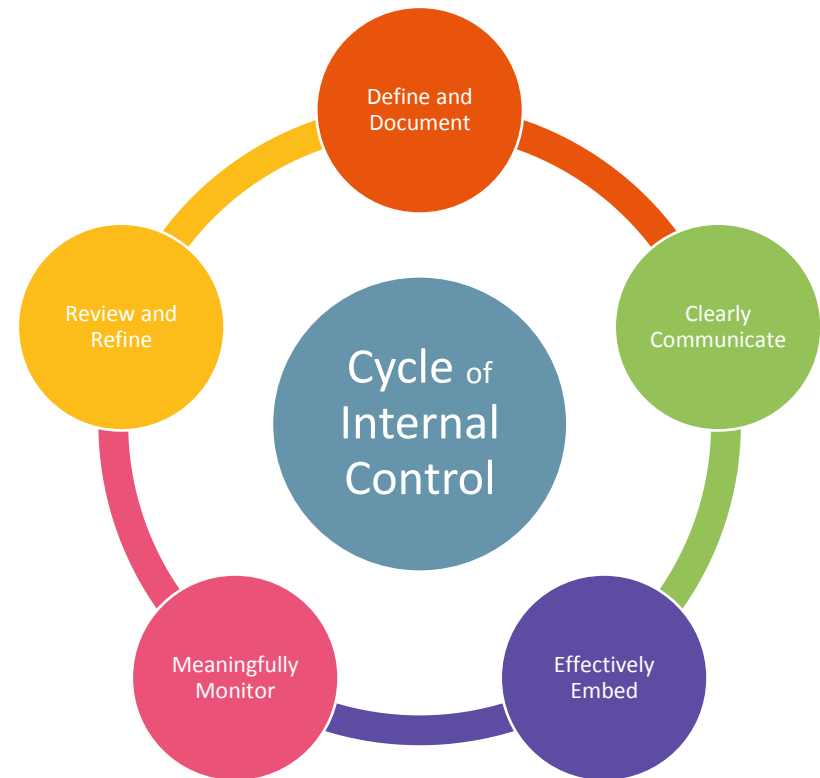


# Introduction

1. This report provides the Corporate Governance & Audit Committee with assurances relating to the adequacy of risk management controls currently in place in the council; that they are up to date, fit for purpose, embedded and routinely applied.
2. The information in this appendix is based around a 'cycle of internal control framework' which consists of five aspects, seen in the diagram opposite.
3. The council's risks arise from a variety of sources, some of which are out of our direct control, whilst others stem from changes in government policy and the shifting needs and make-up of our communities. Such changes bring uncertainties that can pose threats that need addressing but also bring opportunities to exploit.
4. In recent times, local authorities and communities have experienced a wide range of significant risks: cyber-attacks, adverse weather conditions and high-profile safeguarding incidents. Local authorities, communities and businesses continue to be significantly impacted by the risks arising from the coronavirus pandemic. The need for us to have strong risk management arrangements remains essential.
5. Through the arrangements outlined in this report, the council seeks to embed an effective risk management culture across its values, and in the behaviour of all its staff and elected members. This responsibility extends to managing risks with our key partner organisations to ensure they are aware of and are compliant with our Risk Management Policy.



# Define and Document

## 6. Policy and Strategy

7. The council's Risk Management Policy is a formal acknowledgement of the council's commitment to managing risk. The Policy is accompanied by a Risk Management Strategy, which contains details of the arrangements for managing risk within the council and acts as a reference point for staff and members. Together, these aim to ensure there is an effective, robust, consistent and communicated way of managing risk across the council.
8. In 2021, the Risk Management Policy and Strategy were reviewed and updated to ensure they are up to date, fit for purpose and reflect changes in sector best practice and guidance. The Policy and Strategy were endorsed by Executive Board on 21st July 2021 before being publicised to council staff and Elected Members on InSite (the council's internal information platform).
9. The Risk Management Strategy includes definitions of what 'risk' is:
  - The effect of uncertainty on objectives<sup>1</sup>
  - [Risk is] a situation involving exposure to danger<sup>2</sup>
  - [Risk is] An uncertain event or set of events which, should it occur, will have an effect on the achievement of objectives; a risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact on objectives<sup>3</sup>

