

**REPORT TITLE: RISK MANAGEMENT ANNUAL REPORT 2024-25**

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|---|---|
| <b>Meeting:</b>   | <b>Corporate Governance &amp; Audit Committee</b> |
| <b>Date:</b>  | <b>21 February 2025</b>                           |
| <b>Cabinet Member (if applicable)</b>   | <b>Cllr Tyler Hawkins</b>                         |
| <b>Key Decision Eligible for Call In</b>  | <b>No</b>   |
| <b>Purpose of Report</b> <ul style="list-style-type: none"> <li>To provide information on the Council's strategy for Risk Management and its governance arrangements to deliver in line with the approved strategy</li> <li>To outline priority actions for development during 2025-26</li> <li>For Corporate Governance and Audit Committee to consider the content of the report, and to advise if they have any comment on the work plans moving forward.</li> </ul> |   |
| <b>Recommendations</b> <ul style="list-style-type: none"> <li>It is recommended that the Corporate Governance and Audit Committee receive, note and discuss any areas of interest or concern</li> </ul> <b>Reasons for Recommendations</b> <ul style="list-style-type: none"> <li>This is a report provided for assurance</li> </ul>  |   |
| <b>Resource Implications:</b><br>None   |   |
| <b>Date signed off by <u>Executive Director</u> &amp; name</b>  | Rachel Spencer-Henshall<br>30 January 2025        |
| <b>Is it also signed off by the Service Director for Finance?</b>   | Kevin Mulvaney<br>4 February 2025                 |
| <b>Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?</b>   | Samantha Lawton<br>4 February 2025                |

**Electoral wards affected:** None directly

**Ward councillors consulted:** None

**Public or private:** Public

**Has GDPR been considered?** No personal data is presented within the report.

## 1. Executive Summary

### Reporting & Governance arrangements

Service Directors and Heads of Service are responsible for assessing and monitoring risks and implementing effective and proportionate mitigants to control identified risks, where required.

Risk Registers are used to record and track the above information, the Service and / or Directorate level risk registers are submitted on a quarterly basis for review and challenge by risk officers, and then used to update and inform the Corporate Risk Register, along with significant Emerging Risks and Issues under Management

The Risk Management Group, with representatives from Services and corporate support functions, meets on a quarterly basis to assess risk holistically across the organisation. The group also challenge and approve the Corporate Risk Register and escalate specific items to include on the Emerging Risk and Issues under Management lists.

The Corporate Risk Report was reformatted, to coincide with the beginning of the 2024-25 reporting cycle. The new format:

- Clearly articulates the risk and identifies the risk owner
- Provides a simple, graphical representation of the current, previous and target risk scores
- Ensures a timely quarterly update is provided, summarising key developments in risk exposure, control environment and action delivery
- Identifies controls that are operating to mitigate the risk, with a performance assessment if relevant
- Highlights further actions underway to reduce the impact or likelihood, with target timescales for delivery

The inclusion of Emerging Risks and Issues under Management details items of note or concern that do not feature in the Corporate Risk Register but that those charged with governance need awareness of. Actions in place to monitor and / or address these Emerging Risks are detailed to enable consideration of the extent and appropriateness of the actions proposed.

Reporting on Risk Management forms a central part of the quarterly report meeting (alongside finance and performance) of the Executive Leadership Team, with onward escalation to Executive Board and Cabinet. The risk reports are discussed in other Member forums, either on a formal or informal basis, including the Overview & Scrutiny Management Committee which has informally reviewed the Corporate Risk Register on several occasions during the year. Standing Scrutiny Panels are encouraged to review the risks under management that are relevant to their remit on a regular basis.

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. Risk management issues should also help inform decisions about the work programme of Internal Audit.

## Risk Profile

As at the end of Q3 2024-25, the Corporate Risk Register lists 24 risks: 9 of these are reporting as red rated risks, 13 amber and 2 are green. Section 9 contains links to the latest quarterly Corporate Risk Reports where further detail can be found.

| <b>Reference</b> | <b>Risk Description</b>                                 | <b>Risk Rating</b> |
|------------------|---|--------------------|
| FIN01            | Budget monitoring & management                          | 20                 |
| FIN02            | Medium Term Financial Sustainability                    | 20                 |
| FIN03            | Capital plan management                                 | 15                 |
| PS01             | Talent management                                       | 16                 |
| PS02             | Industrial and disruptive action                        | 9                  |
| SI01             | Data Integrity  | 12                 |
| SI02             | Relationships with key partners                         | 6                  |
| SI03             | Cyber Security  | 16                 |
| LGC01            | Corporate governance                                    | 9                  |
| LGC02            | Information governance                                  | 12                 |
| LGC03            | Procurement   | 12                 |
| LGC04            | Contract management                                     | 16                 |
| HP01             | Emergency planning & business continuity                | 12                 |
| HP02             | Health & safety   | 8                  |
| AH01             | Adults safeguarding                                     | 12                 |
| AH02             | Adults social care assurance framework                  | 9                  |
| AH03             | Data Insight for operational delivery of adult services | 12                 |
| CF01             | Children's Safeguarding                                 | 6                  |
| CF02             | Sufficiency of SEND provision                           | 16                 |
| CAS01            | Community cohesion, wellbeing & resilience              | 12                 |
| DEV01            | Corporate Assets  | 9                  |
| DEV02            | Homelessness and housing stock availability             | 16                 |
| HN01             | Housing safety & quality                                | 16                 |
| ECC01            | Climate change  | 12                 |

## Progress in 2024-25

A review and update of the Risk Management Framework documentation has been completed. A revised Risk Management Policy was approved as well as introducing a new document, Risk Management Strategy & Guidance, which is an operational guide providing additional information to individuals with a role in managing risk within their Service.

A new Service Risk Register (SRR) template has been introduced and is in the process of being rolled out across the Council. Migration activity will continue throughout 2025-26, with a target for all Services to be migrated by the end of Q2 2025-26. As at the end of Q3 2024-25 the following Services are using the new template:

- Children & Families (Directorate wide)
- Adult Social Care
- Homes & Neighbourhoods
- Public Protection
- People Services
- Legal, Governance & Commissioning

The new template was developed in conjunction with the Data & Insight team and provides enhanced functionality such as generating 'heatmaps' based on the risks recorded. The SRR also requires Risk Owners to identify relevant controls and actions that mitigate the risk.

Following migration of all service risk registers to the new template, quality assurance activity will take place to ensure that the target level of consistency is being achieved in areas such as risk escalation levels and adherence to the scoring matrix.

Collaborative working with Internal Audit is intended to drive continual improvements in service delivery / process controls. The process for both planning internal audits and reviewing Directorate / Service risk registers is designed to include cross-checking.

- Risk documentation is used to inform development of the Internal Audit plan
- Risk registers are reviewed as part of pre-audit preparatory work
- Audit recommendations are reflected in risk registers where appropriate

Close working with the Corporate Customer Complaints team is intended to identify potential sources of risk and understand where controls in place are not working as designed.

Closer working with the Corporate Business Continuity team through:

- Corporate risk attendance at the monthly business continuity meeting to review Business Continuity Resilience reports that are submitted by each Service
- Introduction of the requirement for Amber or Red rated submissions to provide Service Risk Register reference
- Identification of thematic trends that may require capturing at a corporate level and be an indication of Emerging Risks
- Provision of guidance and clarity on items that should be included within business continuity resilience reports and risks to be included on service risk registers. This ensures resilience reports are focussed on issues that are presenting current, or imminent, operational difficulties

Work is underway to develop a Kirklees Council Risk Appetite Statement. A draft document has been shared with ELT, following which interviews with Service Directors are taking place to refine the content.

The approach to Risk Management training continues to adapt and deliver sessions tailored to meet the need of the organisation. Examples of which include:

- An e-learning module 'An introduction to risk management' is currently being developed by the Learning & Development team
- A full day workshop was delivered to Welfare & Exchequer colleagues, covering risk appetite and risk identification and culminating in creation of a new and comprehensive risk register for the Service
- 1 to 1 sessions have taken place with Adult Social Care Heads of Service, ensuring the Directorate risk register reflects the breadth of activity that is delivered
- Presentation to the Transformation Team outlining the Risk Management process and how this interacts with the Corporate Change Framework

Encouragingly there appears to be a greater organisational understanding of risk management, being used to drive improved clarity and accountability across operational processes. This includes recognising that the responsibility for developing, monitoring and operating a control framework may sit across multiple areas.

