

Report sponsor: Director of Policy, Insight and Communications
Report author: Head of Strategy and Performance

2020/21 year-end risk assurance report

Purpose

- 1.1 Following the approval of the refreshed Risk Management Strategy and Handbook, in November 2020, risk reporting to the Audit and Governance Committee has been re-positioned to providing assurance on the effective implementation of our risk management framework.
- 1.2 The mid-year risk assurance report was considered by the Committee in January 2021.
- 1.3 The purpose of this report is to update the Committee on activity that has taken place over the last 6 months of 2020/21 and to set out proposals for risk reviews in 2021/22.
- 1.4 For a full overview of risk assurance activity in 2020/21, this report should be considered alongside the mid-year review.

Recommendations

- 2.1 To note the progress made, from the mid-year position on assurance assessments for each stage of the risk management process, presented in paragraph 4.4.
- 2.2 To note the latest assurance overview completed on risks within the strategic risk register, Appendix 1, and the subsequent recommendations for targeted risk assurance activity during 2021/22 (paragraphs 4.8 and 4.9).

Reason

- 3.1 The Audit and Governance Committee is responsible for providing assurance to the Council on the effectiveness of its governance arrangements, its risk management framework and the internal control environment.

Supporting information

- 4.1 In January 2021, Audits and Accounts Committee considered the first risk assurance report, in line with the updated roles and responsibilities in the 2020 Risk Management Strategy.
- 4.2 Key highlights noted in the mid-year review of risk assurance included:
 - there is clarity in risk roles and responsibilities, and evidence that these are being effectively executed;
 - risk owners are completing regular reviews of risks, which includes evaluations of controls, actions and risk treatment;

- emerging risks are being identified and these are reviewed regularly, with examples of risk escalation and de-escalation each quarter;
- the risk opportunity matrix is being piloted and will be further implemented in 2021;
- all risk registers are up to date and consistent, with the strategic risk register published on iDerby; and
- there are multiple examples of deep-dive risks assessments and challenge activity in 2020, to inform our understanding of risk controls, supporting future mitigations where possible.

4.3 To support the on-going development of our risk management framework, there were a number of opportunities identified where further actions should be taken to strengthen our risk maturity.

4.4 Presented below is a summary of the identified opportunities for development and the progress that has been made over the last 6-months in the implementation of these.

Themes in our Strategy and Handbook	Identified opportunities for development	Progress update (March 2021)	
Roles and responsibilities in the Risk Management Strategy and Handbook	<ul style="list-style-type: none"> • Communication of the updated Risk Management Strategy and Handbook, to support in the delivery of identified roles and responsibilities. • Nomination of more Risk Champions to support the development of our risk culture, making risk management everyone's business. 	In progress	An item on risk management was delivered at the April 2021 Managers Conference to reinforce roles and provide an update on the changes in the 2020 Risk Management Strategy. Work remains on-going to identify more Risk Champions; there has however been two new Champions identified in the final 6 months of 2020/21 (Legal and HR).
Risk identification	<ul style="list-style-type: none"> • 6-monthly review of department risk registers. • The identification of 'risk opportunities' as part of the refreshed framework, from 2020/21 quarter 3 onwards. 	In progress	Department risk registers have been reviewed, as part of the development of 2021/22 Department Business Plans. Analysis of emerging risk themes was completed and presented to the Corporate Risk Management Group and Corporate Leadership Team (CLT). To strengthen oversight of department risks, Directors have been requested to complete a review of 2020/21 risks to ensure there is a clear audit of risk activity (whether these are carried forward or closed). All risks are now assessed under the threat and opportunity framework.
Risk analysis	<ul style="list-style-type: none"> • Strategic and directorate risks to be re-assessed under the new risk threat and opportunity matrix from the end of December 2020 onwards. 	In progress	All risks are now assessed under the threat and opportunity framework. The review of risk tolerance scores remains on-going as part of quarterly monitoring activity; there will however be a focus on this in

Themes in our Strategy and Handbook	Identified opportunities for development	Progress update (March 2021)	
	<ul style="list-style-type: none"> Review and challenge of risk tolerance scores to better understand whether, with the identified treatments these are achievable 		the September 2021 Corporate Risk Management Group.
Risk treatment	<ul style="list-style-type: none"> 6-monthly review of risk treatments by the Corporate Risk Management Group (CRMG), to inform the identification of risks for deep-dive reviews in 2021. 	In progress	<p>The Corporate Risk Management Group completed a deep-dive risk review in February 2021 (Property risk), informed by an analysis of risk assurance.</p> <p>A review of the quarter 4 risk positions has been completed to inform proposed themes to be considered in 2021/22 and proposals are presented in paragraphs 4.8 and 4.9.</p>
Completing the risk register	<ul style="list-style-type: none"> Best case' assessments to be completed to inform a strategic understanding and analysis of risk opportunities. Templates to be updated to include the four 'treatment' categories for risk opportunities. 	Completed	<p>All templates have been updated.</p> <p>Templates for Department Risk Registers have also been updated to reflect the latest framework.</p> <p>In addition to the inclusion of opportunity treatment options, registers also now include a 'primary' and a 'secondary' risk treatment option, to reflect the complexity of risk management.</p>
Monitoring, reporting and reviewing risks	<ul style="list-style-type: none"> 6-monthly review of department risk registers. Review of priority project risk registers by the Corporate Risk Management Group (CRMG), where there is associated strategic risks. 	In progress	<p>Review completed on Department Risk Registers and presented to the Corporate Risk Management Group in May 2021.</p> <p>Targeted analysis of project risks is completed through the PMO Board, in line with Gateway decisions.</p> <p>Additional deep-dive project risks reviews will be scheduled for 2021/22, as appropriate.</p>
Risk assurance	<ul style="list-style-type: none"> 2021/22 Audit Plan to be informed by latest risk registers. Corporate Risk Management Group deep-dive review programme to be developed for 2021/22 to inform regular risk conversations on the strategic and directorate risk registers. Further challenge of risk controls for our strategic risks through the Corporate Risk Management Group. 	In progress	<p>The 2021/22 Audit Plan was presented to the June 2021 Committee, and is now a rolling document to align to the risk framework. The Head of Internal Audit and Head of Strategy and Performance meet monthly to ensure appropriate alignment.</p> <p>The Corporate Risk Management Group continues to challenge the statuses of risks and mitigations through the quarterly risk monitoring reports, and a provisional schedule of deep-dive reviews for 2021/22 is set out in paragraph 4.8.</p>
Risk appetite	<ul style="list-style-type: none"> To be scheduled for discussion at the Corporate Risk Management in January 2020, to inform recommendations to the 	Completed	<p>Session was hosted in March 2021. Further activity is to be planned for 2021/22, to engage Heads of Services and Councillors, which will</p>

