Committee Name and Date of Committee Meeting
Audit Committee – 30 July 2024

Report Title
Risk Management Annual Summary 2023-2024 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

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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 sixth 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 and aims to cover both the movements in strategic risks that have occurred over the period as well as 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 16 July 2024

Appendix 2 – Full Corporate Strategic Risk Register at 16 July 2024

Background Papers

Report to Audit Committee; 7 August 2023 (Annual Risk Management Summary 2021-2022) (originally scheduled for 27 July 2023)

Report to Audit Committee; 28 November 2023 (Risk Management Strategy and Policy 2022)

Report to Audit Committee; 9 January 2024 (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.

Risk Management Annual Summary 2023-2024 and Corporate Strategic Risk Register Update

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 communities, 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.

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 the separate Risk Management Guide both state that risk management is the responsibility of all Council officers. This is further set out in section 4.9 of the Policy where the specific responsibilities of all members and officers are detailed. In this section, 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, 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 and Officer 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 post 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
- Assistant Chief Executive's (Human Resources)

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, with the exception of one meeting, has done so consistently over the past twelve months.

3. Training Summary

3.1 Comprehensive training is a fundamental foundation of the Council's approach to risk management. There are four core elements of the training programme which are:

- An online mandatory training course for all staff which is delivered through the e-learning system
- A mandatory 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 – with six courses currently planned for the 2024 calendar year) and is now delivered in both virtual and in person formats to provide the widest amount of flexibility for staff
- A two-day risk management training course which provides more in-depth training and is run each year by an external provider who is 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
- 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 high. 91 managers have attended the courses run since the last annual report in July 2023. Overall, 280 managers have completed the training since it was relaunched in January 2022 following a pause due to Covid restrictions. The remaining four courses scheduled for this calendar year are close to full capacity and additional courses will be arranged if required.

3.3 Due to high demand, two separate sessions of the two-day IRM accredited course were run in February 2024. Twenty 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 with over forty managers having been accredited since 2022. It is currently intended to run the course again in early 2025.

3.4   As presented in last year's report, a course for elected members was delivered on the 22 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 and a further course will be delivered in the near future, to enable new members to benefit from the training.

3.5   Finally, the online risk management training course for all staff has seen increasing take-up since its relaunch in 2023. This short e-learning tool is required to be completed by all staff within 3 months of joining the Council and staff are also expected to re-complete it once every three years. As at the end of March 2024, 72% of all staff had completed the course and work is now underway to encourage a higher percentage of staff to complete the course and also to understand the barriers to higher completion levels.

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 best practice, through 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 the Strategic Leadership Team (SLT), both at joint SLT/Assistant Director meetings and at separate SLT meetings. The regular cycle of quarterly reviews has been in place throughout the 2023-24 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 2023-24 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 facilitated work with a range of services throughout the Council to provide specific support on risk issues. These have included vehicle accident management, tree management and adult social care and housing.

4.6   Internal Audit's last review of Corporate Risk Management was completed in March 2024. 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 had been implemented (avoiding exposure of the Council to avoidable risk)
- The Council's Risk Management arrangements reflected the principles of good corporate governance
- Corporate risks were aligned with the new Council Plan.

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 risk management processes continue to operate effectively. There were three "low risk" recommendations arising from the report, two of which have been implemented and one has been agreed to be implanted as part of the annual refresh of the Risk Management Guide, which will be completed in November 2024.

5. Risk Profile for the 2023/2024 year

5.1 The Audit Committee 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 2023/24 showed the risk profile as seen below. The numbers shown in the table refer to the number of the individual strategic risk recorded on the CSRR.

