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| <b>PART A:</b>          | <b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>     |
| <b>REPORT TO:</b>       | <b>OVERVIEW AND SCRUTINY COMMITTEE</b>               |
| <b>DATE:</b>            | <b>30 SEPTEMBER 2021</b>                             |
| <b>REPORT OF THE:</b>   | <b>HEAD OF CORPORATE GOVERNANCE<br/>SIMON COPLEY</b> |
| <b>TITLE OF REPORT:</b> | <b>UPDATE ON RISK MANAGEMENT</b>                     |
| <b>WARDS AFFECTED:</b>  | <b>ALL</b>   |

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 This report provides an update on work to review and revise the Council's Corporate Risk Register, attached at Appendix 1.

### **2.0 RECOMMENDATION(S)**

- 2.1 It is recommended that the Committee notes the contents of this report and comments on the format and details of the Corporate Risk Register.

### **3.0 REASON FOR RECOMMENDATION(S)**

- 3.1 This report provides an update on work to revise and review the Corporate Risk Register. Risk Management has been highlighted as a key improvement issue in recent years, and this paper is evidence of improvements made in the process and reporting to members.

### **4.0 SIGNIFICANT RISKS**

- 4.1 The risk of not managing corporate risks are as identified in the register.

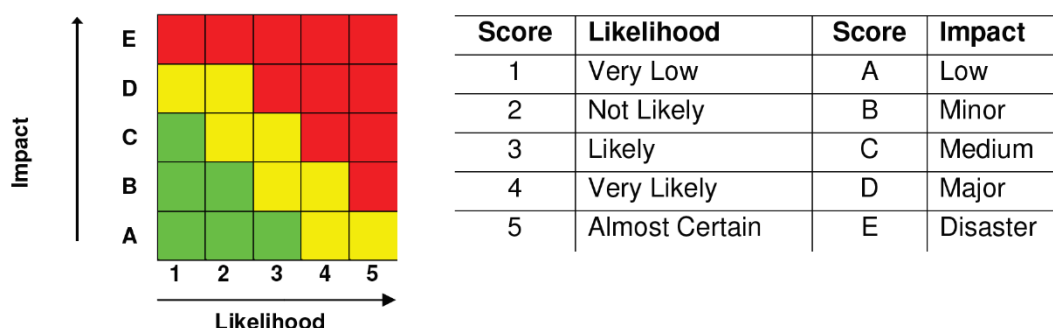
### **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The authority has a duty to manage risk.
- 5.2 Significantly more risk has been introduced into the system as a consequence of local government reorganisation, which is currently being assessed. This may affect subsequent iterations of the risk register, and risk ratings.

## 6.0 BACKGROUND AND INTRODUCTION

### Introduction

- 6.1 A revised approach to managing risk has been adopted in recent years. This has led to an overhaul of the Corporate Risk Register. Advice and guidance has been provided by Veritau and in some cases by North Yorkshire County Council.
- 6.2 This work has been recognised and endorsed by members who see it as an important part of the Council's improvement strategy. As part of that, an update on Risk Management, including the Corporate Risk Register, will be presented to Audit Committee twice a year.
- 6.3 The updating of the Corporate Risk Register over the past year has demonstrated the Council's improvement journey, showing how risks are being managed and generally downgraded over that period. However Risk Management is an ongoing process and the papers presented here will continue to be updated.
- 6.4 The Corporate Risk Register is a key strategic document setting out the medium to long term goals and objectives of the Council and the associated risks. The register is a live document and is updated on a regular basis to set out the controls and mitigations in place to control identified risks.
- 6.5 To assist with consideration of the register, Members are reminded that the current scoring matrix is defined as below:



- 6.6 Each risk has two elements: the probability of the event occurring (likelihood) and the consequence if it does occur (impact).
- 6.7 The Council uses a 5x5 matrix which means that there are five levels of likelihood (*very low, not likely, likely, very likely and almost certain*) and five levels of impact (*low, minor, medium, major and disaster*). The intersection of the likelihood and impact of a specific risk on the matrix will decide its score and, in turn, the requirements for its management. This is known as 'risk analysis' and is the quantitative element of the risk assessment process which takes place following risk identification.
- 6.8 The aim of risk analysis is to estimate the likelihood and impact of the risk on three different levels. The first level is the original risk (also known as the 'gross risk' or the

‘inherent risk’). This is an estimation of the impact and likelihood of the risk *before* the effects of any controls that have been put in place are taken into account. The significance of this score is that it provides clear indication as to whether or not the risk has the potential to have a disastrous impact on the Council. Equally importantly, if not more so, is that the score enables an assessment of the importance of the controls acting on the risk. A control is any preventative / proactive (i.e. help to reduce the likelihood of the event) or mitigating / reactive (i.e. help to reduce the impact of the consequences of the event) measure that is put in place to reduce the likelihood and/or impact of the risk.

- 6.9 The second level is the current risk (also known as the ‘net risk’ or the ‘residual risk’). This is the analysis of the impact and likelihood of the risk occurring with all the controls and mitigating actions in place. It is the assessment of the risk at the time the risk analysis was undertaken.
- 6.10 The third level is the target risk. This is a score which reflects the analysis of the impact and likelihood of the risk when all desired controls are fully implemented and are operational. Wherever possible, the target risk score should be set at or below the risk appetite for the risk being analysed. However, the nature of the risk might mean that this not possible. In these circumstances the risk should be managed to a level that is as low as reasonably practicable.
- 6.11 Members are requested to review the current Corporate Risk Register at Appendix 1 and feed back any comments to officers.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
As set out in the Corporate Risk Register.
  - b) Legal  
Failure to manage risk can result in legal action and costs.
  - c) Other (Climate Change, Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
Failure to manage risk can result in failure to fulfil obligations and duties.

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**Background Papers:**  
None