

AUDIT COMMITTEE	AGENDA ITEM No. 5
21 MARCH 2022	PUBLIC REPORT

Report of:	Cecilie Booth – Chief Finance Officer and s.151 Officer	
Cabinet Member(s) responsible:	Councillor Coles – Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

STRATEGIC RISK MANAGEMENT

RECOMMENDATIONS	
FROM: Steve Crabtree, Chief Internal Auditor	Deadline date: N/A
It is recommended that Audit Committee:	
1. Review, note and comment upon the strategic risks identified for the Council	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee as a routine planned report on the development of the strategic risks and management of risks across all departments.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide Members with details of strategic risks which could impact on the delivery of the Councils vision and objectives and the arrangements in place to manage these.

2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.15

- *To monitor the effective development and operation of risk management and corporate governance in the Council”.*

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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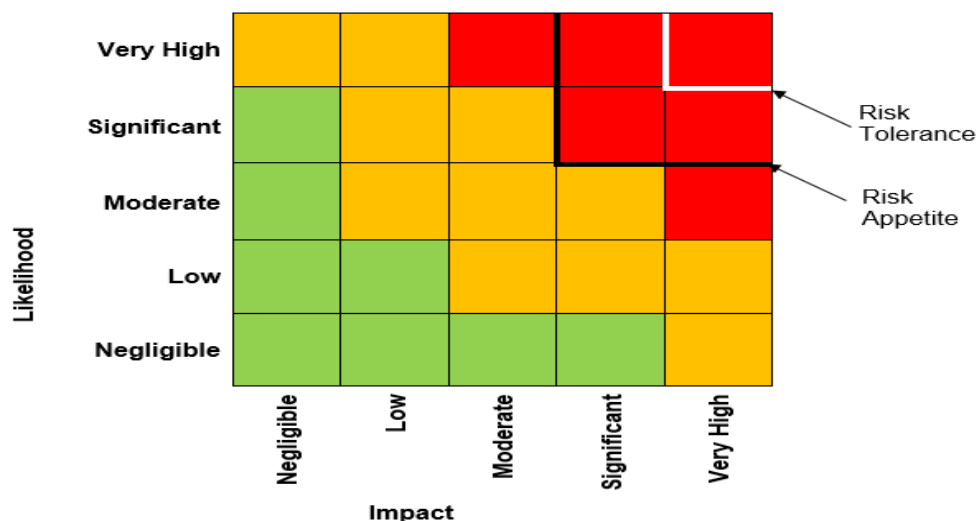
4. BACKGROUND AND KEY ISSUES

4.1 INTRODUCTION

4.1.1 To achieve the ambitions, outcomes and priorities determined by the Council, it is essential that it continues to understand, manage and communicate the diverse range of risks and challenges that could threaten the organisation and vital services. Risks originate from a variety of sources, many of which are out of our direct control – for example global events such as the pandemic or

austerity. More localised incidents can impact on residents, individuals, services or the infrastructure. It is paramount that all risks are clearly identified, managed and reported through the relevant channel. Risks can never be eliminated entirely but proportionate and targeted action can be taken to reduce risks to an acceptable level. The effect of uncertainty on an organisation's objectives is risk. Risk management is the process of identifying what might go wrong, what the potential consequences could be, and how to best mitigate the likelihood of the risk occurring. If it does go wrong, as is inevitable sometimes, proactive risk management will ensure the impact is kept to a minimum.

- 4.1.2 Local authorities are required to maintain a sound system of internal control, including risk management, internal audit, and whistleblowing arrangements. Risk management is the application of Council strategies, governance, policies and processes to identify and manage risks that are acceptable to the Council. Managing risk processes effectively enables the Council to safeguard against potential threats and take advantage of potential opportunities to improve services whilst continuing to provide better value for money for residents, visitors, local businesses and service users.
- 4.1.3 The Council is accountable to the public for its performance and financial management. This means that the Council has a low appetite for risk, however this will need to change in order to take careful consideration of risk to develop new and innovative ways to delivery services, support communities and ensure the long term financial stability of the Council is not impaired by short term decisions. This makes good risk management essential.
- 4.1.4 In order to formalise risk management arrangements across the business, the Council has developed a Risk Management Strategy. The objectives of this strategy are to maintain the effective management of risk through:
- Increasing the likelihood of achieving the organisation's goals and delivering outcomes;
 - Improving the identification of opportunities and threats across the project portfolio;
 - Improving governance, stakeholder confidence and trust;
 - Establishing a reliable basis for informed decision making and planning;
 - Effectively allocate and use resources for risk treatment; and
 - Improving organisational resilience.
- 4.1.5 This approach enables the Council to:
- Identify risks;
 - Assess the risk;
 - Agree and take action to manage the risk; and
 - Monitor, review and escalate risks
- This results in:
- Resources being directed to the risks that matter and away from risks that do not – and as a consequence lead to fewer surprises; and
 - Enabling opportunities to be exploited as risks are understood and managed.
- 4.1.6 The following criteria is applied to determine if a risk is also a corporate risk:
- If it would cause reputational damage to the council
 - If it would have a financial impact on the council
- 4.1.7 The Council operates against a risk management strategy which identifies risks both strategically and operationally. Risks are based on a 5 x 5 matrix (see chart) with the current risk appetite as deemed appropriate by Members identified. These are recorded within POWER BI which enables reports to be produced and discussed at the bi-monthly Risk Management Board. Similarly risks will be reported to the Improvement Panel to oversee the effective delivery of the changes required to make the Council sustainable.



4.1.8 The Strategy has been in place for a number of years and is in need of refresh to ensure it meets current and future requirements, reflects the new reporting tools utilised with the various changes across the Council. This will be brought to a future Committee for consideration. In addition, training will be delivered to Committee members.

4.2 CORPORATE RISKS

4.2.1 Based upon all the red risks, the Council has the following Corporate Risks (identified as at 28 February 2022 and scoring 15 or above):

Department	Risk Description	Score
People and Communities	Pressures due to demographic change	16
	Impact of potential post Covid surge in Adults services	16
	Provider sustainability	16
	Viability of day opportunities	16
	Safeguarding arrangements failure for children and adults	15
Resources	Financial resilience	25
	Empower loan refinancing	20
	Increase in borrowing rates	16
	Failure to maintain an effective business continuity plan	15
	Reduce income levels (post Covid)	15
Public Health	National PH grant insufficient	16
	BAU capacity during pandemic	15

5. CONSULTATION

5.1 There is a bi-monthly Risk Management Board meeting where lead officers from all departments update their individual Risk Registers and review a detailed analysis of both departmental and corporate risks.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 That risks to the delivery of council services are identified and rated in a timely manner and mitigating actions are put in place to minimise their impact. That risks are reviewed on a periodic basis to ensure their impact and likelihood are correctly stated and mitigating actions are being delivered.

7. REASON FOR THE RECOMMENDATION

7.1 The Audit Committee must be assured that the council has processes in place to identify risks on a timely basis and that actions are put in place to monitor and mitigate their effects.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None

9. IMPLICATIONS

Financial Implications

9.1 None in this report, however there may be costs associated with individual risk mitigations. These are picked up in the normal monthly monitoring process and separate Committee reports.

Legal Implications

9.2 None

Equalities Implications

9.3 None

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None.