## 10. Roles and responsibilities

11. The council's Intelligence and Policy Service (IPS) lead on the authority's central risk management function. This responsibility includes maintaining the council's Risk Management Policy and Strategy, maintaining the Corporate Risk Register, co-ordinating the quarterly updates of directorate risk registers, facilitating risk management workshops and providing training and guidance, drawing on the latest good practice and legislative and regulatory requirements.

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<sup>1</sup> ISO 31000 Risk Management – Guidelines (2018)

<sup>2</sup> Oxford Dictionaries

<sup>3</sup> Managing Successful Programmes (OGC)

12. Risk documentation

13. Corporate, directorate, programme and project risk registers continue to be maintained. These registers are an essential information tool for documenting the risks, their ownership, assessment and how they are being managed. Corporate and directorate risks are maintained on the council’s Risk Management SharePoint site. The details of each risk held on the system include: risk title and description, ownership responsibilities, current risk rating (based on probability and impact scores), the sources of the risk, the consequences (impact) should the risk arise, existing controls in place to manage the risk and any further action required to treat the risk. The format of the risk information on the system helps ensure that a consistent level of information is provided to explain what the risk is and how it is being managed.
14. The Risk Management Strategy includes details of the roles and responsibilities required for each risk, as seen in the table below:

<b>Role</b>	<b>Responsibilities</b>
Risk owner	The person who is responsible and accountable for the risk. This should be someone with knowledge of the risk area and sufficient seniority to enable them to allocate resources to manage the risk and to ensure that actions required to treat it are completed.
Delegated risk owner	The risk owner may allocate someone else, of appropriate seniority and who is perhaps closer to the service to which the risk relates, to oversee the risk on their behalf. The delegated risk owner reports progress in managing the risk to the owner.
Key contact	A person responsible for the day-to-day management of the risk and who reports to the delegated owner.

15. Corporate risks are owned by the relevant director, with delegated ownership usually allocated to a Chief Officer. Directorate risks are usually owned by the relevant Chief Officer, with delegated ownership allocated to a Head of Service. In some circumstances, the director may choose to be the risk owner
16. Financial risks are included within both the corporate and directorate risk registers with updates also provided to Executive Board and Full Council through the budget reports and to Executive Board through Medium-Term Financial Strategy (MTFS) reports. An annual assurance report on the financial management and control arrangements and compliance with the Chief

Finance Officer protocol was reviewed by this Committee on 15th March 2021, the report providing assurance that the council has in place effective and robust arrangements for financial planning, financial control and other financial management activities which are fit for purpose, up to date and embedded across the organisation.

17. Democratic Oversight

18. The corporate risk register continues to house those risks of significant, cross-cutting importance that require the attention of the council’s most senior managers and elected members. Each of the corporate risks has named risk owners - a lead portfolio member and a member of the Corporate Leadership Team, (comprising the Chief Executive and directors) - who are jointly accountable for their management. The Executive Board as a whole retains ultimate responsibility.

19. The nature of risks is that they come and go as the environment changes. However, there are a set of ‘standing’ corporate risks that will most likely always face the council, as seen in the following table along with details of their risk ownership:

<b>Risk area</b>	<b>Accountability - Director</b>	<b>Accountability – Executive Member</b>
Safeguarding children	Sal Tariq, Director of Children and Families	Cllr F Venner: Executive Member for Children, Families and Adult Social Care
Safeguarding adults	Cath Roff, Director of Adults and Health	Cllr F Venner: Executive Member for Children, Families and Adult Social Care
Health & Safety	Neil Evans, Director of Resources	Cllr J Lewis: Leader of Council and Executive Member for Resources
City resilience	Neil Evans, Director of Resources	Cllr J Lewis: Leader of Council and Executive Member for Resources
Council resilience	Neil Evans, Director of Resources	Cllr J Lewis: Leader of Council and Executive Member for Resources
In-year budget	Neil Evans, Director of Resources	Cllr J Lewis: Leader of Council and Executive Member for Resources

