

AUDIT AND GOVERNANCE COMMITTEE

Tuesday 27th June 2023

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT QUARTERLY UPDATE

Purpose

To report on the Risk Management process and progress for Quarter 4 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 3-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 corporate risk register has been updated by CMT and several notes and risk control measure due dates have been revised where they are ongoing or part of a project that finishes in the next financial year. There has been no change to the overall risk profile since the quarter 3 report was presented as summarised in **Appendix 2**.

The operational risk champions group did not meet during quarter 4 instead Heads of Service and their managers were invited to attend Risk Management training which was provided by Zurich. The training was well attended with 17 officers joining us in March 2023 and 21 officers in April 2023. Head of Service and Managers attending were tasked with reviewing the risks within their own department's risk registers and ensuring that descriptions of risks were specific, meaningful, and that any risk controls measures are clear and "smart" based on what they learnt during the training session.

As a follow-up from the training sessions risk management workshops have been organised in June 2023 for each directorate. The information obtained from these workshops regarding directorates' current and emerging risks will enable Zurich to independently appraise the current Corporate Risk Register and make recommendations and suggest updates for the Corporate Risk Register for 2023/24.

The World Economic Forum have published “The Global Risks Report 2023 18th Edition” and reported that the current manifesting risks for 2023 are still as follows:

- Energy supply Crisis
- Cost of Living Crisis
- Rising Inflation
- Food supply crisis
- Cyberattacks on critical infrastructure.

These risks will continue to have an upward pressure on supply and costs. At the same time as rising supply costs there is also the potential for a fall in income as the disposable income of the public reduces due to the pressures on the household purse. This has the potential to affect collection rates for Council Tax and Housing rents and it is also possible that income to attractions and events will reduce. The situation will continue to be monitored through the monthly budget monitoring process.

The World Economic Forum Global Risk Report 2023 also provides predictions of global risks for the next 2 and 5 years (See **Appendix 3**), the top five risks for the UK (see **Appendix 4**) and the risks from a public sector perspective (see **Appendix 5**). Cost of living dominates all the reports over the next two years while climate action failure dominates the next decade. 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.

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

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LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 Corporate Risk Register Qtr. 4

Appendix 2 Corporate Risk Profile summary

Appendix 3 Global risks for the next 2 and 5 years

Appendix 4 UK Top 5 risks

Appendix 5 Public Sector risk connections

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