

Committee Name and Date of Committee Meeting

Audit Committee – 26 September 2023

Report Title

Risk Management Annual Summary 2022-2023 and Corporate Strategic Risk Register Update

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Jo Brown, Assistant Chief Executive

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

This report forms part of the Audit Committee's remit to regularly consider risk management.

The Risk Management Standard, ISO31000, suggests that every organisation produce an annual summary of risk management activity. Following on from summaries produced for the Audit Committee in recent years, this is the fifth annual summary.

The report aims to summarise the principal risk management activity that has been carried out in Council throughout the past financial year. It covers a wider range of topics than the regular report on the Corporate Strategic Risk Register (which is also included in the report to this meeting) and aims to cover both the movements in strategic risks that have occurred over the period and the key elements of the Council's risk management activity throughout the year.

Recommendations

1. The Audit Committee is asked to consider and note the annual summary of risk management activity.
2. The Audit Committee is asked to consider and note the updates to the Corporate Strategic Risk Register and make any comments as necessary

List of Appendices Included

Appendix 1 – Summary Corporate Strategic Risk Register at 1st July 2023

Appendix 2 – Full Corporate Strategic Risk Register at 1st July 2023

Background Papers

Report to Audit Committee; 28th June 2022 (Annual Risk Management Summary 2021-2022)

Report to Audit Committee; 29th November 2022 (Risk Management Strategy and Policy 2022)

Report to Audit Committee; 10th January 2023 (Corporate Strategic Risk Register update)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

This paper is not intended to be circulated to other Committees or Panels and is produced solely for the Audit Committee.

Council Approval Required

No

Exempt from the Press and Public

Yes.

An exemption is sought for Appendices 1 and 2 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains information that refers to the affairs of third parties.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because failure to do so may result in disclosure of information about the financial or business affairs of Council suppliers and partners.

1. Background

1.1 The Council's ongoing risk and assurance aims are to:

- Provide Members and Senior Officers with an understanding of the key risks facing the Council and its community, and to show how these risks are being effectively mitigated.
- Implement and maintain a fluid process for business-as-usual management of risks relevant to our objectives, outcomes, services and assets.
- Align reporting mechanisms for finance, risk, audit and performance providing members and senior officers triangulated risk and assurance profiles.
- Continue to meet the requirements of our external auditor and compliance providers.

1.2 This report aims to summarise the principal risk management activity that has been carried out within the Council throughout the past financial year. It also summarises the key movements in Strategic Risks that have occurred over the period and updates the Committee on the current risks on the Corporate Strategic Risk Register (CSRR).

2. Risk Management Responsibilities

2.1 The Council's Risk Management Policy and Guide states that risk management is the responsibility of all Council officers. This is further set out in section 12.2 of the Policy and Guide where the specific responsibilities of all members and officers are detailed. In particular, all employees are required to:

- Understand risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities.
- Support and undertake risk management activities as required.
- Attend relevant training courses focussing on risk and risk management.

2.2 As well as the key responsibilities set out in the Policy and Guide, the Council has a group of Risk Champions. Each Directorate has at least one Risk Champion who leads on risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Improvement and Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating risk management across the Council.

2.3 Overall strategic responsibility for risk management rests with the Assistant Chief Executive, with day-to-day responsibility delegated to the Corporate Improvement and Risk Manager. The team working on corporate risk management also includes a "Corporate Improvement and Risk Officer". The team's responsibilities are wider than corporate risk management, but the presence of the additional posts ensures that there is resilience in the Council's risk management activity.

- 2.4 Throughout the past year there have been Risk Champions in place for the following Directorates and Services:
- Children's and Young People's services
 - Regeneration and Environment
 - Finance and Customer Services
 - Adult Social Care, Housing and Public Health (Housing)
 - Adult Social Care, Housing and Public Health (Adult Care)
 - Adult Social Care, Housing and Public Health (Public Health)
 - Assistant Chief Executive's
- 2.5 In most cases, each Directorate also has a substitute or deputy Risk Champion who can stand in for the primary Risk Champion when required.
- 2.6 The Risk Champions' Group meets bi-monthly and has done so consistently over the past twelve months.

