

## **Risk Management Update**

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### **Purpose of the Report**

1. This report is provided to inform committee of the status of the Consolidated Risk Register (Strategic and Category Risks) as at 30 July 2020, as well as to provide assurance on risk management arrangements across the authority.

### **Public Interest**

2. Risk can be described as “The effect of uncertainty on objectives, often described by an event or a change in circumstances”
3. Risk Management can be described as the coordinated activities to direct and control an organisation with regard to risk.
4. South Somerset District Council looks to ensure effective risk management arrangements are in place to help the Council maximise its opportunities and minimise the impact of the risks it faces. Effective risk management should improve our ability to deliver key priorities, improve outcomes for residents, maintain good governance and minimise any damage to its reputation

### **Recommendations**

5. That Audit committee:
  - a) Note and comment on the risk management arrangements in place
  - b) Note the completion of the quarterly update to SSSDC risk registers (completed 31 July 2020), as summarised in the confidential appendix (Appendix 1).

### **Background**

6. The Council’s risk management process consists of a series of co-ordinated activities, applicable to all levels and activities of the Council. This involves:
  - Establishing context - Understanding of key outcomes and objectives for the organisation, directorate or service being assessed.
  - Risk identification - Risks to the organisation are identified and described
  - Risk analysis and evaluation - Scoring and prioritising the risks based on likelihood and impact in order to determine appropriate response
  - Risk treatment - Deciding what to do about the risks
  - Resourcing controls and action planning - Putting controls into place and planning actions to reduce risks to an acceptable level within an agreed time frame.
  - Risk escalation - The escalation or downgrading of risks between the strategic, directorate and departmental levels of the Council.
  - Risk reporting and monitoring - Risks change and so need regular monitoring and reporting to appropriate stakeholders.

7. In November 2019 the Council's approach to risk management was reviewed with the objective to ensure it is operating efficiently, effectively and supports the new council approach to achievement of its objectives.
8. The risk approach is based on the organisational ethos of "One Team". This is intended to create a risk management approach that looks at risk holistically across the organisation, rather than focussing on performance risks in individual functional units which can lead to silo thinking and inefficiencies.
9. The SSDC risk approach is now based on a framework of risk registers, which can be summarised as:
  - Strategic Risk register which records the significant long term risks facing the authority
  - Category registers which will capture corporate risks as well as provide oversight of all project risks coded to a specific category
  - "Project" risk registers, developed for projects, initiatives and significant areas of work
10. The principles of how risks are managed in the authority are described in the risk management policy issued February 2020.
11. As part of these arrangements Audit Committee are invited to:
  - Review and monitor the effectiveness of risk management arrangements
  - Obtains assurance on the effectiveness of risk and internal control arrangements
  - Review the Strategic Risk Register on a regular basis
12. A Risk Summary is provided in appendix 1 (confidential) to provide committee with an overview of the content of the strategic and category risk registers. This shows both inherent and residual risk scores. This summary also illustrates any changes in the SSDC risk profile occurring between 30<sup>th</sup> April 2020 and 30<sup>th</sup> July 2020 as recorded in the risk registers.

### **Summary of risk position at 31 July 2020 and points of note**

13. The previously agreed approach to maintain and update the risk register through review with risk category leads has been maintained, with the quarterly assessment and reviews with risk owners and category leads taking place between 14 - 27th July. The Risk Summary provided in the confidential appendix (Appendix 1) reflects the outcome of this update.
14. Any changes in the councils risk profile compared to the previous quarter are illustrated in the Risk Summary.