<b>Risk area</b>	<b>Accountability - Director</b>	<b>Accountability – Executive Member</b>
Medium-term financial position	Neil Evans, Director of Resources	Cllr J Lewis: Leader of Council and Executive Member for Resources
Information management	Neil Evans, Director of Resources	Cllr J Lewis: Leader of Council and Executive Member for Resources
Climate change	Neil Evans, Director of Resources	Cllr H Hayden: Executive Member for Climate Change, Transport and Sustainable Development

20. Assurances for all ‘standing risks’ and the four additional risks currently rated as ‘red’ – i.e., of the highest significance - are provided through the Annual Corporate Risk Management report considered at Executive Board in July 2021. The details provided in the assurances include the key controls in place and future work planned to manage and mitigate against the risk. The four additional risks currently rated as ‘red’ are: coronavirus, economic growth, cyber risk and major flooding. Please click [here](#) to read the report: Item 12, pages 141-163.

21. The guidance and template for Committee and Executive Board reports for decision making was reviewed and updated earlier in 2021. The new template maintained the requirement for report authors to detail the key risks relevant to their report and how they are being managed.

## Clearly Communicate

### 22. Guidance and information

23. The main source of risk management information and guidance within the council is the [Risk Management toolkit](#) InSite page, which was updated in 2021 as part of the work undertaken on the Risk Management Policy and Strategy. As well as containing a copy of the Policy and Strategy, the toolkit contains links to related documents (including the Annual Risk Report to Executive Board), guidance notes (e.g., ‘What are risks?’), FAQs, key contacts and relevant external risk websites.

24. The review of the council's Risk Management Policy and Strategy involved consultation and engagement with relevant senior officers across the council, the Corporate Leadership Team (CLT) and the Council Leader, who's Executive Board Portfolio includes risk management. Additionally, the review took into consideration the format and content of risk management policies and strategies from a number of other local authorities, in particular the UK Core Cities<sup>4</sup>.
25. The latest corporate risk map continues to be published internally on InSite and externally through the leeds.gov website with annual reports to Executive Board on the council's most significant risks also publicly available (the risk map was included in the annual risk report to the Executive Board in July.)
26. The Covid-19 pandemic has seen a significant test of our risk management arrangements, with risk management forming a key part of our pandemic response and recovery plans and our multi-agency partnership work. The coronavirus risk remains on the corporate risk register and details of risks and relevant actions continue to be included in the 'Update on Coronavirus (COVID-19) Pandemic – Response & Recovery plan' reported to Executive Board. Updates were initially every month since April 2020 but are now moving towards being provided on a less frequent basis as we are in more of a "steady state" of living with the virus. The corporate risk is updated with details from 'Silver Groups', each one covering a different aspect, these being: Health & Social Care; Communities, Business & Economy; Infrastructure & Supplies; Communication; and Organisational Impact. These groups form part of the ongoing strategic activity in place across the council to identify and manage Covid-related risks. The council's risk management framework also plays an important role in the city's multi-agency command and control arrangements, which have been developed further in response to COVID-19 to facilitate the coordination and communication on a set of complex interrelated challenges.
27. A Partnership Governance and Risk checklist has been developed for use by council services to help ensure that potential risks are covered during discussions about working with partner organisations. The checklist will help highlight any significant gaps in the control framework for the partnership, so that these can be addressed, and action taken to mitigate future problems. The guidance on how to use it, is available in InSite. The checklist has been discussed at Directorate Management Teams as part of the routine risk reporting undertaken.

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<sup>4</sup> Core Cities UK is a partnership of eleven city councils (Belfast, Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield) with a wide range of shared interests encompassing transport and connectivity, innovation and business support, skills and employment, sustainable communities, culture and creative industries, climate change, finance and industry, and governance.