3. Training Summary

- 3.1 Risk Management training is a fundamental element of the Council's approach to risk management. There are four core elements of the training programme which are:
- A two-hour risk management course for all M2 managers and above. This course is run by the Corporate Improvement and Risk team at least quarterly (and more frequently if required)
 - A two-day risk management training course which is run each year by an external provider who are accredited by the Institute of Risk Management (IRM). This course is open to all staff but is a requirement for all Risk Champions and their deputies.
 - An online training course for all staff which is delivered through the e-learning system
 - Specific training as required – this includes for elected members delivered as part of the member development programme and to Leadership Teams when required.
- 3.2 Take up of the M2 manager course remains very high, with 134 managers attending the five courses run since the last annual report in June 2022. The remaining courses are close to fully booked and additional courses will be set up as required.
- 3.3 The two-day IRM accredited course was run in March 2023. Twelve staff successfully completed this course and, as a result, have received IRM accreditation following a short assessment and test. Again, the level of take up of this course is very encouraging and it will be run again in early 2024.
- 3.4 As presented in last year's report, a course for elected members was run on the 22nd February 2022 and was attended by fifteen members. A recording of this course remains on the member training database for members to access when convenient.

- 3.5 Over the course of the last twelve months, risk management training events have been run for Strategic Leadership Team (SLT), a joint session with SLT and Assistant Directors (SLT/ADs) and the Council's Wider Leadership Team (WLT), which includes all the Council's Heads of Service.
- 3.6 Following extensive work alongside the HR and OD Service, the online training tool for risk management has recently been relaunched. This is a short e-learning tool that requires all staff to complete it. Staff are allowed three months to complete the course and are also expected to re-complete it once every three years. We will report take up of this course in future annual reports.

4. Risk Management Process

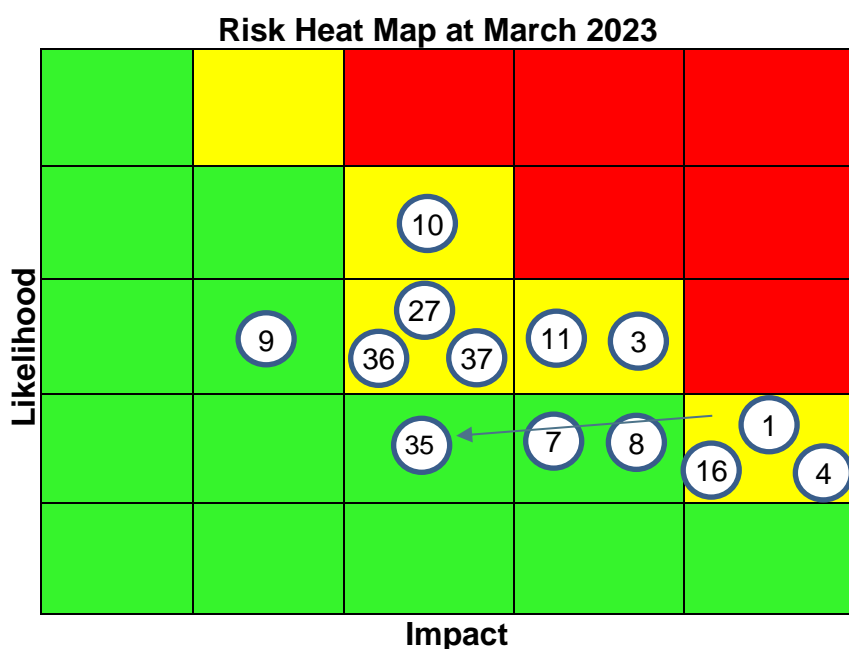
- 4.1 As set out in the Risk Management Policy and Guide, individual Service Management Teams (SMTs) and Directorate Leadership Teams (DLTs) have reviewed their risk registers in line with the Risk Management Policy and Strategy. Typically, teams review their registers every four to twelve weeks depending on the individual meeting cycle and the significance of the risks they are managing. We aim to achieve the best practice of DLTs considering risk at every meeting, but in a way that is proportionate to the risks being faced by the services in question.
- 4.2 The CSRR has been formally reviewed by SLT both at joint SLT/AD Performance Management meetings and at separate SLT meetings. The regular cycle of quarterly reviews has been in place throughout the 2022/23 financial year and remains in place to date.
- 4.3 The CSRR is also reported regularly to the Audit Committee alongside the annual "deep dives" of Directorate Risk Registers. Additionally, the Corporate Improvement and Risk Manager, through the Risk Champions, ensures updates are obtained from all risk owners, reviews each update, and draws attention to issues or missing risk register updates.
- 4.4 The programme of Audit Committee risk register for the 2022-23 financial year was completed as planned. A new cycle has been established for the coming year and this means the Audit Committee will once again review all directorate risk registers at least once during the next 12 months.
- 4.5 In addition, the Corporate Improvement and Risk Team has worked with a range of services throughout the Council to provide specific support on risk issues. These have included Health and Safety, Business Continuity and Adult Social Care and Housing.
- 4.6 Internal Audit's last review of Corporate Risk Management was completed in May 2022. This review focused on the arrangements in place for risk management in the Council throughout the year and specifically, to review whether:

