

**Manchester City Council  
Report for Information**

**Report to:** Audit Committee – 14 June 2022

**Subject:** Risk Management Strategy and Corporate Risk Register

**Report of:** Head of Audit and Risk Management

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**Summary**

It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance and risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.

This report supports the Committee in discharging its risk management assurance role by providing:

- A short update on organisational risk management arrangements; and
- a copy of the latest refresh of the Corporate Risk Register.

**Recommendations**

The Committee is recommended to:-

- (1) Consider the assurance provided by the risk management report.
  - (2) Approve the Council’s Risk Management Strategy.
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**Wards Affected:**

ALL

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
None

<b>Equality, Diversity and Inclusion</b> - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments
None

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS/Contribution to the Strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Risk management is an integral part of the Council's governance arrangements. It helps to inform good decision making and improves the likelihood of the Council achieving its objectives and managing untoward events. This contributes to being a well-run Council and indirectly to the achievement of organisational objectives and the Our Manchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

**Financial Consequences – Revenue:** None

**Financial Consequences – Capital:** None

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#### **Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

- Risk Management Strategy and Corporate Risk Register - Audit Committee June 2021

## **1.0 Introduction**

- 1.1. It is the role of the Audit Committee “to obtain assurance over the Council’s corporate governance risk management and arrangements, the control environment and associated anti-fraud and anti-corruption arrangements”.
- 1.2. To support this responsibility, Audit Committee receive an annual progress report in relation risk management activity and key risks being monitored by the Strategic Management Team (SMT).
- 1.3. For the purposes of Audit Committee assurance this paper provides the following:
  - An update on the development of risk management arrangements since the last update in June 2021.
  - Risks as articulated on the latest refresh of the Corporate Risk Register.
  - The Council’s Risk Management Strategy.

## **2.0 Background**

- 2.1 The Council’s risk management arrangements have been robust in the year and provided a sound basis for active decision making. The core risk management process continued to be operated with formal directorate and corporate risk register refreshes having taken place in year.
- 2.2 The latest risk update was discussed at SMT in March 2022 and confirmed ongoing focus on a range of key risks with the highest risk areas being agreed as: medium term financial resources; economy of the City; achieving net zero carbon; health and social care reform; cyber security; and the capability/capacity of the workforce to deliver on the wide range of response, recovery, change and service delivery priorities.
- 2.3 Since that meeting further discussions have taken place in respect of housing provision in the City and this risk has been increased to high given the significant impact that housing has in supporting the achievement of the priorities for Our Manchester.
- 2.4 The review also highlighted current concerns over the impact of inflation and energy price rises on budgets and the costs of contracts and this is an area where the Corporate Procurement and Commissioning Team are continuing to provide support. This was captured in March as a low risk but has since been escalated to high given inflationary pressures on service providers and known impacts on some contract prices which present budget pressures.
- 2.5 Regular risk workshops have been held throughout the year with Directorate Leadership Teams (DLTs). Directorate risk registers are now more accessible through the use of Microsoft 365, enabling real time updates and assessment by multiple officers and risk owners. A current area of focus includes support to work being led by the Directorate of Adults to further enhance the recording and reporting of risks to DLT and through the Manchester Local Care

Organisation. This is intended to further harmonise and integrate the approach to risk management across health and care services and ensure that there is a shared approach being applied across community NHS and Council services.











- 2.6 Risks are also captured within partnerships and key services. In the last six months the corporate risk and resilience team have provided support for risk workshops with the Board members of Manchester Active and the Civic Quarter Heat Network. This involved refreshing the existing risk registers, assessing new risks and redesigning the format of their risk registers. The team has also been involved in reviewing the risks of Operational Housing and advising on the integration of these risks and adoption of the Council's risk management methodology. Support to projects has included ICT, business grants and to grant funded projects where funders seek evidence of risk review as a condition of funding.
- 2.7 This support will continue over the remainder of the year with advice and support to ensure that services continue to remain confident in their management of risk. This was an area of strength noted in the 2022 Heads of Service Annual Governance Questionnaire. This feeds into the Annual Governance Statement and there was positive feedback from this process that services were confident in "Managing risks and performance through robust internal control and strong public financial management".





