

Audit Committee

07 November 2019



Title	Corporate Risk Management		
Purpose of the report	To note		
Report Author	Punita Talwar, Internal Audit Manager		
Cabinet Member	Councillor Tony Harman	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee is asked to note the report and recommend the Corporate Risk Register to Cabinet for approval.		
Reason for Recommendation	Cabinet has oversight of the Council's management of risk.		

1. Key issues

- 1.1 The Corporate Risk Register ensures the Council's significant risks are identified, managed and monitored. A risk is the chance of something happening or not happening that will have an influence upon the achievement of an organisations objectives. Risks may include failure to not seek positive opportunities.
- 1.2 One of the actions arising from a corporate management team meeting of 9 July 2019 was to 'Consider a review of the way the corporate risk register is put together with a focus on portfolio holders for strategic risk and officers on operational risks'. As the Council's significant risks could be deemed as having both strategic and operational implications, it is not straightforward to differentiate between what is a 'strategic' or 'operational' risk for reporting purposes and arguably this could be perceived as a simplistic approach. Nonetheless this is an area that may be subject to further discussion at a future Corporate Risk Management Group together with steer from the Corporate Management Team and Portfolio holder. This may be facilitated also by further development of the corporate risk management process over time and the promotion of 'embedding a risk management culture' across the organisation. For now, therefore we have continued to assign accountability for actions to named officers but providing reference to the relevant Portfolio Holder in each case to facilitate oversight. See also paragraph 1.4 below.
- 1.3 The Register continues to highlight the direction of travel in implementing risk mitigating actions, ascertained from the status of actions previously recommended/identified. The narrative in the 'Progress' column supports the

Red/Amber/Green (RAG) status granted and outlines developments where appropriate/advised by the accountable officer. In some areas new risk mitigating actions have been highlighted, which require monitoring. Overall positive progress has been made in a number of areas albeit some actions have not been fully implemented and/or are ongoing. There are currently no risk categories to which a red status has been assigned. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).

- 1.4 At the request of the Chair of the Audit Committee, accountability for addressing risk mitigating actions has been restricted to one named officer (as far as possible) to improve ownership and assist monitoring. In some cases these lead accountable officers also rely on information from other Services to enable them to progress actions so this needs to be taken into account.
- 1.5 There are some risk categories where accountable officers have not responded in terms of providing updates on progress in implementing risk mitigating actions (reminders have been issued). These have been highlighted in the progress column. Where the Internal Audit Manager is aware of developments these have been recorded, however this is not ideal as it is the responsibility of accountable officers to advise on the status of all actions, as this encourages ownership for perusal of actions. The Audit Committee recognise the importance of this and therefore the Chief Executive may wish to reiterate to all Managers the importance of providing responses, given that the Council's Corporate Risk Register represents the Council's most significant risks and is regularly reported to MAT, Audit Committee and Cabinet.
- 1.6 The most significant risks to be highlighted at this review for consideration by Management Team , Audit Committee are set out at 1.4 (a) to 1.4 (e) below:

- (a) **Cybersecurity (6)** Following the recent annual health check and ICT Security penetration test any risks highlighted have been addressed. Spelthorne successfully achieved Public Service Network (PSN) certification. Testing is currently underway to be followed by revised and more robust password policy application (this has already been implemented for Councillors with staff rollout to follow).

Financial Risk (15) – Income Generation (Property) - An internal audit review has been undertaken for Commercial Asset Acquisitions and Investments and findings have been discussed with Management. The review highlighted that overall there are no significant issues to report albeit there are opportunities to further strengthen the control environment in some areas.

Work is underway to deliver a new Property Management System to effectively manage Spelthorne's property portfolio (investment, community, commercial and residential properties). The initial 'go live' implementation for the acquired software is set for end of September 2019, to be followed by a period for the uploading of the property, sales ledger and finance information. Within this there will be extensive testing to ensure it is robust. It is currently anticipated that the final 'go live' for billing will be April 2020 (subject to billing timescales) and additional

financial resource has been appointed to support the Assets team with implementation.

- (b) **Heathrow Expansion (16)** - A new risk category has been included on the Corporate Risk Register relating to this area giving reference to the significant impact on the Borough and residents (such as noise levels, increased congestion and pollution, reduced green belt and open spaces). A number of robust measures being taken by Spelthorne in response to this are set out in the register (clearly defined expectations and requirements as well as recommended actions). (See paragraph 1.5 also).
- (c) **Political Uncertainty (17)** - Planning and preparation for Brexit prevails in the context of continued uncertainty. The Government continues to send out information regarding a “No Deal” Brexit scenario. However, there has been a lack of clarity on the direct implications for local authorities in relation to changes in the law. Lawyers in Local Government (LLG) have produced guidance for councils on Brexit Secondary Legislation which has been circulated by the Group Head for Commissioning and Transformation as Spelthorne’s lead coordinating officer for Brexit.
- (d) **Environmental risk (20)** – This gives reference to climate change implications, setting out the sustainability measures Spelthorne are taking to demonstrate social responsibility in response to this significant global threat. The Government has now committed to net zero carbon emissions by 2050 and declared a climate emergency. Local councils are required to take appropriate responsible measures and the register sets out some new risk mitigating actions underway or for perusal (see paragraph 1.5 also).

1.7 Several new risk mitigating actions underway or for perusal have been recorded on the risk register, relating to:

- Financial Risk - Income Generation (Property) – risk category 15 – (Effective implementation of Property Management Software and recommendations arising from recent internal audit review)
- Heathrow Expansion – new risk category 16 (Liaison with relevant partners and stakeholders to ensure strategic requirements for Spelthorne continue to be highlighted and monitored)
- Environmental risk (Climate Change) – risk category 20 (Development of sustainability strategy and review of associated policies/action plans)

2. Options analysis and proposal

2.1 To note and accept the contents of the Corporate Risk Register including any new risk categories and new risk mitigating actions underway or for perusal. The revised register is considered to be an accurate reflection of the high level risks affecting the Authority, as well as the progress made on actions previously proposed, based on our assessment of risk and controls in

operation. (Preferred option)

Or:

2.2 To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

3. Financial implications

3.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets as far as possible. There may however be some areas where additional resource /time/management support is required in order to implement risk mitigating actions.

4. Other considerations

4.1 The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives (performance management), failure in service delivery (this spans several risk categories), anticipated project outcomes not being met, financial losses and poor value for money, non-compliance with regulatory requirements, a failure to demonstrate corporate social responsibility and negative publicity/reputational damage. The five most significant risk categories identified as part of this review include Cybersecurity, Heathrow expansion, financial risk - income generation (Property), Political uncertainty (Brexit) and environmental risk. Management Team may therefore need to assess if these areas are being adequately managed or require further resource/time and support.

5. Timetable for implementation

5.1 The Corporate Risk Register shows officers responsible for progressing actions, together with target timescales for implementation. The register is reviewed and updated three times a year, coordinated and reported by the Internal Audit Manager.

Background papers: There are none

Appendices: Corporate Risk Register