

<b>TITLE</b>	<b>Corporate Risk Register</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 2 February 2022
<b>WARD</b>	None Specific
<b>LEAD OFFICER</b>	Deputy Chief Executive - 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 30 November, the Audit Committee received an update on the latest Council Corporate Risk Register (CRR). Since the last meeting, through the RISK Champions Group, 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).

The Deputy Chief Executive and Director of Resources & Assets will attend this Committee to review the risks in his area and specifically give an overview of risk no 1 (Budget and Financial Resilience).

No new risks have been added since the last meeting of the Committee. However, the report contains clarifications and further information called for at the last meeting.

## **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.

1.3 The Audit Committee may like to consider these questions in relation to the risk register:-

- Is the total level of risk faced by the Council acceptable?
- Do management and others within the Council have a clear understanding of what risks are or are not acceptable to the Council?
- Are all significant internal and external operational, financial, compliance and other risks identified and assessed on an ongoing basis?
- Are all agreed actions identified by management to mitigate risks being implemented in accordance with stated timescales, monitored and reviewed?
- Has the risk management policy and strategy been communicated widely to all staff and Members?

## **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 30 November 2021 meeting of the Audit Committee, Directors and Assistant Directors have reviewed their directorate risk registers and considered whether any new risks have emerged. The Risk Champions group has also met to consider the register in more detail and embed the connection between directorate risk registers and the Corporate Risk Register. 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:-

### **Presentational**

Changes have been to the presentation of the register to show more clearly:-

- the current assessment of each risk,
- the risk “appetite” and
- the connection between mitigating actions and achieving the desired level of risk i.e. the risk appetite.

### **Additional Commentary – follow up from last meeting of Committee**

#### **Climate Emergency risk mitigations**

Members asked previously for further clarification of the mitigation of this risk. Officers report that the climate emergency agenda presents a number of risks to the Council linked to both external and internal factors:-

- The actual impacts of climate change in terms of extraordinary weather events such as storms or extended periods of hot / cold weather, particularly with regard to more vulnerable groups. The development of the Adaptation Plan will be key to mitigating these risks.
- The dependency on the actions of others, both organisations and individuals, to achieve our carbon reduction aspirations. This includes the need for shifts in government policy and funding, technological and societal change, and the complexities of the behaviour change required at the level of individual choice. The continued development and evolution of the Climate Emergency Action Plan (CEAP) will be the primary mechanism for minimising this risk over time.
- The capacity and resources available to the Council for tackling its own carbon emissions and to provide community leadership in demonstrating its own commitment to climate emergency priorities carries a substantial reputational risk, especially given high levels of public scrutiny. This includes financial challenges and competing priorities, for example affordability in delivering the new homes, schools and other infrastructure required to meet community needs whilst also aspiring to zero or low carbon impact.

One of the risk mitigations is the internal audit of climate emergency which is currently underway. It is understood that some members of the Committee have expressed concerns about the scope of the audit. A verbal update will be provided to the meeting.

**Adult Social Supplier Sustainability and Sufficiency (risk no. 7)**

The description of this risk has been updated to more clearly describe the risk itself. Adult Social Supplier Sustainability and Sufficiency. There has been significant pressure on care providers due to Covid-19. The Council has responded by working closely with suppliers and mitigating the risks to residents.

**Risk 12 High Needs Block**

A verbal update will be provided at the meeting on funding for Winnersh Farm School and impact on High Needs Block Deficit.

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	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

**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.

**Public Sector Equality Duty**

This is a report to note. An equalities impact assessment is not therefore required.

***Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030***

This is a report to note. However, attention is drawn to the Climate Emergency risk referenced in the risk register.

**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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