Risk Heat Map at March 2024
(movement compared to March 2023)
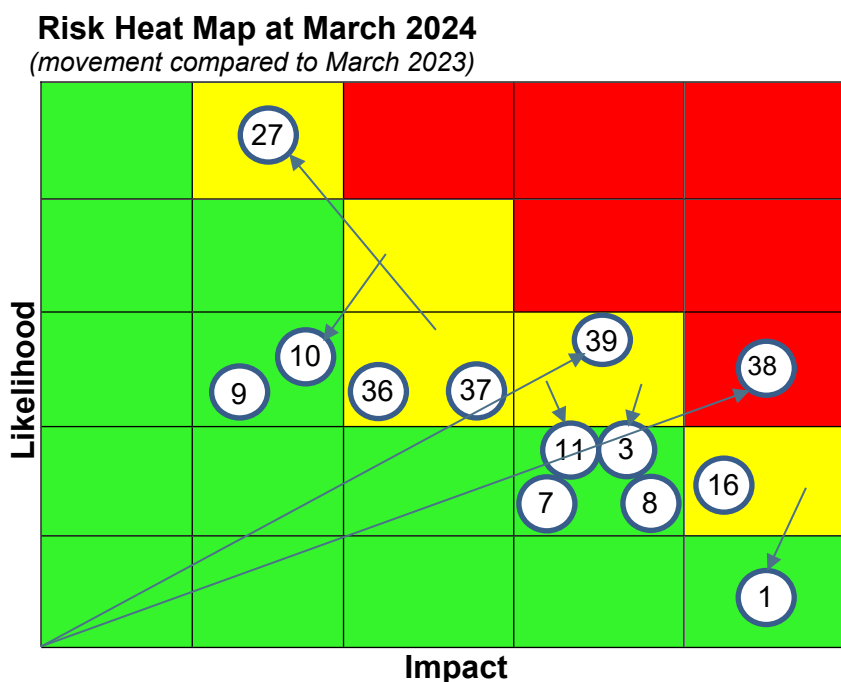
5.2 In the above chart, the arrows refer to the movement of risks in the financial year. Over that period:

- The total number of strategic risks remained at 13 over the period from April 2023 to March 2024, with two risks removed in the year and two new risks added.

- Of the risks that remained in the strategic register, four had decreasing risk scores, one saw an increase in its risk score and six remained constant.

5.3   Members will recall that last year's report showed a slight reduction in risk profile following a more significant reduction the year before. This trend has continued in 2023-24. Despite the addition of two new risks by the end of the financial year, the Council has once again seen an overall reduction in its risk profile throughout the year.

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 16 July 2024

6.1   The current "heat map" for the strategic risks included in this update of the register is shown in the table below. Movements in this heat map are compared to the risks reported in December 2023's CSRR (presented to the Audit Committee in January 2024). Since that report, no risks have been removed from the risk register and one risk has been added. The new risk is SLT40 and relates to the risk that Council housing assets do not comply with regulatory standards. One further risk has moved since the December 2023 CSRR – SLT01, relating to the risk of failure to keep children and young people safe from harm and other forms of abuse, neglect and exploitation.