## 28. Training

29. The Risk Management Strategy recognises the importance for elected members and staff develop a knowledge and general understanding of risk management. Risk management training is provided by the IPS and can be tailored to suit specific needs, of elected members, management or operational staff. Risk management training can also be combined with the linked topics of the Best Council Plan and Performance Management. Risk Management training sessions are being scheduled in early 2022 for the Housing Service and for members of the Corporate Governance and Audit Committee.

30. Training on how to administer risks using the Risk Management SharePoint site continues to be provided where required i.e., for new users of the system and is available either in 'one to one' or in group sessions.

31. Risk management workshops continue to be offered to council services throughout the year despite the limitations on meeting face to face as a result of the pandemic and work from home directive. In spring 2021, IPS facilitated online workshops for the Core Business Transformation programme team which received positive feedback from the participants. The objectives of the workshops can incorporate an element of risk management training if required. The IPS is currently working with colleagues in the council's Corporate Procurement Unit, advising them on how to develop a risk register for their service.

32. Further details and guidance about risk management, including how to request training and workshops can be found on the Risk Management InSite page.

33. The IPS Intelligence and Policy Manager is a member of professional bodies: the [Institute of Risk Management](#) and [ALARM](#)<sup>5</sup>, both of which include risk management within their remit.

## 34. Leadership

35. The Risk Management Policy was endorsed by both the Leader of the Council and the Chief Executive, demonstrating the 'tone from the top' about the important role that risk management plays within the council.

36. As detailed in points 20 and 46 of this report, members of Executive Board and the Corporate Leadership Team receive risk management reports during the year, and they can request updates on specific risk matters from the IPS or relevant directorate leads.

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<sup>5</sup> ALARM is a risk management organisation that develops industry leading best practice for those managing risk and insurance

## Effectively Embed

### 37. Policy and Strategy engagement

38. The arrangements in place to manage the council's risks are embedded and therefore subject to consultation and engagement on an ongoing basis. Consultation is undertaken as part of risk management best practice and is in line with the roles and responsibilities set out in the Risk Management Policy and Strategy (and seen in point 14 above).

39. The Risk Management Strategy and Policy and the Partnership Governance and Risk Checklist (points 24 and 27 above) were promoted through DMTs and at CLT and their availability was publicised in InSite.

### 40. Stakeholder engagement

41. Key stakeholders continue to be engaged in maintaining the council's corporate risk management arrangements. As well as this Committee, these include the Executive Board, Strategy and Resources Scrutiny Board and the Corporate Leadership Team.

42. Prior to the quarterly risk review, update and reporting, meetings take place between the staff with responsibility for administering the risk updates in IPS, Children & Families and Adults & Health. The agenda for these meetings covers any issues arising from the risk management process, horizon scanning of risk topics in the news, and sharing best practice on how risks are administered and reported.

43. Regular meetings continue to take place between IPS and the Head of Internal Audit (who's remit also includes Insurance) to share information on:

- Emerging themes from Internal Audit reviews and reports regarding control weaknesses / failures and risks arising
- Feedback to Internal Audit on any new risks/risk areas identified and any changes to existing risks
- Specific risk management work carried out, including risk workshops and training delivered
- Insurance aspects relevant to corporate and directorate risks



# Meaningfully Monitor

## 44. General

45. The need to monitor and update risks and is a key part of the Risk Management Process, as detailed in the Risk Management Strategy and seen in the following diagram:



46. Corporate and directorate risks are reviewed quarterly by the key contacts and risk owners to ensure the risks are kept 'live' and they promptly reflect the controls and actions taken to mitigate or manage them. IPS staff check the details for each risk on the Risk Management SharePoint site to confirm whether they have been reviewed and updated that quarter and follow up any that have no evidence of being updated. The risks are reported in the first instance to the relevant directorate

management teams. Corporate risks are reported to CLT for collective review and discussion. This process includes providing quarterly updates on the risk status of the council's programmes and projects to the Strategic Investment Board.