- Previously agreed actions have been implemented (avoiding exposure of the Council to avoidable risk).
- The Council’s Risk Management arrangements reflect the principles of good corporate governance.
- Corporate risks are aligned with the new Council Plan.
- Relevant officers & Members have received appropriate risk management training.

4.7 Their conclusion was that there was “substantial assurance” that the controls within the Corporate Risk Management system were operating effectively. This is the highest assurance rating achievable and demonstrates that our risk management process continued to operate effectively. All of the actions arising from that report have been implemented.

5. Risk Profile for the 2022/2023 year

5.1 The Audit Committee’s receives reports on the overall status of the Council’s strategic risks. The “heat map” derived from the Corporate Strategic Risk Register’s update at the end of 2022/23 showed the risk profile as seen below.



5.2 In the above chart, the arrows refer to the movement of risks in the financial year. Over that period:

- The total number of strategic risks reduced to 13 over the period from April 2022 to March 2023, with one risk removed and none added.
- Of the risks that remained the strategic register, one saw a decreasing risk score in the year (SLT35) and others all maintained their risk score.

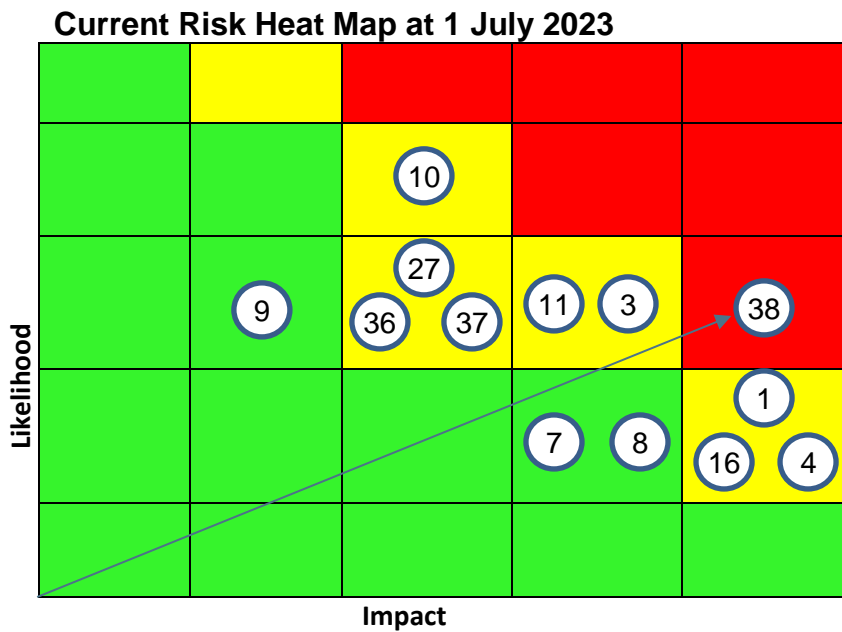
5.3 Members will recall that last year’s report showed a significant reduction following an increase the year before (which had been caused primarily by the impact of the Covid-19 pandemic). The analysis for this year’s report shows that the Council’s risk profile has reduced more slowly this year. However, this

slowdown is not unexpected and is consistent with the direction of travel in the period leading up to the pandemic.

5.4 The following section of this report brings the Audit Committee up to date with the current Strategic Risk Register position.

