provides further detail on the individual risks that the Council is facing at a strategic level, along with an indication of the risk movement in the whole of the 2021-22 financial year. The table demonstrates the following:

- The total number of strategic risks remained the same at 14 over the period from January 2021 to March 2022, although one new risk was added, and one removed in this period.
- Of the risks that remain the strategic register, ten have seen a decreasing risk score, two have increased (excluding the new risk) and one has been constant.
- Leaving aside the one new risk, the two risk that have increased since January 2021 relate to partnership working and the potential failure to attract new business to the borough.

5.3   This analysis shows that the Council's risk profile has reduced significantly, reversing the position from last year which saw a marginal increase. Last year's increase was caused primarily by the impact of the Covid-19 pandemic. The turnover of risks on the register continues to show that there is an increasing grasp on the key risks that need to be managed at a strategic level. The Audit Committee will receive a separate report at its next meeting on the current Strategic Risk Register position (at July 22) and this is likely to show a continued decrease in the risk profile.

Summary of movement of Corporate Strategic Risks over the past two years

Number	Risk Summary	Jan 20	Jul 20	Jan 21	Apr 21	Sep 21	Mar 22	Risk Movement since Jan 2021
SLT01	Children's Safeguarding	15	15	15	15	10	10	↓
SLT03	Tackling Family Poverty	16	16	16	16	16	12	↓
SLT04	Failure to sustain improvement in children's	15	15	15	15	10	10	↓
SLT07	Influenza Pandemic	15	15	15	15	15	8	↓
SLT08	Failure to enhance community cohesion	12	12	12	8	8	8	↓
SLT09	Confidence in Rotherham	12	12	12	12	12	6	↓
SLT10	Failure to attract new business and investment	9	9	9	12	9	12	↑
SLT11	Partnership working and City Region	10	10	10	10	10	12	↑
SLT16	Financial Plans and budget gap	15	15	15	10	10	10	↓
SLT19	Emergency Planning and Business Continuity	4	4	-	-	-	-	-
SLT22	Mental Capacity Act/DoLs	9	9	9	9	9	9	→
SLT27	Property and Estate condition surveys	10	10	10	12	12	9	↓
SLT34	Impact of EU Trade Deal on the Economy	-	-	16	-	16	-	-
SLT35	Impact of the Covid Pandemic	-	-	20	20	15	10	↓
SLT36	Insufficient resources committed to Carbon Reduction Plan	-	-	16	16	12	12	↓
SLT37	Failure to deliver major projects		-	-	-	9	9	↑

6. Future Developments

6.1 As well the work set out in the previous paragraphs, specifically around training, it was intended to carry out further work in the year on the Council's Assurance Framework which is designed to demonstrate how the Council obtains assurance the individual risks are being appropriately managed. This work was not completed before the Covid-19 outbreak occurred and the Corporate Improvement and Risk Manager will work with Internal Audit to ensure an appropriate approach is adopted and that the Council's risk registers provide sufficient evidence to support this process.

6.2 The Corporate Risk Management Policy and Guide will also be refreshed in the latter part of 2022, with a revised version presented to the Audit Committee for approval at its November meeting.

7. Options considered and recommended proposal

7.1 Not applicable.

8. Consultation

8.1 The risks included in this report have been drawn from Directorate Risk Registers and the Strategic risk Register.

9. Timetable and Accountability for Implementing this Decision

9.1 Not applicable.

10. Financial and Procurement Implications

10.1 The risks contained in the table at section 5.3 require ongoing management action. In some cases, additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the management of these risks will be contained within overall budgets or otherwise reported through the monthly financial monitoring arrangements and to Cabinet if appropriate.

11. Legal Implications

11.1 There are no direct legal implications arising from the risk register. Any actions taken by the Council in response to risks identified will consider any specific legal implications.

12. Human Resources Implications

12.1 There are no Human Resources implications associated with the proposals.

13. Implications for Children and Young People and Vulnerable Adults

13.1 The Strategic Risk Register incorporates the CYPS risks that are of significance at a corporate / strategic level.

14. Equalities and Human Rights Implications

14.1 Proposals for addressing individual risks within the register incorporate equalities and human rights considerations where appropriate.

15. Implications for Partners and Other Directorates

15.1 The actions relating to any issues affecting partners are reflected in the risk register and accompanying risk mitigation action plans.

16. Risks and Mitigation

16.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. This report sets out how the approach to risk management will be developed over the course of the coming year.

17. Accountable Officer:

Simon Dennis (Corporate Improvement and Risk Manager)

Approvals Obtained from: -

Jo Brown, (Assistant Chief Executive)

This report is published on the Council's website or can be found at: