

Audit Committee

19 March 2020



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 notes the Corporate Risk Management report and Register at Appendix 1.		
Reason for Recommendation	Not applicable		

1. Key issues

- 1.1 An external trainer provided risk management training to Members of the Audit Committee in October 2019. This initiated some useful discussion and further to this, the Deputy Chief Executive and Internal Audit Manager have worked with the external trainer (Elizabeth Humphrey) in progressing the development of corporate risk management at Spelthorne. As part of this work changes have been proposed to the Corporate Risk Register with the aim of making it a more concise document, focussing on factors and influences that present uncertainty in the Council achieving its corporate objectives and ensuring alignment with the corporate priorities. The effect of this uncertainty on objectives could be either a risk or an opportunity, and these should be managed in accordance with the revised risk management policy.
- 1.2 A draft version of the refreshed Risk Management Policy is also reported to the Audit Committee for initial review and comment. This gives reference to linkages with other corporate processes such as service planning and performance management.
- 1.3 In progressing the revised approach for the corporate risk register, a mock risk category has been prepared focused on one priority objective relating to housing delivery, with input from relevant Officers. The new proposed format builds upon previous work, giving greater emphasis to causes and consequences of risks and the RAG (Red, Amber, and Green) scoring approach is intended to prioritise risks for action based on likelihood and impact. Risks that fall in the red zone will always be included in the new

Corporate Risk Register as representing the most significant risks. Risk scoring will also give consideration to the Council's risk appetite in due course. Implementation of the risk action plan is intended to move the risk scoring in a positive direction over time and therefore consideration will need to be given to the robustness of actions proposed if they are to have a significant effect on risk mitigation and successful achievement of corporate objectives. The mock risk (attached at Appendix 2) has been shared with the Audit Committee in January for consideration of the new format and there will be an opportunity for further discussion around the desired approach at the meeting.

- 1.4 The Corporate Risk Register will continue to ensure that the Council's most significant risks (i.e. those relating directly to the achievement of corporate priorities and objectives) are identified, managed, monitored and reported. A maximum of 10 corporate risks will be included on the register in line with best practice. Where risks do not make it on the corporate risk register, they will need to be monitored and managed and this is referred to in the policy. Discussions will continue to take place to ensure effective processes are established and maintained to avoid losing sight of less significant risks.
- 1.5 As the risk register is evolving and will be subject to further discussion with Members, as part of the current review, we have reverted to the previously established format and much of the former content has been removed to enable Management Team and Members to focus on key corporate risks (eight risk categories) relating to achievement of corporate priorities and objectives. The corporate priorities are currently under review and well advanced, representing an evolution of existing priorities. The attached Register at Appendix 1 refers to the corporate priority areas as follows:

Housing

Clean, Safe and Sustainable Environment

Financial Sustainability

Economic Development
- 1.6 Taking appropriate action on risk is of course an essential part of effective risk management. Therefore accountability for risk actions continues to be assigned to named officers (where known) to promote ownership with reference to the Portfolio Holder in each case to facilitate oversight. Reference to a 'Lead Officer' has also been introduced as this is often a different person to the accountable officer.
- 1.7 The attached version of the register at Appendix 1 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 and it is being shared with the Corporate Risk Management Group.

1.8 The most significant risks to be highlighted at this review for consideration by Management Team and Audit Committee are set out at 1.8 (a) to 1.8 (f) below:

- (a) **Housing Delivery (Housing) (1)** - The mock risk category shared with Audit Committee in January focused on the corporate objective relating to housing delivery (referred to at paragraph 1.3 above) and several risk mitigating actions are underway or for perusal. Housing and Homelessness strategies have been developed for 2020 to 2025 and monitoring mechanisms are in place to review implementation of strategic action plans.
- (b) **Income Generation/Property (Financial Resilience) (4)** – Delivery of a new Property Management System is underway to manage Spelthorne's expanding property portfolio and significant rental income. Subject to finalising the accounting procedures and robust testing, it is anticipated that the system will 'go live' for rent collection and the payment of invoices for the residential portfolio on 1st April, with the software used for billing tenants on the municipal and investment properties by end of June. Additional financial resource has been appointed to support the Assets team with system implementation.
- (c) **(Financial Resilience) (4)** Application of CIPFA'S new Financial Management Code is being pursued with the aim of improving financial resilience across the Council. Training has been delivered to key officers during February and a self-assessment document has been initiated by the Deputy Chief Executive. Responsibility for adherence to the Code rests with the Management Team, Group Heads and Managers - as well as finance professionals.
- (d) **Potential Heathrow Expansion – (Clean, Safe and Sustainable Environment/Economic Development) (7)** - This risk category gives 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).
- (e) **Political Landscape/Economic Uncertainty – (All Corporate Priorities) (6)** - Planning and preparation for Brexit prevails in the context of the transitional arrangements with the EU. Spelthorne will continue to work with the Local Resilience Forum to monitor the implications of a trade deal or 'no deal' scenario once known.
- (f) **Climate Change (Clean, Safe and Sustainable Environment) (8)** – This refers to climate change implications, setting out the sustainability measures Spelthorne is taking to demonstrate social and ethical responsibility in response to this significant global threat. A cross party working group has been set up on Climate Change and as part of this a Climate Action Plan is being developed. Surrey County Council is developing a Climate Change Strategy and Strategic Framework across

Surrey authorities to address carbon emissions for eight major sectors. The Biodiversity Action plan is progressing and due for implementation in 2020.

- 1.9 Several new risk mitigating actions underway or for perusal have been recorded on the risk register (see 'Actions' column), relating to risk categories 1 (Housing Delivery), 4 (Income Generation from Property – Financial Resilience), 6 (Political Landscape /Economic Uncertainty and 8 (Sustainable Environment - Climate Change).

2. Options analysis and proposal

- 2.1 To note and accept the contents of the Corporate Risk Register including any new risk categories and risk mitigating actions underway or for perusal. The revised register at Appendix 1 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. This will need to be highlighted by the assigned accountable or lead officer as appropriate.

4. Other considerations

- 4.1 The attached Corporate Risk Register covers key corporate risks and opportunities (eight risk categories) relating to achievement of corporate priorities and objectives. The most significant risk categories to highlight as part of this review include Housing Delivery, financial resilience - income generation (Property), Heathrow expansion, political landscape/economic uncertainty and environmental sustainability (climate change). Management Team may therefore need to assess if these risk areas are being adequately managed or require further resource/time and support.

5. Timetable for implementation

- 5.1 The Corporate Risk Register shows accountable and lead 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 - current review (Appendix 1)

Mock Risk Category and Proposed New Format for register (Appendix 2)