Current Risk Heat Map at 16 July 2024
(movement compared to December 2023)
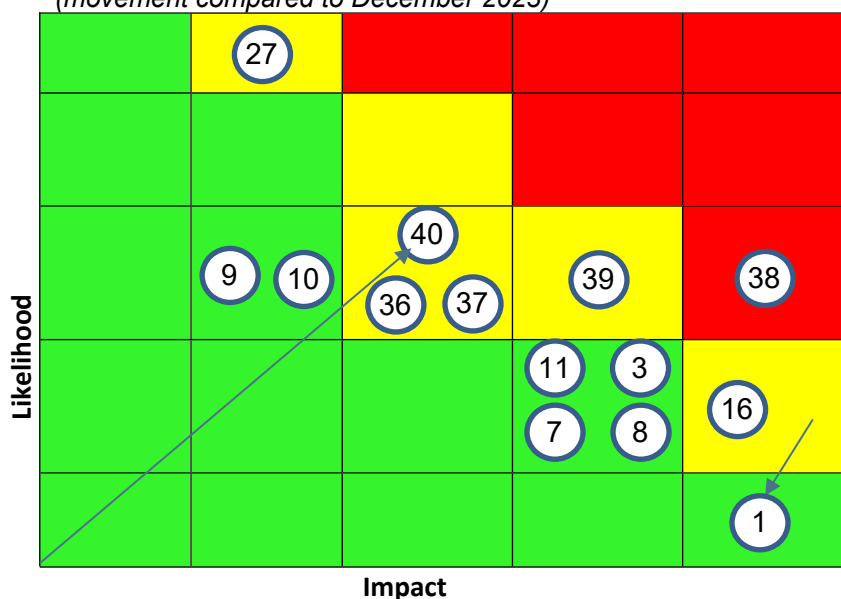
6.2   The table below shows that the long-term pattern of assessed risk level has continued to broadly reduce over the last two years. This reflects the continued increasing grasp on the key risks that need to be managed at a strategic level and the improved risk position following the end of the Covid pandemic. Since December 2022, just over 43% of risks monitored at a strategic level have reduced in assessed level, just over 37% have remained stable and just under 20% have either increased or are new to the register.

Number	Risk Summary	Dec 22	Jul 23	Dec 23	Jul 24	Risk Movement (Jul 2024 compared to Dec 2022) ↓ = Risk level reduced, or risk removed ↑ = Risk level increased or new risk → = Risk level static
SLT01	Children's safeguarding	10	10	10	5	↓
SLT03	Failure to deliver the Council Plan due to the pressures generated by the cost-of-living crisis	12	12	8	8	↓
SLT04	Making sustainable improvement in Children's Services	10	10	-	-	↓
SLT07	Response to a future pandemic	8	8	8	8	→
SLT08	Failure to enhance community cohesion	8	8	8	8	→
SLT09	Communications fail to be of sufficient quality	6	6	6	6	→
SLT10	Failure to attract new business and investment	12	12	12	9	↓
SLT11	Risk of lack of effective partnership working	12	12	12	8	↓
SLT16	Financial plans and budget gap	10	10	10	10	→
SLT22	Failure to comply with Mental Capacity Act/DoLs	9	-	-	-	↓
SLT27	Health and Safety and operational risks from property	9	9	9	10	↑
SLT 35	Impact of the COVID pandemic	6	-	-	-	↓
SLT 36	Insufficient resources committed to Carbon Reduction Plan	9	9	9	9	→

SLT37	Failure to manage and deliver projects	9	9	9	9	→
SLT38	Business Continuity - Closure of the PTSN Network	-	15	15	15	↑
SLT39	Maintaining a sufficient, skilled, workforce to deliver statutory services	-	-	12	12	↑
SLT40	Council housing assets do not comply with regulatory standards	-	-	-	9	↑

6.3 As noted in paragraph 6.1, since its last full update reported in January 2024, there has been one new risk added to the CSRR and no risks have been removed or de-escalated from the register. In total, there are now 14 risks on the CSRR.

6.4 Appendices 1 and 2 are prints of the CSRR in two versions. Appendix 1 is the summary version that enables the reader to focus on the current risk and proposed future mitigation. Appendix 2 is the full, detailed, version of the CSRR. This more detailed version includes additional information on current mitigations in place and makes clear what mitigations are 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.

6.5 A project is underway to regenerate the CSRR from scratch. This has involved workshops with the Council's Strategic Leadership Team and Assistant Directors 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 form the basis of a rewritten register in the next twelve months.

7. Future Developments

7.1 The roll out of the online training, mentioned in paragraph 3.5, was the final element in the refresh of the Council's training provision. Additionally, a face-to-face option has recently been introduced for the M2 manager course and the impact of both this and the online training needs to be evaluated over the next twelve months.

7.2 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 2024.

7.3   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 future. 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.

7.4   Finally, the Corporate Risk Management Guide will once again be refreshed in the latter part of 2024, 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