

COMMITTEE	AUDIT AND GOVERNANCE COMMITTEE
DATE	30 NOVEMBER 2020
TITLE	RISK MANAGEMENT ARRANGEMENTS
PURPOSE OF REPORT	TO UPDATE THE AUDIT AND GOVERNANCE COMMITTEE ON THE COUNCIL'S RISK MANAGEMENT ARRANGEMENTS
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ACTION	RECEIVE AN UPDATE ON FURTHER DEVELOPMENTS TO THE RISK MANAGEMENT ARRANGEMENTS, THE NEXT IMPLEMENTATION STEPS, AND CONSIDER IF THE RESPONSE ADDRESSES THE MATERS RAISED IN THE AUDITOR'S LETTER

1. INTRODUCTION

- 1.1 One of the statutory responsibilities of the Audit Committee is to review and assess the Authority's arrangements for risk management, internal control and corporate governance, in accordance with part 81(1)(c) the Local Government (Wales) Measure 2011.
- 1.2 The purpose of this report is to give the Committee an update on developments in the risk management area.

2. CURRENT SITUATION

- 2.1 Committee members are aware of the arrangements that are in place for assessing and scoring risks, as it is regularly introduced as part of the Audit Manager's update on the work of Internal Audit. Since 2018, Internal Audit's approach to assessing the risks of the audited services follows this procedure.
- 2.2 Similarly, the Annual Governance Statement has for some time now been prepared on the basis of the 22 governance risks that have been identified and are continually assessed by the Governance Arrangements Assessment Group.
- 2.3 The arrangements consider two factors when scoring the size of risks:
- The **Impact** of the event if the risk were realised
 - The **Likelihood** of the risk being realised.

- 2.3.1. The Impact and Likelihood are given a score of 1 to 5, using the following scoring guidelines.

Impact

Score	Impact	Definition
5	Catastrophic	A catastrophic effect on any resident (e.g. loss of life) or a destructive effect on the life or well-being of many residents
4	Destructive	A destructive effect on the life or well-being of several residents (e.g. where the quality of life or the well-being of someone has been effected to the degree that they have an intense need for assistance to allow them to live their lives) or a very substantial effect on many residents
3	Very Substantial	A very substantial effect on the life or well-being of several residents (e.g. the effect means that their quality of life or well-being is substantially lower than would otherwise be expected for a Gwynedd resident) or a significant effect on a many residents

2	Significant	A significant effect on the life or well-being of several residents (e.g. an effect on life or well-being, but falling within the expected range of day-to-day life) or a visible effect on many residents
1	Visible	A visible effect on the life or well-being of some residents (e.g. the effect is visible but not significant to their well-being) or a marginal effect on many residents

- Several = 10s to 100s of residents
- Many = 1,000s to 10,000s of residents

Likelihood

Score	Likelihood	Definition
5	Happening now	The effect is to be seen now (i.e. it is happening)
4	Very likely	Very likely that it will be seen in the foreseeable future
3	Likely	A chance it may happen, but may not
2	Unlikely	The likelihood of it happening is low – but is still there
1	Very Unlikely	Very unlikely to happen

2.3.2. The Impact Score and Likelihood Scores are multiplied together to give a Current Risk Score, which are the risk scores based on the controls that are currently in place. The Risk Score is defined from very high to low as follows:

Score 20-25	Very High Risk
Score 12-16	High Risk
Score 6-10	Moderate Risk
Score 1-5	Low Risk

Current Assessment

2.4 The risk management arrangements is a specific area that is addressed in the assessment of the Council's governance arrangements. The Annual Governance Statement (approved by the Committee on 30 July) describes the current position as follows:

2.5 We have assessed that this is currently a **Medium** risk, because:

There are strong arrangements for monitoring our compliance with certain types of operational risks, such as Health and Safety, Safeguarding Children and Adults and Emergency Planning and Business Continuity. There is quantitative evidence that performance in these areas is improving-although there are examples of room for further improvement.

Each risk in the Corporate Risk Register has been considered from the perspective of the risk to the people of Gwynedd, not from the Council's introverted point of view.

The Council's risk management arrangements continue to develop, and they will evolve further as the Ffordd Gwynedd culture permeates the Council. Recent work to develop a corporate risk register for the whole authority, and to do so hand-in-hand with arrangements where business units record obstacles and actively try to resolve those immediately, is beginning to show success.

The Covid-19 pandemic has been a significant test for the Influenza Pandemic Plan and for the Council's service continuity plans. We immediately saw what happens with any such plan, that there were things that were not addressed in the plan. For example, the flu pandemic plan did not envisage that society itself would be locked down and there would be a need to cope not only with staff absences but also with staff all working from home.

However, a response was achieved and the comparatively lower incidence of cases than predicted in the original projection; the limiting of the number of deaths and the fact that the Council has been able to continue to deliver its Priority 1 services is evidence of this.

