

TITLE	Corporate Risk Management
FOR CONSIDERATION BY	Audit Committee on 22 February 2021
WARD	None Specific
DIRECTOR	Deputy Chief Executive & Director of Resources and Assets - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant risks.

RECOMMENDATION

The Audit Committee is asked to consider and note the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR (Appendix A).

SUMMARY OF REPORT

One of the roles of the Audit Committee is to provide assurance on the adequacy of the Council's Risk Management Strategy and associated control environment. It does this by periodically reviewing the Strategy, and evaluating the effectiveness of the Corporate Risk Register.

At its previous meeting on 23 November, the Audit Committee received an update on the latest Council Corporate Risk Register (CRR) and were provided by a detailed update by the Director of Children's Services on the key risks in her directorate. Since the last meeting, Directors have updated their Directorate Risk Registers and considered any further changes to the CRR. The details of the CRR is attached to this report (Appendix A).

There have been two new risks added to the register since the last report to the Committee. These are "Elections 2021" and the risk of market failure. Details of all significant changes are explained in paragraph 2.3.

Background

- 1.1 The Council's Constitution sets out the remit of the Audit Committee as follows with regard to Risk Management.

Extract from Constitution (paragraph 4.4.3.2 (d))

To provide an independent assurance of the adequacy of the Risk Management Strategy and the associated control environment. In particular:-

i) To receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;

ii) To receive quarterly reports reviewing implementation of the Council's Risk Management Policy and Strategy to determine whether strategic risks are being actively managed;

iii) To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur;

iv) To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of Enterprise Risk Management (ERM) as and when specific training needs are identified.

- 1.2 The Audit Committee has historically received a report on the Corporate Risk Register at each meeting (ii above). The remit of the Committee is to gain assurance on the risk management process as opposed to a detailed analysis of individual risks. In discharging this responsibility, the Committee is advised to focus its review in seeking assurance that the risk management framework ensures that new key risks are identified, that risk mitigations are in place and are effective, and that management action ensures a match with the risk appetite of the Council.

Corporate Risk Register

- 2.1 The Enterprise Risk Management Policy (ERMP) states that the Corporate Leadership Team (CLT) is responsible for identifying and managing the Council's risks and opportunities, and for setting an example to staff. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis.
- 2.2 Since the November 2020 meeting of the Audit Committee, Directors and Assistant Directors have reviewed their directorate risk registers and considered whether any new risks have emerged. Changes made since the last meeting fall into the category of either presentational or new/removed risks.
- 2.3 The main changes to the composition of the register are as follows:-

Changes to headline assessments of existing risks

- Budgeting and Financial Management risk (no.1) has been re-assessed from “very high” to “high” following the proposed balanced budget to be presented to Council on 18 February. However, it remains a “high” risk due to the uncertainties around local government funding in 2023 and beyond.
- The “End of the EU Transition” risk (no.10) has been updated to focus more specifically on the risk that the EU decides against providing sufficient GDPR adequacy status to the UK, which would make the UK a ‘third country’ for data protection purposes.
- The Adult Social Care Provider Failure Risk (no.12) has reduced in severity from “very high” to “high” as a consequence of the positive impact of mitigating actions.
- The Climate Emergency risk (no. 13) has been updated to reflect the Climate Emergency Task and Finish Group’s report and recommendations which were agreed at Executive on 29 October.
- The description of the equalities risk (no. 17) has been revised to reflect the Covid-related impact to this risk noting the Council’s proposed approach to tackling poverty and new Equality Plan (to be considered by Executive later this month).
- The Pandemic risk (no. 18) has been updated to reflect the outcomes of Overview & Scrutiny in considering the Council’s response to the first wave. The overall findings of the Scrutiny process were that the Council’s response to the pandemic had been very positive but noting the Council has continued to respond to the pandemic as the Borough has moved into new lockdown arrangements.
- The Housing Numbers (no. 19) has been re-assessed from “high” to “medium” following the Government announcement in mid-December that it planned to prioritise urban and brownfield sites.
- Two new corporate risks have been added:-
 - Market failure (no 20) reflecting the economic and financial impacts of Covid-19 on key providers of Council services.
 - 2021 Elections (no. 21) reflecting the additional challenges of delivering successful elections against a backdrop of public health restrictions.

No existing risks have been removed since the previous report to the Committee.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue

Following Financial Year (Year 3)	£0	Yes	Revenue
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Other financial information relevant to the Recommendation/Decision
Effective risk management mitigates financial risks associated with the Council achieving its objectives.

Cross-Council Implications
Risk management influences all areas of the Council – effective risk management is one of the ways assurance is provided that the Council’s key priorities and objectives will be achieved.

Reasons for considering the report in Part 2
Not applicable

List of Background Papers
Previous Corporate Risk Register papers to Audit Committee Enterprise Risk Management Strategy and Policy

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