47. New risks are identified at DMT meetings, CLT, conversations with services or through horizon scanning. Any proposed directorate or corporate risks are taken to DMTs as part of the reporting process discussed above and included with the report to CLT if required for corporate risks. Examples of new risks at directorate level raised during 2021/22 include Contractor registration (for tax purposes), Waste disposal permit and Revenues streams (which feeds into the corporate risk on In-year budget).

#### 48. Benchmarking

49. Earlier in 2021, the IPS undertook a review comparing the risks on the council's corporate risk register to those of the other UK Core Cities. The review was useful in that it confirmed the similar nature of the corporate risks on the registers, but also identified differences in the way similar risks are described.

#### 50. Escalation process in placed and used appropriately

51. The risk reporting process outlined in the Risk Policy and Strategy facilitates the raising and discussion of new and emerging risks at DMTs and CLT and encourages the escalation of risks to a higher-level risk register where necessary. All directors have the opportunity to raise prospective risks to CLT at any time and through routine quarterly risk reporting. When a member of IPS attends DMTs to discuss the quarterly risk report, the question is always asked whether there are any new risks to add and whether any existing risks need to be changed. An example of a risk escalated from directorate to corporate level during 2021 is 'Workforce Planning' which includes the ongoing impact of the pandemic on staffing resources.

## Review and Refine

#### 52. Legislation and Guidance

53. The council's risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2015 to have 'a sound system of internal control which facilitates the effective exercise of that

body's functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and which includes arrangements for the management of risk.'

54. The recent update to the Strategy and Policy considered the latest guidance, such as that from ALARM<sup>6</sup>, and relevant standards including ISO 31000<sup>7</sup> and the HM Treasury 'Orange book'. The main outcome from this consideration was that there is no 'one size fits all' approach for developing risk management arrangements and strategies, as organisations differ in their size and complexity.

#### 55. National Risk Register

56. The risk management arrangements take into consideration the National Risk Assessment (NRA), published by the Cabinet Office. The NRA captures the changing risk landscape affecting the UK and is also used to inform the more local West Yorkshire Community Risk Register. A member of the council's IPS attends the West Yorkshire Resilience Forum Risk & Capabilities Sub-group which provides an excellent conduit for horizon scanning of changes to risks and threats. Together the NRA, West Yorkshire Community Risk Register and the work of the West Yorkshire Resilience Forum informs the review and update of the council's corporate risks on City Resilience and Council Resilience.

#### 57. Internal service review

58. In 2021 the IPS was undertaken a service review in line with the broader capacity reductions seen across the council due to the ongoing financial challenges. Although the review resulted in a reduction in IPS staffing numbers, it also represented an opportunity to streamline the format and content of some risk management information reports.

#### 59. Survey of Internal Control

60. In May 2021, the council undertook a new Survey of Internal Control<sup>8</sup> in order to provide first line assurance in relation to all key systems of internal control by seeking an assessment from operational managers as to how the arrangements underpinning the Corporate Governance Code and Framework are working on the ground.

61. The survey included questions relating to arrangements for Risk Management. Respondents were asked to rate the extent to which staff were aware of and working in accordance with the following:

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<sup>6</sup> ALARM is a risk management organisation that develops industry leading best practice for those managing risk and insurance

<sup>7</sup> In 2018, the International Organization for Standardization issued updated risk management guidelines (ISO 31000).