## Priorities for 2025-26

| <b>Objective</b>   | <b>Action</b>  |
|--|--|
| Develop and gain approval of Kirklees Council Risk Appetite Statement                                  | <ul style="list-style-type: none"> <li>• Agree organisational risk appetite for each risk category</li> <li>• Determine required route through governance</li> <li>• Use risk appetite to inform 2026-27 Corporate Plan</li> </ul>   |
| Focussed review of Red rated corporate risks   | <ul style="list-style-type: none"> <li>• In conjunction with risk owners undertake “deep dives” into Red rated corporate risks</li> <li>• Review existing controls and actions in place</li> <li>• Develop ‘path to target score’ timeline</li> </ul>  |
| Ensure Risk Management Group representatives are informed and empowered to fully contribute to process | <ul style="list-style-type: none"> <li>• Review of Terms of Reference, including attendance, of the Risk Management Group</li> <li>• Escalate where concerns exist / persist</li> </ul>  |
| Illustrate risk mitigation within Transformation activity  | <ul style="list-style-type: none"> <li>• In conjunction with the Transformation team review project management templates to introduce appropriate references</li> </ul>  |
| Drive distinction between ‘Risks’ and ‘Issues’ to ensure clarity on required actions                   | <ul style="list-style-type: none"> <li>• Consider the appropriate reporting mechanism for ‘Issues under management’, where risks have crystallised and are now being actively managed</li> </ul>   |
| Contribute to the development of an organisational wide assurance framework                            | <ul style="list-style-type: none"> <li>• Consider alternative mechanisms for receiving assurance on “business as usual” risks</li> <li>• Investigate opportunities for development of control standards and undertaking self-assessment</li> </ul>   |
| Build Horizon Scanning capability  | <ul style="list-style-type: none"> <li>• Work with Corporate Planning, and other relevant teams, to develop organisational approach to completing horizon scanning activity</li> </ul>   |
| Respond to organisational training needs   | <ul style="list-style-type: none"> <li>• Development of risk management Spotlight session</li> </ul>   |
| Complete risk maturity assessment  | <ul style="list-style-type: none"> <li>• Consider different strategies for completing an assessment of organisational risk maturity</li> </ul>   |
| Review options for improving robustness of risk management processes                                   | <ul style="list-style-type: none"> <li>• Third party risk management system / software</li> <li>• Further development internally utilising tableau or Power BI (specialist data management software)</li> <li>• Continue to engage with, and monitor progress, and share best practice with other Local Authorities</li> </ul> |

## **2. Information required to take a decision**

No decision required

### **3. Implications for the Council**

#### **3.1 Council Plan**

Successful delivery of the Council Plan, within budget and timescales, requires a clear understanding of risk. This includes (but is not limited to):

- Execution (implementation) or delivery risk
- Financial risk if implementation of required cost saving initiatives are delayed / stopped
- Reputational risk associated with certain decisions

Robust management of identified risks, including the implementation of required mitigants / actions is managed through various Council processes (depending on the nature of the actions, e.g. Cabinet, officer decision)

#### **3.2 Financial Implications**

Robust risk management contributes to the successful achievement of budget delivery and the medium-term financial plan. Additionally, effective risk management can support resource allocation to prioritise areas of highest risk, so preventing negative financial consequences such as enforcement fines or contract overspends.

#### **3.3 Legal Implications**

No direct implications. Legal, Regulatory & Compliance risk is identified as a risk category.

#### **3.4 Climate Change and Air Quality**

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

#### **3.5 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**

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

### **4. Consultation**

NA

### **5. Engagement**

NA

### **6. Options**

#### **6.1 Options considered**

For the Corporate Governance and Audit Committee to note and discuss any areas of interest or concern

#### **6.2 Reasons for recommended option**

The option and recommendation are relating to an Annual Report only. Therefore, there are no decisions required

### **7. Next steps and timelines**

An updated Annual Report will be presented in Q4 2025-26.

### **8. Contact officer**

Alice Carruthers, Senior Risk Officer  
[Alice.carruthers@kirklees.gov.uk](mailto:Alice.carruthers@kirklees.gov.uk)

Martin Dearnley, Head of Risk  
[martin.dearnley@kirklees.gov.uk](mailto:martin.dearnley@kirklees.gov.uk)

**9. Background Papers and History of Decisions**

Previous annual reports presented to the Corporate Governance and Audit Committee have been received, noted and discussed:

[Agenda for Corporate Governance and Audit Committee on Friday 19th January 2024, 10.00 am | Kirklees Council](#)

The Corporate Risk Report is presented to Cabinet on a quarterly basis:

[Agenda for Cabinet on Tuesday 13th August 2024, 1.30 pm | Kirklees Council](#)

[Agenda for Cabinet on Tuesday 10th December 2024, 1.30 pm | Kirklees Council](#)

Scrutiny Committees are encouraged to consider the Corporate Risk Report, either in its entirety, or with focus on specific risks areas relevant to their remit:

[Agenda for Overview and Scrutiny Management Committee on Friday 13th December 2024, 2.00 pm | Kirklees Council](#)

[Agenda for Overview and Scrutiny Management Committee on Friday 20th September 2024, 10.00 am | Kirklees Council](#)

**10. Appendices**

**11. Service Director responsible**

Samantha Lawton, Service Director - Legal, Governance & Commissioning