### **Key points to note with regards to content:**

15. The consolidated risk register includes the strategic and category risk registers as developed for:
  - Finance
  - Staffing and capacity
  - Health and safety
  - Reputation
  - Project and programme delivery
  - Delivery of services
  - Governance and legal

16. In addition specific project risk registers related to significant change projects are also included in the published register. These include:
- Future state
  - Digital strategy
  - COVID 19
17. Project risk registers related to the regeneration projects and Stronger Somerset are not included in this consolidated risk register as they have their own project boards and governance structure where these project risks are reviewed.
18. The risk register for COVID 19 was introduced in response to the pandemic and was developed initially by officers with input from external partner risk registers. This draft was then developed further through input from the SLT/LMT group in a COVID risk workshop. This risk register is now being reviewed and updated fortnightly by the GOLD team.

A specific review of this COVID register has been undertaken with risk category leads in order to avoid duplication of risks due to the COVID risk register being developed independently. On that basis, a small number of “duplicate” risks have now been consolidated.

19. A project register for Future State is still being maintained, but decision is pending to confirm the migration or closure of the Future State Risks. This will be informed by the recommendations of the Transformation close out report.
20. New project risks have been proposed relating to delivery of the Digital Strategy which will be developed further with the Digital Team.
21. A collective review and update of the H&S risks is planned for the Health and Safety Steering Group meeting scheduled for the 25th August, to address audit findings detailed below in item 9
22. **Publication.** The consolidated and category risk registers are now published and updated quarterly on the Portal, to support transparency on risk and risk management, and to encourage active review by officers.
23. **Audit findings.** In July 2020 a SWAP Risk audit was conducted with a number of priority 3 recommendations being identified. The improvement actions proposed and current status as at 8<sup>th</sup> October 2020 are listed below.

	<b>Issue</b>	<b>Proposed action</b>	<b>By</b>	<b>Status</b>
1	Positive impacts from risks not captured	• Develop an Opportunity Scoring matrix	Oct 20	Open
		• Increase focus on Opportunities in future reviews.	Oct 20	In Progress
		• Review scope to integrate Risk Management process to lessons learned and audit processes	Nov 20	Open
2	Risks are under scored on the risk matrix	• Rescoring of H&S risks with H&S steering group	Sept 20	Closed
		• Increase challenge to risk scoring with risk owners	Ongoing	-
		• Source risk training for officers.	Nov 20	Started

3	Inadequate / poorly defined controls	<ul style="list-style-type: none"> <li>Review all open risk actions, confirm ownership and closure dates</li> </ul>	Oct 20	In Progress
		<ul style="list-style-type: none"> <li>Existing risk controls to be reviewed with risk owners to validate actual status</li> </ul>	Nov 20	In Progress
4	Risk being missed	<ul style="list-style-type: none"> <li>Provide greater clarity on responsibilities of risk owners, category leads and management team in order to enable effect risk management</li> </ul>	Nov 20	Open

24. **Process improvements.** Additional support to the risk management process has now been established. This has led to significant process improvements in the recording and review of risks. In summary these include:

- Each risk owner now has direct access to the shared Risk Register to review and edit the risks. Appropriate version control in place.
- Improved guidance has been made available to risk owners and category risk leads on their responsibilities.
- Greater clarity on deadlines for reviews provided to maintain the reporting structure set out, to ensure that the approved risk register can then be presented to the Audit Committee at the next appropriate meeting.

Audit Committee's observations and comments to the risk arrangements and Risk Summary are welcomed.

### Financial Implications

None.

### Council Plan Implications

Effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving our ability to deliver key priorities, improve outcomes for residents, maintain good governance and minimise any damage to its reputation.

### Carbon Emissions and Climate Change Implications

None.

### Equality and Diversity Implications

None.

### Background Papers

None

**Please note:**

The Press and Public will be excluded from the meeting if members wish to discuss the confidential appendix in detail, Audit Committee will consider this in Closed Session by virtue of the Local Government Act 1972, Schedule 12A under paragraph 3 (or for any other reason as stated in the Audit Committee agenda):

“Information relating to the financial or business affairs of any particular person (including the authority holding that information).”

It is considered that the public interest in maintaining the exemption from the Access to Information Rules outweighs the public interest in disclosing the information.

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