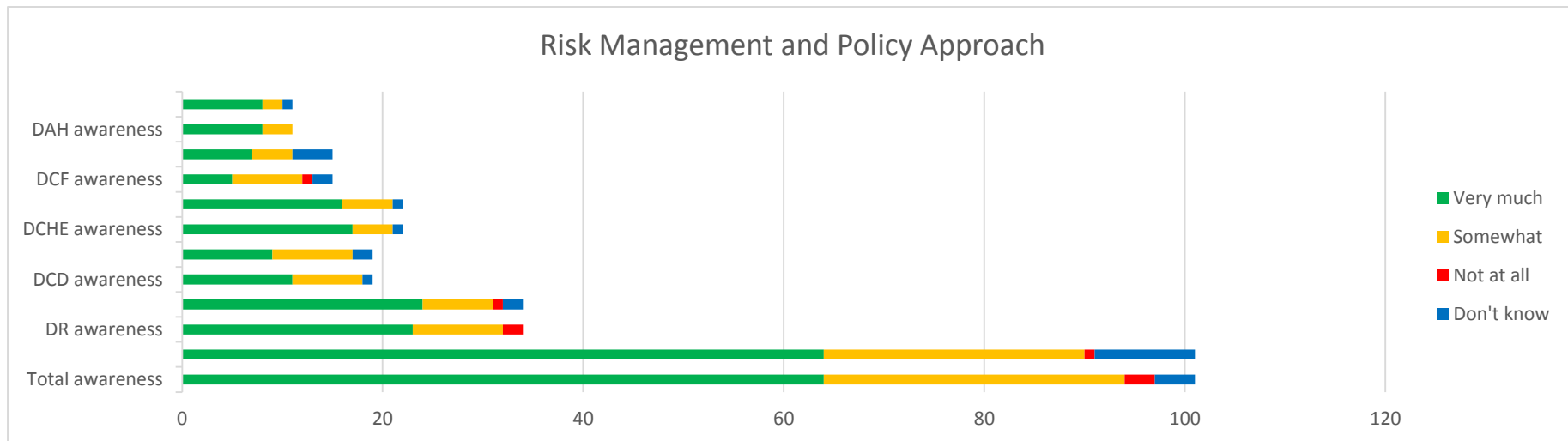
<sup>8</sup> A smart survey conducted amongst senior officers to support the review of internal control underpinning the Council's Annual Governance Statement

- The Council's risk management Policy and approach
- Arrangements to identify and record new and emerging risks
- Arrangements to develop and review the control assessment for each risk
- Arrangements to report, and where necessary escalate, significant risks
- Arrangements to manage each identified risk

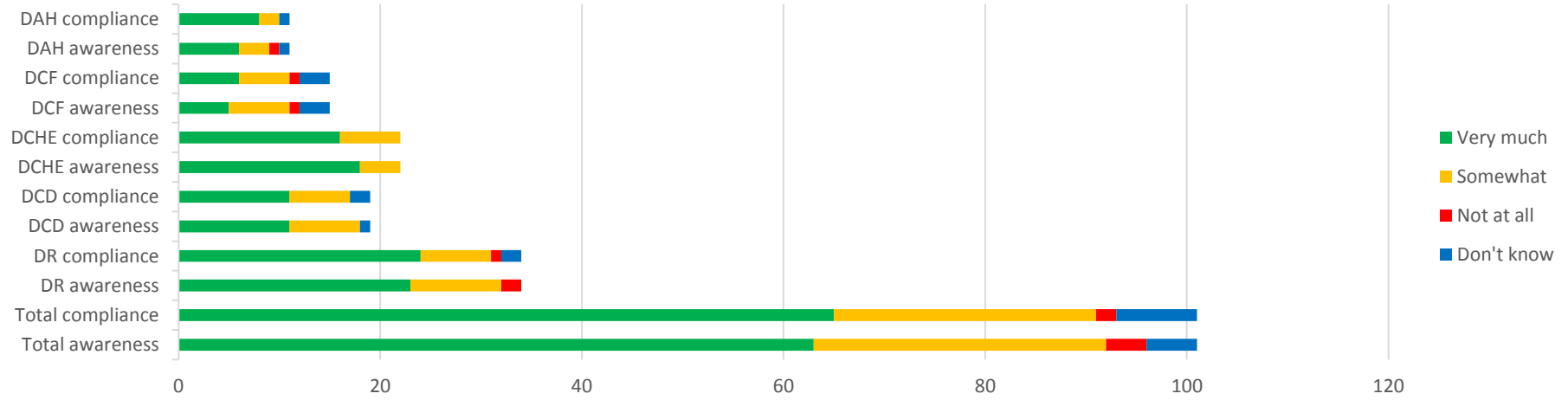
62. Although the survey was conducted prior to the approval and roll out of the updated Risk Management Policy and Strategy, the results were generally positive with the 'very much' responses being over 50% in all areas and much higher in 'Report and Escalate Risks'.

