



Report to Audit Committee

Meeting Date – 25 March 2024
Key Decision – No
Public/Private – Public

Portfolio – Markus Campbell-Savours – Governance & Thriving Communities
Directorate – Resources
Lead Officer – Michael Roper – Acting Head of Internal Audit & Risk Management

Risk Management Progress Report (February) 2023/24

Summary: To provide an overview of the risk management work undertaken by Internal Audit and Risk Management since the previous update to the committee on 23rd January 2024.

Recommendations:

Members are requested to:

- (i) Note the report.

Tracking

Executive:	
Scrutiny:	
Council:	

1. Background

- 1.1. Delivery of robust risk management is essential to ensure the Council can meet stated objectives. Effective treatment of risk is the responsibility of management. Internal Audit and Risk Management provide an independent advocacy role in developing, embedding and continuously improving an appropriate framework to ensure risk is managed within the Council's risk appetite.
- 1.2. Integrated assurance supports the Risk Management Framework by enabling the organisation to maximise the coverage of assurance in a coherent and coordinated manner, avoiding duplication and identifying gaps across control functions, based on the three lines model, and improving the understanding of accountability and responsibility for the assurance activities for all Council services.

2. Proposals

Strategic Risk Register

- 2.1. Since the previous committee, the Strategic Risk Register has been reviewed and updated into the new report format which provides additional monitoring information for the Further Planned Activities and is included at Appendix 2 and is supplemented by a risk profile summary at Appendix 1. Amendments to the register are highlighted in **red text** for ease of reference for Committee members. Risks have also been linked to the Council Plan Delivery Plan.
- 2.2. The register content has been reviewed and approved by Senior Leadership Team on 6th March 2024.
- 2.3. Newly identified Causes have been included for the following Strategic Risk Registers:
 - 08 Financial Sustainability
Cause 13 - Submission of a formal equal pay claim by the Trade Unions.
 - 17 Culture
Cause 14 - Members do not know, understand, trust or connect to the strategic direction of the Council and so do not reflect the required culture, values and behaviours.
- 2.4. The following other significant changes should be noted:
 - Risk scores have increased for risk:
 - 01 Cyber Security Arrangements (Director Business Transformation and Change) from 15 to 25, with an increase to the likelihood risk score (from 3 to 5) due to the continuing geo-political situation.
 - Risk scores have decreased for risks:
 - 06 Workforce Capacity (Chief Executive) from 20 to 15 (likelihood score changed from 4 to 3), achieving its target.

- 09 Property Asset Management (Director of Resources) from 8 to 6 (impact score changed from 4 to 3), achieving its target score.
- 10 Climate Change (Director of Place, Sustainable Growth and Transport) from 12 to 9 (impact score changed from 4 to 3), achieving its target score.
- 13 Cost of Living Crisis (Chief Executive) from 12 to 8 (likelihood score changed from 3 to 2), achieving its target score.
- 14 Business Continuity Planning (Director of Resources) from 9 to 6 (likelihood score changed from 3 to 2), achieving its target score.
- 15 Public Health Emergency (Director of Public Health and Communities) from 15 to 12 (impact score changed from 5 to 4), achieving its target score.
- 17 Culture (Chief Executive) from 20 to 15 (likelihood score changed from 4 to 3), achieving its target score.
- 18 Opportunity – PMO (Director Business Transformation and Change) from 15 to 12 (impact score changed from 5 to 4), achieving its target score.
- 22 Hosted Services (Director of Resources) from 16 to 12 (likelihood score changed from 4 to 3), achieving its target score.
- Several long standing risk areas have maintained their control environments at their target scores and continue to embed further controls:
 - 02 Management of ‘Significant’ Contracts and Partnership.
 - 05 Strategic Policy Framework.
 - 04 Safeguarding of Children.
 - 07 Workforce Health and Safety.
 - 20 Information Governance.
 - 21 Community Engagement.

2.5. To improve accountability and ownership of further planned activity, the new report format record includes progress of the activities within action logs for each strategic risk, with responsible officers and timescales for completion included.

Deep Dive Reviews

- 2.6. A deep dive review of risk 16 Children’s Services Demand is scheduled for this Committee, with a verbal update also scheduled to be given by the Director of Adult Social Care and Housing on risk 12 Adult Social Care Demand.
- 2.7. Future deep dives are to be agreed by the Committee on a rolling basis, with reviews requested for the May 2024 meeting for risks 08 Financial Sustainability and 06 Workforce Capacity.

Risk Management Framework

2.8. The Risk Management Framework corporate SharePoint site is now available to all officers via the Cumberland intranet (since 27th October).

- 2.9. Training and awareness sessions have been delivered to 24 AD Service Management Teams so that officers responsible for completing risk registers are aware of the process.
- 2.10. Risk Management training for Members by Zurich Municipal was delivered after the 23rd January Committee meeting.
- 2.11. Work is ongoing to develop a corporate method to centrally store risk management registers and the e-learning module is being updated to reflect the change in risk appetite.

Risk Appetite

- 2.12. A meeting was held between the Corporate Director Business Transformation and Change, Corporate Director of Resources, Chief Legal Officer, Chief Finance Officer, Head of Internal Audit and Risk Management and the Risk Manager to discuss the Council's current risk appetite.
- 2.13. The conversation recognised a need for the Council to apply closer scrutiny to those risks currently scoring outside the Council's appetite, prompting a review of the current risk appetite. The proposed revised risk appetite was presented to SLT on 10th January 2024 and approved at ELT 14th February. The revised Risk Assessment and Risk Response is attached at **Appendix 4**, and has been updated to classify those risks scoring 20-25 as "Severe" with a monthly update review by SLT.

Operational Risk Registers

- 2.14. Internal Audit and Risk Management have been working with the Council's management team to determine progress made within each Assistant Directorate on developing Operational Risk Registers, including Significant Operational risks.
- 2.15. Draft Significant Operational Risk Registers have been given to two service areas, and advice on Operational Risk Registers have been given to three service areas.

Risk Management Improvement Plan

- 2.16. The Risk Management Framework will continue to be rolled out across the Council and to assist with this process a Risk Management Improvement Plan, provided in Appendix 3, provides details of further improvement activity that will ensure the arrangements continue to be developed and embedded.

3. Alternative options considered

- 3.1. None.

4. Conclusion and reasons for recommendations

- 4.1. The Audit Committee is responsible for overseeing the implementation of the Council's Risk Management Framework. This reports an update of the progress made in implementing this framework, including the content of the Council's Strategic Risk Register.

Implications:

Contribution to the Cumberland Plan Priorities – Risk Management ensures the Council has mitigating strategies in place to prevent risks to the achievement of all strategic business objectives.

Relevant Risks – Stated in the report

Consultation / Engagement -

Legal – None

Finance – None

Information Governance – None

Impact Assessments –

Have you screened the decision for impacts using the Impact Assessment?

If you have not screened the decision using the Impact Assessment, please explain your reason

Contact details:

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Appendices attached to report:

- Appendix 1 - 2023-24 Strategic Risk Register Review Period 06 Summary Profile - Risk Rating Order
- Appendix 2 - 2023-24 Strategic Risk Register Review Period 06
- Appendix 3 - 2023-24 Risk Management Improvement Plan - Review Period 06
- Appendix 4 - 2023-24 Risk Assessment and Risk Response

Background papers:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers: