

ENTER NAME OF COMMITTEE	AGENDA ITEM No. 7
25 NOVEMBER 2024	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and Section 151 Officer	
Cabinet Member(s) responsible:	Councillor Mohammed Jamil, Deputy Leader and Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Gerry Roche (Corporate Risk Manager)	Tel. 07763766259

RISK MANAGEMENT UPDATE

RECOMMENDATIONS	
FROM: Cecilie Booth, Executive Director of Corporate Services and Section 151 Officer	Deadline date: N/A
It is recommended that the Audit Committee reviews and provides any comments on this Deep Dive report and the Strategic Risk Register (SRR) included as Appendix A	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following a recommendation from the committee in July 2024 for the committee to monitor progress in addressing risk-related issues to the committee and to monitor the effective development and operation of risk management in the council.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide the Audit Committee with a deep dive analysis of the councils SRR.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference:
- 3.28: To monitor progress in addressing risk-related issues reported to the committee.
 - 4.2: To monitor the effective development and operation of risk management in the Council.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
Date for relevant Council meeting		Date for submission to Government Dept. (Please specify which Government Dept.)	

4. BACKGROUND AND KEY ISSUES

- 4.1 The Council recognises that there are risks in everything it does and has a duty to manage these risks in a balanced, structured, and cost-effective way. Approval and publication of the SRR demonstrates this intention.

The process in place to support the continued review and update of the Strategic Risk Register (SRR) is as follows -

- All Inherent and residual risk Impacts and Likelihoods agreed with key contacts, and the RAG status is determined by the Matrix, detailed on the Matrix tab.
- Financial impact bands should the risk materialise, agreed with key contacts.
- Reputational impacts should the risk materialise, assessed by the Head of Communications to ensure consistency.
- Monthly discussions with the key contacts to ensure the risk and control description along with the quantification remain reflective of the current situation.
- Any agreed changes made to the register are documented and submitted via an accompanying 1pager.
- SRR is submitted monthly to the CLT for review, challenge and sign off.
- Emerging risks are included in the 1pager if they are likely to move onto the SRR, along with key focus areas in case risks materialise and need adding to the SRR.
- A watching brief is kept on potential risks that might materialise due to both external and internal factors.
- Monthly SRRs exist to provide an audit trail of all changes made.
- Once the risk is deemed at an acceptable residual risk level, it is then moved back to the directorate risk map to be managed as business as usual.

- 4.2 Details relating to all changes agreed to the SRR this year by chronological and Strategic Risk order were –

JAN 24:

Emergency Resilience – Council Response – Place & Economy

- Residual risk likelihood reduced from 4 to 3 so reducing RAG from Red to Amber.

Rationale:

- Emergency Plan written with a draft version on the intranet, which allows staff to understand what to do in an emergency.
- Profile raised with CLT.
- Paper to be submitted to CLT detailing future improvements, by the end of January.
- BCP updated in all but 2 areas, with discussion ongoing for these to be completed also.

The Council is a victim of Cyber Crime, & Technological Change – ITDS

- Key contact believes owner should change to CLT from CB, has everyone has responsibility for Cyber Security.

Health & Safety

- Residual risk likelihood reduced from 4 to 3 so reducing RAG from Red to Amber.

Rationale:

- H&S Policy written and to be communicated very soon.
- New Head of H&S recruitment progressing well with s/o expected shortly.
- These improvements allow PCC to demonstrate a much stronger defensive position if challenged by the H&S executive now.

Ofsted & CQC inspections – Childrens

- Residual risk has increased from Amber to Red, so is now in line with Inherent Risk.

Rationale:

- The outcome of the inspection is going to be very different to what it was the last time in 2018. The service at this time, will need more resources in place to manage high quality services and the outcome of the inspection may result in us losing some resources ie: staff, which will weaken the control environment overall.

CQC Assurance (Inspection) Adults – Adults

Both Inherent and residual risk have moved to Red from Amber, as the Impact and likelihood combined score is 16 in line with their BAU directorate template. Risk is considered stable at present.

FEB 24:

Political Landscape – Legal & Governance

Impact reduced to 3 from 4 so reducing residual risk to 12, so risk is now Amber and not Red.

Housing – Place & Economy

Residual risk whilst still red has reduced in likelihood with the addition of the control around the weekly Governance group managing demand down in respect of temporary accommodation, so reduced to 4 so Residual risk is now 16 from 20 and trend is improving.

OFSTED Inspections - Childrens

CQC removed from risk description.

Council's ability to deliver City Regeneration – Place & Economy

New risk and triggers added to SRR replacing both the Station Quarter and Towns Fund transformation risks. The inherent risk is 25 which is impact and likelihood of 5 each, owing to the number of projects contained within it. After discussion with Nick Carter, it was deemed appropriate at this stage to leave residual risk at 25.