63. However, across all areas the percentage of 'somewhat' responses (seen in yellow on the charts overleaf) indicate that more needs to be done to promote these aspects of risk management. The updates made to the Risk Management Policy, Strategy and InSite toolkit along with their promotion since summer 2021 will aim to improve these results.

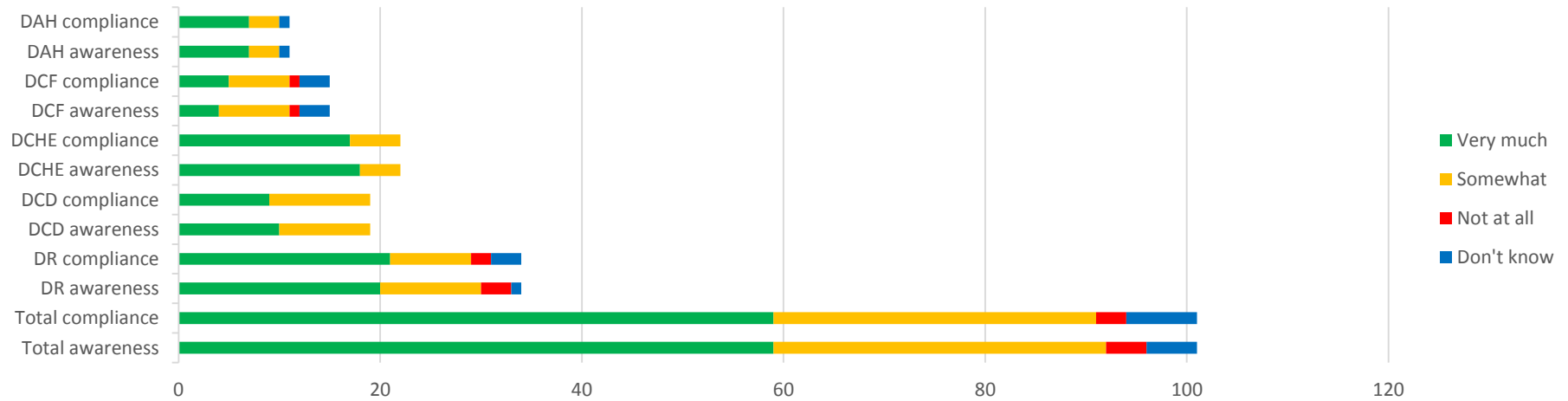
64. The results from the survey included a consideration of the impact of Covid – that there was an increased knowledge of risk management as a result of risk assessments for safe working during pandemic



