



Name of meeting: CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Date: 10 FEBRUARY 2023

Title of report: RISK MANAGEMENT UPDATE

Purpose of report:

To provide information on the Council's Risk Management Statement and its arrangements for Corporate Risk Management

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.	Not Applicable
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Not Applicable
The Decision - Is it eligible for call in by Scrutiny?	Not Applicable
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Not Applicable Yes 01 02 23 Yes 01 02 23
Cabinet member portfolio	Cllr Paul Davies

Electoral wards affected: N/A

Ward councillors consulted: N/A

Public or private:

Part of the appendix to this report is recommended for consideration in private because the information contained in it is exempt information within part 1 of Schedule 12A of the

Local Government Act 1972 namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

Has GDPR been considered? N/A

1. Summary

- 1.1. The Council has an established risk management process, which has been to an extent successful in generating strategic level risk information, for use as a part of corporate planning, and has also generated some risk information for senior managers and members, although it has been more mixed in its success at Directorate level. The Annual Governance Statement recognises this as a potential area for improvement.
- 1.2. During the year, an officer dedicated to providing a more systematic and strategic approach to risk management has been employed, and lots of progress has been made in improving engagement and reporting, although a full cultural change is likely to take rather longer.
- 1.3. The report below provides additional information

2. Information required to take a decision

- 2.1 The approved Risk Management Strategy requires all Services to maintain an up-to-date risk register, which are reviewed on a regular basis and as a minimum quarterly. The Service and / or Directorate level risk registers are submitted on a quarterly basis for review and challenge by relevant officers, and then used to inform the Corporate Risk Matrix and an Emerging Risk List.
- 2.2 The Risk Panel, with representatives of all services, meets on a quarterly basis to update the Corporate Risk Matrix and Emerging Risk List. The updated reports are then presented to the Executive Team for further review and challenge, following the same quarterly reporting cycle. The risk reports are discussed in other Member forums, either on a formal or informal basis, including the Corporate Scrutiny Panel which has informally reviewed the matrices on several occasions during the year.
- 2.3 During 2022 the Council's Risk Assessment Matrix was reviewed and relaunched to ensure a consistent approach to risk scoring, including the assessment of both 'Likelihood' and 'Impact' throughout the Council. This enables risks that have very different causes and / or impacts to be compared and can inform the allocation of resources to mitigate different risks.
- 2.4 The Corporate Risk Matrix has been structured to group risks into 10 Key Corporate Risks (KCRs) which are listed below. This provides a stable framework for reporting at a summary level, whilst allowing for the inclusion and removal of lower-level risks as determined by internal and external factors.

KCR 1	Financial Sustainability
KCR 2	Effective Governance
KCR 3	Statutory Obligations
KCR 4	Third Party Relationship Management
KCR 5	Workforce Development
KCR 6	Safeguarding
KCR 7	Resilient Operational Processes
KCR 8	Climate Change

KCR 9	Community Wellbeing & Resilience
KCR 10	Physical Assets & Infrastructure

Project Risks are assessed through established project governance reporting frameworks and therefore the decision has been taken to not duplicate this reporting as part of Corporate Risk reporting suite. However, it should be noted that KCR 2 Effective Governance includes a risk concerning organisational capacity and the council wide change delivery programme.

- 2.5 Work continues to embed effective risk management processes across the Council. Whilst good progress has been made across all areas of the organisation it remains the case that there are varying levels of engagement from service directors and heads of service. Opportunities continue to be used to highlight the benefits of integrating risk management into business-as-usual management processes, rather than it being perceived as a discrete activity.
- 2.6 In the previous annual update to the Corporate Governance & Audit Committee (November 2021), the intention to recruit resource with a specific remit to deliver improvement in risk management practice was outlined. As noted in the introduction, this officer is now in place and successfully driving engagement with risk management processes across the organisation and providing additional guidance and support where a need is identified.
- 2.7 There has been a long-sought ambition to create a combined reporting of finance and activity performance, and risk, and this is currently under development. This may change the nature of risk reporting through the organisation, though it is unlikely to change the need for the collection of risk information.
- 2.8 The focus for 2023-2024 is to continue to maintain effective management of risk across the council, and drive improvements in certain areas. There are specific areas of focus for the coming year:

Challenge and evidencing of documented mitigating controls to ensure they are operating effectively and consistently.
Identification and tracking of further actions that are required to reduce risk exposure, including clarity of ownership/ responsibility and agreed delivery timelines.
Consider the appropriate reporting mechanism for 'Issues under management', where risks have crystallised and are now being actively managed.
Review the differing processes for completion of 'Horizon scanning' activity and consider the benefit of integrating into quarterly risk reporting. e.g., Ombudsman findings, changes in legislative / regulatory requirements, professional / member organisations, insight from local / national networks.
Explore in more detail with senior managers and Members the concepts of risk appetite, and the opportunities and threats which may follow from a change in approach.
valid.

- 2.9 The Corporate Risk Matrix identifies the ongoing risks and issues many of which are common to any large local authority (and large organisation). The Q2 22-23 version is attached as Appendix 1 (public)
- 2.10 The Emerging Risks and challenges report lists items of note or concern that do not feature in the Corporate Risk Matrix but that those charged with governance need awareness of. Actions in place to monitor and / or address these Emerging Risks are detailed and the extent and appropriateness of these actions is asked to be considered. These risks are aligned to the 10 Key Corporate Risks. (Appendix 2 - private)

3. Implications for the Council

3.1 Working with People

No direct impact although risks impact on the entire organisation, and effect this category

3.2 Working with Partners

No direct impact although risks impact on the entire organisation, and effect this category

3.3 Place Based Working

No direct impact although risks impact on the entire organisation, and effect this category

3.4 Climate Change and Air Quality

No direct impact although risks impact on the entire organisation and effect this category.

3.4 Improving outcomes for children

No direct impact although risks impact on the entire organisation, and effect this category

3.5 Financial Implications for the people living or working in Kirklees

No direct impact although risks impact on the entire organisation, and effect this category

3.6 Other (e.g., Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources)

No direct impact although risks impact on the entire organisation, and particularly affect this category, as the crystallisation of most risk will have a financial impact, and on occasions legal impacts.

4. Consultation

None on this report directly. The reports created through the risk management process are subject to a complex interactive consultation process as described in this report

5. Engagement

Not applicable

6. Next steps and timelines

Not applicable directly

7. CGAC are asked to

- (a) Indicate if they are content with the risk management processes as described, and currently operated.
- (b) Make comments on the risk information included in the reports within the appendix, or on any risks not addressed here

8. Contact officer

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9. Background Papers and History of Decisions

Risk management strategy 2018

10. Service Director responsible

J Muscroft, Service Director Legal Governance and Commissioning
E Croston, Service Director Finance

Appendices

Appendix 1	Risk Map
Appendix 2	Corporate Risk Matrix (public)
Appendix 2	Emerging Risks (private)