6. Corporate Strategic Risk Register at 1 July 2023

6.1 The current “heat map” for the strategic risks included in this update of the register is shown in the table below. Two risks have been removed since the last report (SLT22 relating to the Mental Capacity Act and SLT 35 relating to the Covid Pandemic) and one new risk has been added (SLT38 relating to the Business Continuity Risk arising from the closure of the Public Switched Telephone Network (PSTN) network, hence the arrow moving from zero to its current position). None of the remaining risks have moved since the last report in January 2023.



6.3 The table below shows that the long-term pattern of assessed risk level reducing has broadly continued over the last two years. This reflects the increasing grasp on the key risks that need to be managed at a strategic level as well as the continued improvement following the reduction in impact of the pandemic. Since December 2021, just over 33% of risks monitored at a strategic level have reduced in assessed level, just over 46% have remained stable and 20% have increased or are new to the register.

Number	Risk Summary	Dec 21	Jul 22	Dec 22	Jul 23	Risk Movement (Jul 2023 compared to Dec 2021) ↓ = Risk level reduced ↑ = Risk level increased → = Risk level static
SLT01	Children’s safeguarding	10	10	10	10	→

SLT03	Failure to deliver the Council Plan due to the pressures generated by the cost-of-living crisis	12*	12	12	12	→*
SLT04	Making sustainable improvement in Children's Services	10	10	10	10	→
SLT07	Response to a future pandemic	8	5	8	8	→
SLT08	Failure to enhance community cohesion	8	8	8	8	→
SLT09	Communications fail to be of sufficient quality	12	6	6	6	↓
SLT10	Failure to attract new business and investment	12	12	12	12	→
SLT11	Risk of lack of effective partnership working	10	12	12	12	↑
SLT16	Financial plans and budget gap	10	10	10	10	→
SLT22	Failure to comply with Mental Capacity Act/DoLs	9	9	9	-	↓
SLT27	Health and Safety and operational risks from property	12	9	9	9	↓
SLT 35	Impact of the COVID pandemic	10	15	6	-	↓
SLT 36	Insufficient resources committed to Carbon Reduction Plan	12	9	9	9	↓
SLT37	Failure to manage and deliver projects	-	9	9	9	↑
SLT38	Business Continuity - Closure of the PTSN Network	-	-	-	15	↑

* Risk Detail has changed, and risk is not now directly comparable – see 6.5 below

- 6.4 As noted in paragraph 6.1, since its last full update reported in January 2023, there has been one new risk added to the CSRR and two risks have been removed or de-escalated from the register. In total, there are now 13 risks on the CSRR.
- 6.5 Risk number SLT03 was rewritten in early 2022 to more accurately reflect the risk that the Council is currently facing relating to pressure on its services, in the context of the current cost of living crisis and as a result is not directly comparable to risk SLT03, as it stood in December 2021. Further details on the changes were reported to the Committee at its July 2022 meeting.
- 6.6 Appendices 1 and 2 are prints of the complete CSRR in two versions. Appendix 1 is the summary version that the Committee would normally review. Appendix 2 is the full, detailed, version of the CSRR. This more detailed version includes additional information on current mitigations in place and makes clearer what mitigation is still to be delivered. The document also sets out the current target level of risk for each risk. This final column is an expression of the Council's risk appetite for that risk. The document at Appendix 2 is being adopted by individual Directorates and has replaced the former spreadsheet-based version of the risk register.
- 6.7 As can be seen from the current version of the CSRR, nine of the thirteen risks on the register have been in situ for a number of years. Whilst they have been regularly updated and amended, these core risks are now over seven years old and a deeper review is needed. A project has recently commenced to regenerate the CSRR from scratch. This has involved a workshop with the Council's Strategic Leadership Team to consider the performance risks, wider sector risks and other risks currently facing the Council. These will be developed into a new series of risks and will be presented at a future Committee meeting.
- 6.8 Previous Committee meetings have requested more detail about the Council's response to events in the Ukraine. Most of the impacts of the war in Ukraine are indirect in that the actual risks are created by the impact on the UK economy and are therefore expressed in Directorate risk registers as being around economic risks rather than explicitly connected to the events that started early in 2022.
- 6.9 The following table sets out the risks (which are either directly or indirectly connected to the Ukraine conflict) that are included on strategic and directorate risk registers. It does not include risks recorded on lower level (service and team registers).