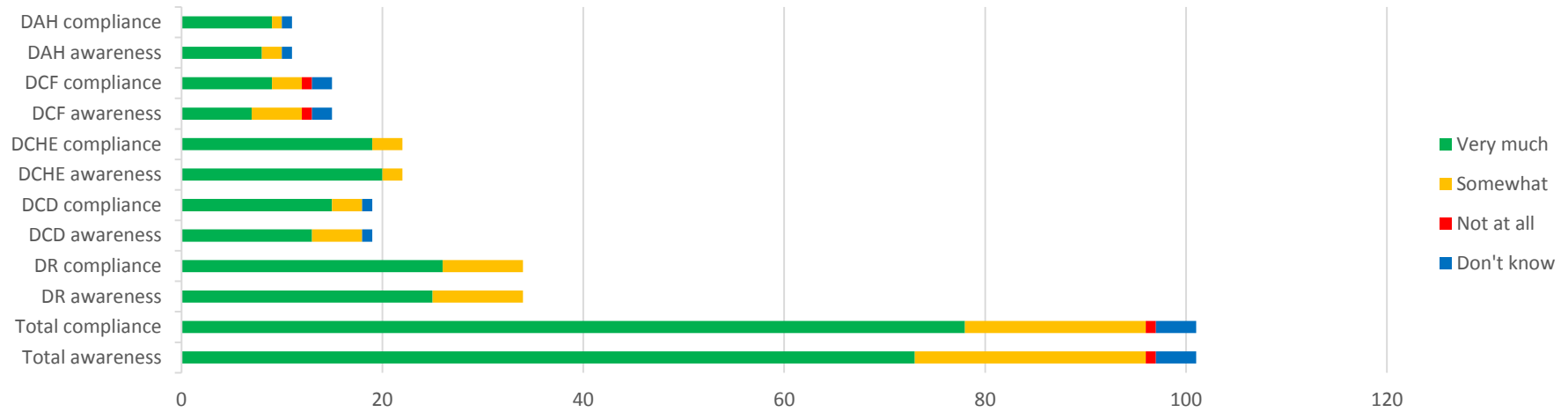
### Identify and Record new Risks



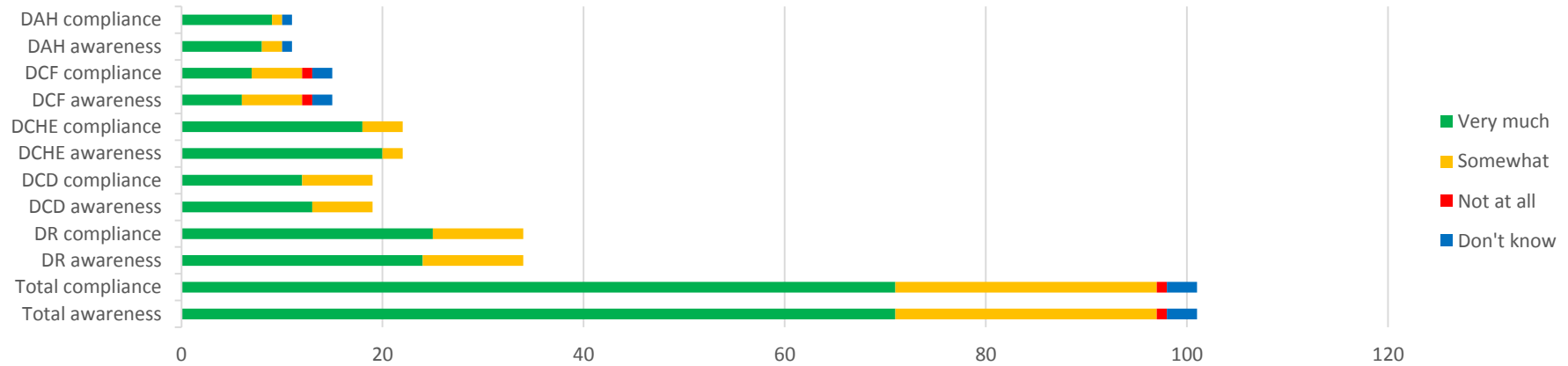
### Control Assessment for Risk



### Report and Escalate Significant Risks



### Manage Identified Risks



65. Opportunities for Improvement

66. The main opportunities for improvement stem from the ongoing work promoting the Risk Management Policy and Strategy, Additionally, work is underway replace the Best Council Plan with a more externally facing and partnership focused City Ambition from February 2022. Executive Board agreed the Best City Ambition in principle at their meeting on 20th October 2021 and received an update report in December 2021 which presented initial proposals and a draft City Ambition. The adoption of a City Ambition will require a review of the corporate risks to check that they are aligned to the new Ambition. This will be undertaken as proposals are developed and reported on in line with usual risk reporting processes.
67. Further work will be undertaken over the next year on promoting use of the Partnership Governance and Risk checklist discussed at point 27 above and embedding it in all the work the council carries out with partner organisations.