

## AUDIT AND GOVERNANCE COMMITTEE

Thursday 27<sup>th</sup> October 2022

### REPORT OF THE ASSISTANT DIRECTOR FINANCE

#### RISK MANAGEMENT QUARTERLY UPDATE

##### **Purpose**

To report on the Risk Management process and progress for Quarter 2 of the 2022/23 financial year.

##### **Recommendations**

- **That the Committee endorses the Corporate Risk Register.**

##### **Executive Summary**

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the Authority's Strategic risk management arrangements. This report includes the actions taken to manage those risks and raises issues of concern that may impact the Authority. Corporate risks are identified, managed, and monitored by the Corporate Management Team (CMT) on a quarterly basis.

A copy of the current Corporate Risk Register is attached, as **Appendix 1**. The control measures contained have been developed to reflect the actions in the 5-year corporate plan. The revised Risk control measures will ensure the delivery of the strategic objectives, as detailed in the 2022-25 Corporate Plan, and minimise the risk of strategic drift.

The nature of some action points contained within the Corporate Plan can be identified as tasks or services rather than risk controls. These items are not included but will be monitored by other risk control measures such as service plans and budget management. Other actions in the plan will be grouped under a common risk control. The others are by their nature a risk control and so can be included directly into the report. To clarify this a summary of these are shown in **Appendix 2**.

The Operational risk champions group have met to discuss cross service risks and will report items of significance that could affect the strategic risks. The recent meeting of the group restated the issues previously reported relating to increased costs and supply shortages. Significant items of shortage leading to increased costs remain particularly in gas, fuel supplies and construction. This issue continues to be monitored, and mitigating measures adopted where possible. As is the case with many organisations there continues to be pressures on the retention and recruitment of staff, although this varies between skill sets.

These do not all directly affect the provision of our services but continue to have an upward pressure on costs as inflation increases or lengthen project delivery

timetables. The heightened risk of cyber-attacks remains due in part to the continuing conflict in Ukraine. The Technology and Information team continue to take steps to mitigate our exposure to these and any other Cyber threats.

In addition, and following the recent mini budget on 23<sup>rd</sup> September, there are possible cost pressures expected due to the financial markets' response to the contents of that budget. There is an increased likelihood of a rise in interest rates, and it can be expected that this will have a negative effect on the price of goods and services but a positive effect from the return from the Council's Treasury investments.

More recently the publication of information from the National Grid identifies a possibility of power cuts during the winter period. These would be localised and for periods of 3 hours. There is limited information on this at this time, but discussions are being held within the relevant teams and with the CCU to ensure we identify areas of concern and establish priorities should this become a reality.

At the same time as rising supply costs there is the potential for a fall in income as the disposable income of the general public reduces due to the pressures on the household purse. This has the potential to affect collection rates for Council Tax and Housing rents. The situation will be monitored through the monthly budget monitoring process.

### **Options Considered**

None.

### **Resource Implications**

None.

### **Legal / Risk Implications**

There are no direct legal implications from this report but failure to manage strategic risks could lead to issues in delivering strategic priorities.

### **SUSTAINABILITY IMPLICATIONS**

None

### **BACKGROUND INFORMATION**

None

### **REPORT AUTHOR**

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### **LIST OF BACKGROUND PAPERS**

None

### **APPENDICES**

**Appendix 1 Corporate Risk Register Qtr. 2**

**Appendix 2 Corporate Plan 2022-25 Control Items**