Risk Reference	Risk Description	Risk Score	Comments
SLT16	Directorates failing to deliver services within budget. Finance Settlements from Government being inadequate to meet service costs and demand increases. Economic factors impacting negatively	10	This risk, which is on the CSRR and held by Finance and Customer Services, whilst not explicitly dealing with the Ukraine conflict, covers the corporate risks to the Council of the global inflation that it has driven.

	on business rates and council tax income.		
SLT03	Failure to deliver the Council Plan and Year Ahead Delivery Plan due to the pressures generated by the cost-of-living crisis.	12	This risk is a parallel risk to SLT16. It is held by the Assistant Chief Executive's Directorate and covers the risks to effective delivery of the Council Plan in the context of the economic downturn generated by the war.
ACX25	Failure to meet Council pledge to resettle people on UKRS and Afghan schemes due to lack of suitable affordable housing in Rotherham.	15	This risk is also held by the Assistant Chief Executive's Directorate and the risk detail explicitly covers the issues connected to the influx of refugees from the Ukraine war, as well as other resettlement schemes.
R&E 42	Risk of a considerable increase in utility costs to the Operational Property Estate which will have a considerable impact upon Budgets	15	Risk R&E 42 deals with the explicit risks of the utility price increases caused by the war, on budgets for Council property.

6.10 Risks SLT03 and 16, as well as ACX25, all existed on our risk registers prior to the Ukraine war, however each have been extensively rewritten in the past 12 months to reflect the current situation. Risk R&E42 is a new risk, generated by the consequences of the war.

7. Future Developments

7.1 The roll out of the online training, mentioned in paragraph 3.6, is the final element in the refresh of our training provision and the success of this will be monitored throughout the coming year. Additionally, the Risk Champions Group has seen a significant amount of turnover in membership in the past few months and work will be needed to ensure that the new members are supported to be effective in their roles. This will include training and one to one meetings as required and this process is already taking place.

7.2 As noted in section 6, a new format has been adopted for risk registers, which combines the presentational style of the summary risk register and heat map, with the detail included on the risk forms. Directorates are now starting to adopt this format for their registers, and this roll out will continue throughout the remainder of this financial year.

7.3 Section 6 also notes that work is now underway to refresh the CSRR and ensure that it accurately reflects the risk profile of the Council. This work will be completed before the end of 2023.

7.4 Further work on the Council's Assurance Framework, which is designed to demonstrate how the Council obtains assurance that the individual risks are being appropriately managed, will be carried out in the latter part of the year. This work was not completed before the Covid-19 outbreak occurred and the Corporate Improvement and Risk Manager will work with Internal Audit to ensure an appropriate approach is adopted and that the Council's risk registers provide sufficient evidence to support this process.

7.5 Finally, the Corporate Risk Management Policy and Guide will also be refreshed in the latter part of 2023, with a revised version presented to the Audit Committee for approval at its November meeting.

8. Options considered and recommended proposal

8.1 Not applicable.

9. Consultation

9.1 The risks included in this report have been drawn from Directorate Risk Registers and the Strategic Risk Register.

10. Timetable and Accountability for Implementing this Decision

10.1 Not applicable.

11. Financial and Procurement Implications

11.1 The risks contained in the table at section 5.3 require ongoing management action. In some cases, additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the management of these risks will be contained within overall budgets or otherwise reported through the monthly financial monitoring arrangements and to Cabinet if appropriate.

12. Legal Implications

12.1 There are no direct legal implications arising from the risk register. Any actions taken by the Council in response to risks identified will consider any specific legal implications.

13. Human Resources Implications

13.1 There are no Human Resources implications associated with the proposals.

14. Implications for Children and Young People and Vulnerable Adults

14.1 The Strategic Risk Register incorporates the CYPS risks that are of significance at a corporate / strategic level.

15. Equalities and Human Rights Implications

15.1 Proposals for addressing individual risks within the register incorporate equalities and human rights considerations where appropriate.

16. Implications for Partners and Other Directorates

16.1 The actions relating to any issues affecting partners are reflected in the risk register and accompanying risk mitigation action plans.

17. Risks and Mitigation

17.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. This report sets out how the approach to risk management will be developed over the course of the coming year.

18. Accountable Officer:

Simon Dennis (Corporate Improvement and Risk Manager)

Approvals Obtained from: -

Jo Brown, (Assistant Chief Executive)

This report is published on the Council's website or can be found at:

Not Applicable for the Appendices – Private Report