

AUDIT AND GOVERNANCE COMMITTEE

Wednesday 15th November 2023

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 2023/24 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 reviewed and current risk scores and notes have been updated by CMT for quarter 2 reporting.

There has been a positive change to the overall corporate risk profile since quarter 1 (see Appendix 2 Risk Matrix Summary). The Council's high to medium risk profile remains unchanged, however Risks 2 and 4 have moved from medium/low risk to low risk.

The operational risk champions group met during quarter 2 to gather information and monitor significant risks across service areas. From the recent meeting of the group no issues of note were raised to bring to CMT or include in the corporate risk register. The risk champions are reviewing their departments' operational risks, and the current reporting process following feedback from Zurich workshops and will feedback at the next meeting.

The current manifesting risks listed below for 2023/24 remain unchanged:

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

There is some concern regarding the economic impact of the Israel-Hamas war. During quarter 2 oil prices have increased since Saudi Arabia and Russia cut their production to support the global market, and events in Israel and Palestine have sparked further increases. Inflation stayed at 6.7% in September, according to the Office for National Statistics. Petrol and diesel costs kept inflation up, the ONS says, but food and non-alcoholic drink prices fell for the first time since September 2021.

These risks will continue to be monitored and the impact they have on supply and costs to the Council. 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 households. This has the potential to affect collection rates for Council Tax and Housing rents, 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.

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. 1

Appendix 2 Risk Matrix Summary