



Northumberland

County Council

Cabinet

Tuesday, 12 December 2023

Corporate Risk Management

Report of Councillor(s) Councillor Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Resources

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1. **Link to Key Priorities of the Corporate Plan**

Effective risk management is central to the achievement of all priorities included in the Council's Corporate Plan. In particular, it supports the "Achieving Value for Money" priority of the Corporate Plan 2023-26.

2. **Purpose of report**

The purpose of this report is to inform Cabinet of the latest position of the County Council's corporate risks following review by Executive Management Team and Cabinet portfolio holders, and to provide an update in relation to the Council's risk management arrangements.

3. **Recommendations**

3.1 It is recommended that:

- Cabinet agrees the contents of the report in accordance with its responsibility for ensuring effective risk management throughout the organisation;
- Cabinet notes, if agreed, this report will be presented to the next meeting of Audit Committee as a source of assurance in its role of monitoring the effective development and operation of risk management and risk-related issues across the County Council and as part of its ongoing evaluation of the framework of governance, risk management and control within Northumberland County Council's accounting group boundary.

4. **Forward plan date and reason for urgency if applicable**

10 November 2023

5. **Background**

- 5.1 It is a statutory responsibility for local authorities to ensure that a sound system of internal control is in place, which includes effective arrangements for the management of risk (Accounts and Audit Regulations 2015). Risk management is adopted by mature businesses and organisations in order to identify, evaluate and control unplanned events that could impact upon the successful delivery of aims, objectives and priorities. The County Council complies with this requirement and has a risk management process which was developed in accordance with best practice and consulted upon with Audit Committee. It is designed to ensure that risks to the County Council's business are properly identified, managed, and monitored by appropriate senior officers within the County Council. A review of the Risk Management Framework is currently underway to ensure this continues to support the County Council in achieving its objectives. Cabinet will be updated and consulted as this review progresses.
- 5.2 As part of the County Council's corporate governance arrangements, there is an established approach to corporate risk management with an equivalent approach being cascaded through all levels of the risk management hierarchy. The risk management hierarchy identifies, monitors, and manages risk at three key levels; Corporate, Service Strategic and Service Operational. Following the senior management restructure during 2023, work is ongoing to align Service Strategic risk registers to the new structure and ensure these risks are consistently subject to review in accordance with the timescales established by the Risk Management Framework.
- 5.3 Our risk methodology and approach includes an established risk matrix and scorecard to measure risks, and templates for recording risks. The risk management team provides support to service areas throughout the County Council in using this risk methodology. The approach to risk management is intended to deliver a consistent and effective approach to risk management throughout all aspects of the County Council's business.
- 5.4 Corporate risks are agreed against the 'exceptionality test', i.e., risks which could have a major impact on the achievement of Corporate Plan objectives and priorities and significant to have an effect on the whole organisation. These risks are 'owned' and managed by a nominated officer from Executive Management Team and the designated Cabinet Member with relevant portfolio responsibility. Corporate risks are currently presented to Executive Management Team twice yearly for discussion, challenge, and agreement, and agreed with Cabinet portfolio holders.
- 5.5 The corporate risk register was most recently agreed with members in July 2022, with updates undertaken during November 2022 and February 2023. Following the senior management restructure, a fundamental review of our corporate risks has been undertaken, with the following 12 risks agreed by Executive Management Team and designated Cabinet Members to be managed at a corporate level and are presented to Cabinet for agreement:

Risk Title	Current Risk Score	Target Risk Score
1 Financial Sustainability	D2	D3
2 OD/Workforce	C3	D3
3 Civil Contingency & Business Continuity	C3	D3
4 Corporate Compliance	D2	E3
5 High-profile Capital Projects	D2	D2
6 Response to Climate Change	C2	C3
7 Wholly-owned Companies	D2	D3
8 Cyber Security	B2	C3
9 Adult Service Domiciliary Care National Shortage	A2	B3
10 BEST	C3	D3
11 Strategic Community Safety	A2	E3
12 Social Housing (Regulations) Act 2023	B2	D3

5.6 A summary of each corporate risk, and information relating to changes in the corporate risks as a result of the reviews throughout 2023 are included at **Appendix A**. The detailed risk register is attached as a confidential (part 2) exempt appendix at **Appendix B**, detailing how each of the risks are being managed and mitigated.

6. Options open to the Council and reasons for the recommendations

6.1 The following decision options are available for consideration by Cabinet:

Option 1

Cabinet agrees the Risk Management Update report.

Option 2

Cabinet does not agree the Risk Management Update report.

Option 1 is the recommended option. Cabinet should receive and agree this report in accordance with its responsibility for reviewing the effectiveness of risk management arrangements.

7. Implications

Policy	Effective risk management supports the effective implementation of all policy decisions.
Finance and value for money	Effective risk management will help ensure that the County Council is better able to manage its resources and deliver value for money.
Legal	The Accounts and Audit Regulations 2015 place a responsibility upon all local authorities to ensure that they have a sound system of internal control which includes effective arrangements for the management of risk.

Procurement	There are no specific procurement implications within this report.
Human resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
The Equalities Act: is a full impact assessment required and attached?	No - no equalities issues identified Equality Impact Assessment not required.
Risk assessment	Embedding risk management will reduce the level of risks that may prevent the achievement of the County Council's objectives.
Crime and disorder	There are no specific crime and disorder implications within this report.
Customer considerations	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health and wellbeing	There are no specific health and wellbeing implications within this report.
Wards	(All Wards);

8. Background papers

The Accounts and Audit Regulations 2015, April 2015.

9. Links to other key reports already published

None.

10. Author and Contact Details

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