Controls identified -

- Investment in the council's growth and regeneration service.
- Establishment of a Growth and Regeneration Advisory Board.
- Building and maintaining strong partnerships with key anchor institutions.
- SOBC's in place.
- Monthly Portfolio Board rigour and challenge meetings.

Adrian Chapman will own it with Nick Carter being the key contact.

Collaborative working with Health & Social Care - Adults

Collaborative working with, replaced integration off, in risk and trigger description.

MAR 24:

New Risk added - Lack of Security Assurance – Facilities

Following discussions with Simon Lewis and Rob Hill the above risk and its associated triggers and mitigation have been added to the Strategic Risk Register, with an Inherent risk of 20 and residual risk of 16, although it is considered stable now. As the Security Assurance network develops and begins to address issues it is felt the control environment will strengthen and as such, we should see a further reduction in residual risk.

New Risk added – Service disruption due to decoupling of ITDS services – ITDS

Inherent and residual risk quantified as 15 with the risk considered stable at the moment, will review once we are further into the project plan.

Triggers - Failure to achieve efficient & effective decoupling due to lack of financial investment, change not managed, staffing capacity not adequate, lack of business support and capacity for project.

Mitigation - Budget needed. Appropriately managed project plan to implement decoupling.

New Risk Added - Council's ability to deliver City Regeneration – Place & Economy

New risk and triggers added to SRR replacing both the Station Quarter and Towns Fund transformation risks. The inherent risk is 25 which is impact and likelihood of 5 each, owing to the number of projects contained within it. After discussion with Nick Carter, a couple of additional controls have been added which have seen both the impact and likelihood reduce to 4 so reducing residual risk to 16.

Controls identified -

- Investment in the council's growth and regeneration service.
- Establishment of a Growth and Regeneration Advisory Board.
- Building and maintaining strong partnerships with key anchor institutions.
- SOBC's in place.
- Monthly Portfolio Board rigour and challenge meetings.

- Subject to DLUHC governance processes, which requires a monthly report on cost and Programme and a Project adjustment review (PAR) process covering any proposed changes.
- Combined authorities' governance and assurance process.

Risk removed – Decoupling of Services – Adults

Oliver confirmed that there is now only transfer of care from adults, but that is minimal risk and wouldn't at this stage be a risk, so happy for this risk to be removed.

Risk Changes agreed:

Financial Resilience of Council – Finance

Risk reworded slightly to add some context around the reserves and debt position, and mitigations updated to better reflect the current control environment. Residual risk remains at 12.

Emergency Resilience – Council Response – Place & Economy

Mitigation reviewed and updated with more detail which better reflects the current control environment, Residual risk remains at 12 but the trend is improving.

Housing – Place & Economy

Mitigation reviewed and updated with more detail which better reflects the current control environment, Residual risk remains at 16 but the trend is improving.

All three adult risks below have had the mitigation reviewed and minor updates made to more accurately reflect current activity, residual risk levels have remained the same.

Collaborative working with Health & Social Care - Adults

Safeguarding – Adults

CQC Assurance (Inspection) – Adults

Community Cohesion – Place & Economy

More detail added to mitigation in terms of clarifying what activity is undertaken to support the operation of the controls.

APR 24:

New Risk added Public Health Grant is insufficient to maintain public health service levels – Public Health

Risk Changes agreed:

Service disruption due to decoupling of ITDS services – ITDS

Following challenge at the Risk Management Board it was agreed to increase the inherent likelihood to **4** from 3, owing to the number of areas involved in the decoupling exercise, so increasing the overall Inherent risk to **20**. Residual risk remains at 15 with the risk considered stable now, will review once we are further into the project plan.

Mitigation - Budget needed. Appropriately managed project plan to implement decoupling.

MAY 24

New Risk added: Failure to manage and collect outstanding debt – Finance

Risk Changes agreed:

Public Health Grant is insufficient to maintain public health service levels – Public Health

Inherent likelihood of 5 and Inherent impact of 4, reducing the overall Inherent risk to **20** from 25 and residual impact of 3, which reduces the overall residual risk to **15** from 25.

Security Assurance – Facilities

Control environment has been enhanced which has resulted in the residual likelihood reducing to 3 from 4, which reduces the overall residual risk to **12** from 16.

Health & Safety

Controls have been reviewed and updated, currently no change to the overall residual risk.