### **3.0 Corporate Risk Register (CRR)**

- 3.1. The CRR is not intended to cover all risks but to focus on those that are cross cutting and of strategic impact. Risks such as recycling and waste (Neighbourhoods), delivery of the Better Outcomes Better Lives Programme (Adults), presentations (Homelessness), school place planning (Children's and Education) and benefits caseload (Core) are managed at directorate or service level.
- 3.2. At the last report to Audit Committee in June 2021, the CRR included 6 high, 13 medium risks and 2 low risks. The latest refresh of the register conducted in March 2022 resulted in 5 high, 8 medium and 4 low risks. These include two new risks that were introduced; Cyber Security as a standalone risk (high) and costs of Capital and Revenue Contracts (low). As noted above the risk in respect of housing capacity whilst reported at the time as medium is proposed to be increased to high at the next review in July. These risks have been discussed as part of the Council's Governance Working Group as a source of intelligence used in the development of the Annual Governance Statement.
- 3.3 Corporate risk activity is monitored through the integrated performance dashboard on a quarterly basis and over the year we have seen a steady reduction in the Council's overall risk exposure, as mitigation takes effect. This is somewhat offset by the emergence of new risks in the period 'post' pandemic, in the main caused by global and UK economic pressures, the cost-of-living crisis, inflation and price rises and the effects of the war in Ukraine.

3.4 The risk relating to an increase in Covid infection rates and/or a new variant of concern having a similar impact as the Omicron variant, have reduced in terms of likelihood and reflect the current UK Health Security Agency classification and posture. This risk remains on the register and will be monitored but it is recognised that it is the aftermath of the height of the pandemic and the longer-term impacts on the economy, wellbeing, health inequalities and the impacts on Manchester communities that now represent the key risks.

3.5 A summary of the risks and key changes agreed at SMT in March 2022 are as follows:

Risk Title	March 2022 Impact x Likelihood	Movement	Previous December 2021
1. Medium term financial resources	4x4=16 High		20
2. Economy of the City	4x4=16 High		16
3. Climate change action	4x4=16 High		16
4. Health and social care reform	4x4=16 High		16
5. Cyber security	4x4=16 High	N/A	New
6. Costs of capital and revenue contracts	4x4=6 High	N/A	New
7. Capability/capacity of workforce	4x3=12 Medium		16
8. Targets for affordable housing not met	4x3=12 Medium		12
9. ICT systems not implemented or maintained	4x3=12 Medium		12
10. Impact on the capital programme	4x2=8 Medium		8
11. Failure of key suppliers and supply chain disruption	3x3=9 Medium		12
12. Embedding case management systems (LL, Controcc and EYES)	3x3=9 Medium		12
13. Safeguarding children and vulnerable adults.	4x2=8 Medium		8

Risk Title	March 2022 Impact x Likelihood	Movement	Previous December 2021
14. Tackling Inequality	4x2=8 Medium		8
15. Wellbeing, welfare, morale of staff	3x2=6 Low		12
16. Serious avoidable data loss	2x3=6 Low		6
17. Increases in Covid19 infection rates	2x3=6 Low		16

#### 4.0 Next Steps in Risk Management Development

- 4.1 As part of a continuous improvement process, the Risk Management Strategy will be reviewed to ensure it is fit for purpose and remains reflective of the Council's desired approach, and risk appetite and tolerance, and approval sought via SMT, prior to review at a future Audit Committee meeting. The Corporate Business Continuity Plan and service level planning will also be refreshed and incorporate an increased focus on cyber risk management and response planning.
- 4.2 The process of review will also consider the risk management approach, methodology and design of risk registers. This will be to determine if these can be more user friendly, automated and effective at identifying risks that should be escalated / de-escalated between directorate and corporate level registers. As part of this there will be additional focus on developing the approach to assessing risk appetite and risk tolerance.
- 4.3 Risk management training and guidance on the intranet and available through the e-learning system will be reviewed and assurances gathered as to the impact these are having on the understanding of principles and procedures. The aim being to sustain risk literacy and risk management as a core management competency.

#### Appendices

Appendix 1 – Corporate Risk Register

Appendix 2 – Glossary of Terms and Assessment Criteria

Appendix 3 – Risk Management Strategy 2020 - 2023