Themes in our Strategy and Handbook	Identified opportunities for development	Progress update (March 2021)	
	Corporate Leadership Team and Cabinet for discussion; alongside the consultation on our Recovery Plan and priorities for 2021/22.		inform the development of risk appetite statements for the Council. The session with Heads of Service will be hosted via the Senior Leaders Network in autumn 2021.
Risk maturity	<ul style="list-style-type: none"> To be considered through the Organisational Recovery Plan. Model for review and assessment to be presented to the Corporate Risk Management Group for discussion in 2021 (alongside proposals for understanding and developing our risk appetite). 	To be scheduled for 2021/22	No progress made to date – to be scheduled for autumn 2021.

- 4.5 It should be noted that all controls assessed as 'in place' in the mid-year position continue to be evaluated as such.
- 4.6 Recognising that there are many sources of insight to inform our risk framework, an initial discussion has taken place with Internal Audit on the findings of the 2019/20 Internal Audit on Risk Management. Once the report has been finalised and considered by the Audit and Governance Committee, any recommendations to further strengthen our risk management arrangements will be added to the 'opportunities for development' and reported to the Committee through the six-monthly risk assurance reporting.
- 4.7 Presented in **Appendix 1** is an overview of the Strategic Risk Register, at the end of Quarter 4 (Q4).
- 4.8 It should be noted that there have been four strategic risks identified for review by the Corporate Risk Management Group (CRMG) in 2021/22, although the plan will remain dynamic to respond to any emerging concerns on our risks.

Risk	Proposed review date	Rational for review
SR6/ CR19 - Variable approaches across the Council in the management and delivery of major capital projects	September 2021	To inform a re-assessment of the risk score based on activities completed over the last 6 months. This may include re-defining the current risk
SR16/ CR17 - Insufficient resources to meet planned expenditure; external impacts which may impact on long-term financial resilience such as Covid-19	October / November 2021	Seek assurances on the effectiveness of controls.
SR8/ CR7 - Risk of poorly defined, inconsistent records management systems and processes	January 2022	To fully understand the possible implications of developments within this area alongside the 'Intelligence-led Council' programme on the status of this risk
SR25/ C&P-R14 (COVID Risk 22) - Covid-19 exit plans are not sufficiently robust to support the long-term response to rough sleeping and those at risk of becoming homeless in the city (including any	March / April 2022	Using the latest performance insight to understand the level of risks and whether strategic plans are sufficient to mitigate

extension plans in line with on-going lockdown measures)		
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- 4.9 In addition to those areas to be considered by the CRMG, two risks will be subjected to a targeted review by the Assurance Team, to ensure that the risks are appropriately defined...
- SR10/ P-R1 - Continued high demand for statutory children's social care services, with insufficient numbers of Derby Foster Carers to reduce our spend on external IFA placements.
 - SR18/ P-R13 (COVID Risk 10) - Increase in the numbers of individuals and families in the city identified as 'in need' following COVID-19, which may include 'unmet' need during that pandemic.
- 4.10 Based on the assessment completed at the end of June 2021, on the updates provided at the end of March 2021, there are no risks recommended for a Risk Surgery. The outcomes of targeted assurance activity will be reported within the next update to the Committee.

Public/stakeholder engagement

- 5.1 Risk owners and the Corporate Leadership Team have been consulted on the development of our approach to assurance and will alongside the Audit and Accounts Committee inform future developments.

Other options

- 6.1 None.

Financial and value for money issues

- 7.1 None directly arising from this report. Financial risks are contained with the strategic risk register and assessments of assurance are considered to be appropriate.

Legal implications

- 8.1 None directly arising from this report.

Climate implications

- 9.1 None directly arising from this report.

Other significant implications

- 10.1 None.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan - Director of Legal, Procurement and Democratic Services and Monitoring Officer	14/07/2021
Finance	Simon Riley - Strategic Director of Corporate Resources & S151 Officer	15/07/2021
Service Director(s)		
Report sponsor	Heather Greenan – Director of Policy, Insight and Communications	12/07/2021
Other(s)	Cllr Roulstone – Lead Cabinet Member for Finance and Procurement	
	Richard Boneham – Head of Internal Audit (DCC) & Head of the Audit Partnership	15/07/2021

Background papers:	
List of appendices:	Appendix 1 – 2020/21 Year-end review of assurance on Strategic Risks