3. FURTHER STEPS

- 3.1 The 2019/20 Annual Governance Statement notes the following as further steps which need to be taken to further strengthen the risk management arrangements:

Work still needs to be done to ensure that all Council departments maintain the procedure of recording their major risks and review them regularly. The Insurance and Risk Service will support all departments to ensure that the use of the Corporate Risk Register is consistent across the Council, and that risks are continuously updated. The procedure of considering the contents of risk registers when monitoring the performance of departments will develop further.

- 3.2 Since the approval of the Governance Statement, the following steps have been taken to continue to develop the arrangements:

3.2.1. The Chief Executive or Corporate Director has held a series of meetings with each department's management teams and their responsible Cabinet Member during September 2020 for an update on the risks of those departments individually.

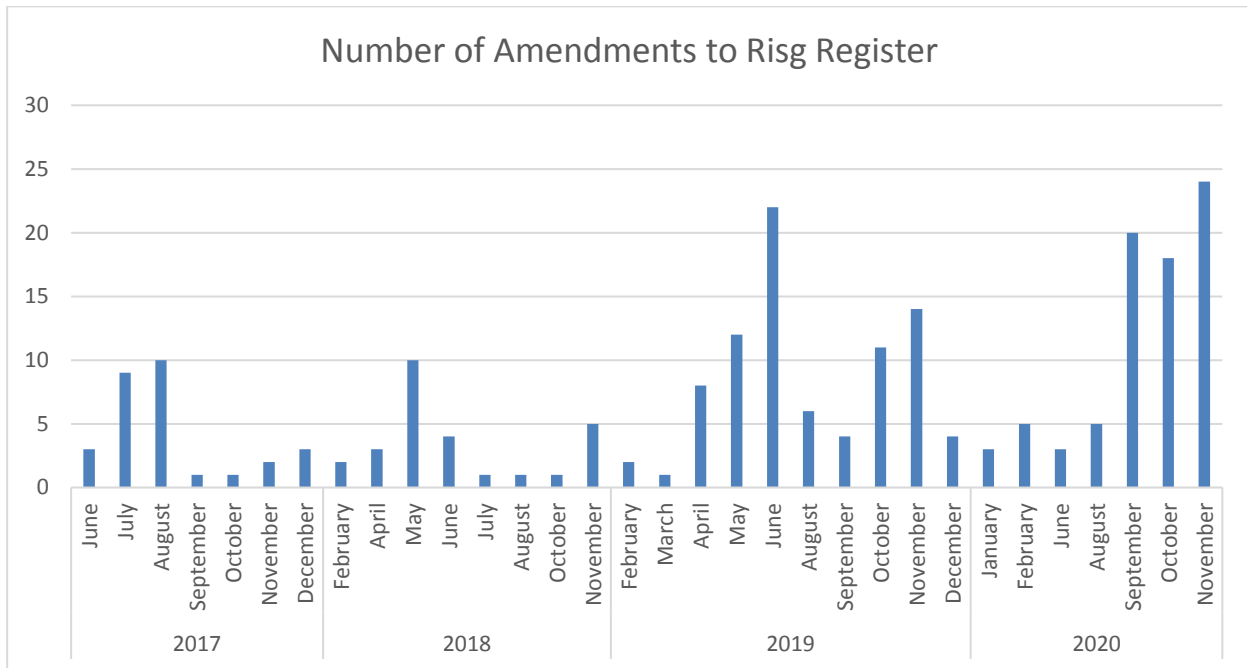
3.2.2. The Chief Executive / Corporate Director subsequently met with all heads of department, responsible Cabinet Member and Chair and Vice Chair of relevant scrutiny committee (Audit and Governance Committee for reports relating to the Finance and Corporate Support departments) to identify issues requiring attention for the next year.

3.2.3. The Corporate Risk Register has then been specifically addressed by the Chief Executive at Managers Network meetings during October / November 2020. The opportunity was used to explain to managers that each department needs to consider its main risks using the normal system of identifying matters that can happen and whether it would affect the ability of a business unit to realise its purpose. One of the risks of the of the Finance Department was used as an example, namely the risk of a property transferring from a domestic resident paying Council Tax to being a non-domestic property.

3.2.4. It was explained that the content of the risk register, and the progress being made to address the issues within it that need attention, will play a central role in performance review meetings in future.

3.2.5. All officers at manager level or higher have access to the risk register with a view to ensuring that it is updated appropriately as soon as possible. Of course, the register will never be completed as it is a live document, but the expectation is that we will have reached a point within the next few weeks where the register is at any point in time is a true reflection of the Council's situation.

3.2.6. The graph below shows how the number of amendments made to the register by month. While in the past there has been a lot of occasional activity, usually when there is a specific request to update the register, the issue is now being addressed much more consistently, which is an indication that managers have started to see updating the register as a natural part of the normal work.



3.3 It should be noted that work is also underway within the Council to prepare by the end of the transition period that ends after the United Kingdom leaves the current separate Brexit risk register before the end of the transition period on 31 December 2020.

4. RECOMMENDATION

4.1 The Committee is requested to receive this report as an update on the progress made by the Council to ensure that a complete risk register is in place.