JUNE 24

Financial Resilience of Council – Finance

Changes made to the risk triggers and mitigation in light of the budget risk assessment for 2024/25 onwards. As a result, residual likelihood as increased to 4 from 3 and impact to 5 from 4, which increases the overall residual risk to **20** from **12**. **Financial Band increased to 7 from 5.**

Possible service disruption due to decoupling of ITDS Services – ITDS

We are also adding the following mitigation to our decoupling risk – Consultation paper issued to the organisation and Feedback received and acted upon. This reduces the Residual impact to 3 from 5, so reducing the overall residual risk to **9** from **20**.

The Council is a victim of Cyber Crime, & Technological Change – ITDS

The following risk trigger has been added in recognition of the up-and-coming general election. Trigger - High risk individual protection with a further control added - working with NCSC.

Political Landscape – Legal & Governance

Changes made to the risk description and triggers to recognise the recent change in both the leadership and the administration, and as a result have increased the Inherent likelihood to **5** from 4 again to reflect recent events, which increases the overall inherent risk from 16 to **20**. Mitigation updated as well and has a result it is felt that the residual risk likelihood has also increased from 4 to **5**, which increases the overall residual risk to **15** from 12.

Workforce Planning – HR

Changes made to strengthen the mitigation to reflect the current position, which has resulted in the reduction of the residual likelihood to 3 from 4, so overall residual risk has now reduced to **12** from **16**.

Failure to manage and collect outstanding debt – Finance

Changes made to the risk triggers and mitigation to reflect the current position, this has resulted in the reduction of the residual likelihood to 4 from 5, so overall residual risk has now reduced to **16** from **20**.

JULY 24

Agreed with the risk owners to remove all risks that score less than **15** from an Inherent Risk perspective, and only report on those that are Red from an Inherent Risk perspective. So, the following risks have been removed and will be managed via the directorate risk map.

Improvement Programmes – HR / CDU

Community Cohesion – Place & Economy

Collaborative working with Health & Social Care - Adults

Risk Changes agreed:

Emergency Resilience – Place & Economy txt added - Improving council wide preparedness.

Insufficient skills across workforce to respond to emergency challenge.

Mitigation strengthened so both residual likelihood and impact reduced so overall residual risk is now **6** from **12**.

Housing – Place & Economy - Description changed to Housing - Increasing demand exceeding supply, leading to increased reliance on temporary accommodation, insufficient support for the homeless and significant financial pressure.

Demand for accommodation continues to rise as result of cost-of-living crisis. Despite the mitigations, and the council performing well against benchmarked authorities, reliance on temp accommodation continues and lack of suitable accommodation. A transformation board will be established to improve system wide focus and explore new mitigations to alleviate this increased demand. As a result, Residual Risk likelihood as increased to **5** from **4** so the overall residual risk has now increased to **20** from **16**.

Safeguarding - Adults - Adults and Childrens safeguarding risks to remain separate on the strategic risk register, as the legal framework in place in relation to children allows the council to make decisions on their behalf, whereas in respect of adults, the council need to consider their capacity to understand and make decisions themselves.

Mitigation updated to reflect current position.

The Council is a victim of Cyber Crime, & Technological Change – ITDS Following txt added Cyber Crime - any criminal activity that involves a computer, network or networked device to generate profit or to directly damage or disable them

Political Landscape – Legal & Governance

Risk and controls discussed with Neil and as a result have reduced the Inherent impact to 3 from 4, so reducing the overall the overall inherent risk from 20 to **15**. Residual risk will remain at **15** as we continue to monitor the control environment.

Security Assurance – Facilities Management – Following txt added - Improving council wide preparedness. Developing skills and tools to respond to a security issues.

Residual risk likelihood increased to 4 from 3, but impact reduced to 3 from 4 so overall residual risk remains the same **12**.

Health & Safety – Following txt added - Ability to reduce H&S risk, to respond in a timely manner to H&S issues and to mitigate any impact arising from incidents.

Mitigation updated which has seen Residual risk likelihood increased to 4 from 3, but impact reduced to 3 from 4 so overall residual risk remains the same **12**.

The Councils ability to deliver City Regeneration – Place & Economy

Discussed with Adrian and as a result, triggers, mitigation and reputational impact have all been updated to reflect more accurately the current position.

CQC Assurance – Adults changed to - We fail to evidence we meet our statutory responsibilities which impacts delivery and quality of outcomes and interventions.

AUG 24

Risk Changes agreed:

Possible service disruption due to decoupling of ITDS Services – ITDS

Update received is that with the recruitment freeze and procurement freeze it will make it more difficult to be successful but does not see the need to change either the Inherent or Residual scores at this stage.

Political Landscape – Legal & Governance

Risk and controls discussed with Neil and no changes needed at this time, however it was agreed that trending should now show stable and not worsening.

The Councils ability to deliver City Regeneration – Place & Economy

Discussed with Adrian and this risk now sits with Jim Newton.

Future Focus Areas:

- Risks associated with Companies, joint ventures and arm's length bodies. **Update - linked to the best value standards work and will be monitored with updates provided to the SFCC portfolio board.**
- Risks associated with contracts and assets. **Update - Capital and Information Assets risk recently moved to BAU from the Strategic Risk register, so will continue to be monitored monthly. Asset update also provided to the SFCC portfolio board.**

Watching Brief:

Community Cohesion - •City unrest / increased tension resulting from external factors: e.g. War in Ukraine / Gaza / Israel. Owner – Place & Economy

Agreed with the risk owner to remove this risk in July as the score was less than **15** from an Inherent Risk perspective but given the current situation regarding national disorder thought it best to capture as a watching brief risk this month.

SEPT 24

Risk Changes agreed:

Financial Resilience of Council – Finance

Minor change made to the BCR control with the addition of the overspend and action taken to address.

Workforce Planning – HR

Mitigation updated to better reflect the current situation.

The Councils ability to deliver City Regeneration – Place & Economy

Updates to the first two controls added to better reflect the current situation.

Future Focus Areas:

- Currently working on formulating an EDI risk related template.

Watching Brief:

Community Cohesion - •City unrest / increased tension resulting from external factors: e.g. War in Ukraine / Gaza / Israel. Owner – Place & Economy

Agreed with the risk owner to remove this risk in July as the score was less than **15** from an Inherent Risk perspective but given the current situation regarding national disorder thought it best to capture as a watching brief for the time being

OCT 24

Risk Changes agreed:

Emergency Resilience – Place & Economy

Minor changes made to the overall control environment and risk is considered stable at present.

Housing – Place & Economy

Minor change made to the reputational impact and risk considered to be stable, reduced from worsening.

Safeguarding – Children

Risk trigger removed as considered already covered in the first bullet point, and as control environment is maturing, residual likelihood has been reduced to 4 from 5, which sees the overall residual risk reduce to 16 from 20.

Health & Safety

Minor changes made to the mitigation of this risk, but no change in residual risk consequently.

OFSTED Inspections – Children

Trending is now considered to be stable, from worsening.

The Councils ability to deliver City Regeneration – Place & Economy

Risk owner is now Ingrid Hooley following Jim Newton leaving. Update to the first control added to better reflect the current situation.

Future Focus Areas:

- About to complete the formulating of the EDI risk related template.
- Risks associated with Companies, joint ventures and arm's length bodies. **Update - linked to the best value standards work and will be monitored with updates provided to the SFCC portfolio board.**

Watching Brief:

Community Cohesion - •City unrest / increased tension resulting from external factors: e.g. War in Ukraine / Gaza / Israel. Owner – Place & Economy

Agreed with the risk owner to remove this risk in July as the score was less than **15** from an Inherent Risk perspective but given the current situation regarding international issues that might impact locally as a protest is being planned regarding Lebanon thought it best to keep as a watching brief for the time being

The above changes aim to ensure that the existing risk management arrangements continue to be robust, proportionate and the most appropriate for the Council.

5. CORPORATE PRIORITIES

5.1 Risk Management and the council's approach is linked to the successful delivery of all Corporate Priorities.

1. The Economy & Inclusive Growth
 - Environment
 - Homes and Workplaces
 - Jobs and Money
2. Our Places & Communities
 - Places and Safety (including any rural implications)
 - Lives and Work
 - Health and Wellbeing
3. Prevention, Independence & Resilience
 - Educations and Skills for All
 - Adults
 - Children
4. Sustainable Future City Council
 - How we Work
 - How we Serve
 - How we Enable

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

6. CONSULTATION

6.1 This report is submitted to Audit Committee as part of the managing and overseeing risk management across PCC. The Strategic Risk Register has been consulted on monthly with the Corporate Leadership Team along with a 1pager detailing all the changes made that month.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 For Audit Committee members to review and suggest further risks worth consideration in the Strategic Risk Register.

8. REASON FOR THE RECOMMENDATION

8.1 For Audit Committee to continue the process of the ongoing review of risk as per the committee's terms of reference. The Strategic Risk Register provides clarity for officers and Members of the key risks and controls that have been identified, evaluated and are continually being managed and monitored by PCC.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 None.

10. IMPLICATIONS

Financial Implications

10.1 There are none.

Legal Implications

10.2 There are none.

Equalities Implications

10.3 There are none.

11. BACKGROUND DOCUMENTS

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

11.1 There are none.

12. APPENDICES

12.1 Appendix A: Strategic Risk Register