



<u>Committee and Date</u>	<u>Item</u>	<u>Paper</u>
Audit Committee – 22nd February 2017		

## STRATEGIC RISK INTERIM REPORT FEBRUARY 2017

**Responsible Officer** Angela Beechey

e-mail: Angela.beechey@shropshire.gov.uk

Tel: (01743)  
252073

Fax (01743)  
252858

### 1. Summary

- 1.1 This report sets out the current strategic risk exposure of the Council and details recent movements within the register following the most recent review.

### 2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report.

## REPORT

### 3. Strategic Risk Exposure

- 3.1 The management of strategic risk is a key process which underpins the successful achievement of our priorities and outcomes. As the Council evolves risk management must also develop to ensure that the management of risk remains robust and is a tool which offers real benefits to the Council as a whole.
- 3.2 In accordance with previous years, the recent review of strategic risks in January 2017 has linked all strategic risks to the appropriate Annual Governance Statement Action Plan point.
- 3.3 The strategic risk review is achieved through face to face meetings with key officers, the risk owners, Directors, Chief Executive and Portfolio Holder. As far as possible, these meetings take place over a one week period resulting in an up to date and timely report detailing current risk exposures, changes that have occurred, reasons for changes to exposure and the identification of emerging risks.
- 3.4 There are currently 14 strategic risks as opposed to 16 previously reported in the September 2016 full Annual Strategic Risk Report. The reduction has arisen from the removal of one risk and the amalgamation of two other risks.
- 3.5 The risk in relation to union challenge has been removed following the appointment of new regional and local officers and the Employee Joint Consultative Committee (EJCC) working well, it was felt that this was no longer a strategic risk and should be removed from the strategic risk register. This will, however continue to be monitored at an operational risk level.

3.6 After detailed discussions with James Walton, the risk “A funding methodology that disadvantages Shropshire results in certain inability to meet our statutory duties” was amalgamated into the “Future Funding Levels” risk. It was felt that the majority of the risk mitigations were the same and it would be a more effective way of managing this risk.

3.7 There have been changes to risk ownership since the last report in September 2016 to Audit Committee. There were three strategic risks under the ownership of the Chief Executive that all Directors fed in to; Reputation, Statutory Duties and Strategic Vision & Direction. However, it was felt it would be more appropriate for these to be managed by specific Directors, with input from other officers where appropriate. This would enable Clive as the Chief Executive to concentrate on a full overview of all risks during the bi-monthly review rather than undertaking the updates himself at that time. The changes made were as follows:-

- Reputation – Michele Leith
- Strategic Vision & Direction – George Candler
- Statutory Duties – James Walton (subsequently amalgamated as detailed in 3.6 above)
- ICT related risks – Michele Leith

3.8 The list below is the current strategic risks and status:-

Risk	Risk Owner	L	I	Status
Sustainable Budget	James Walton	5	5	25
Staffing	Michele Leith	5	4	20
Work Related Stress	Michele Leith	5	4	20
Safeguarding Vulnerable Children	Karen Bradshaw	4	4	16
Commissioning Council	George Candler	4	4	16
Safeguarding Adults	Andy Begley	4	4	16
Future Funding Levels	James Walton	3	5	15
Contract Management	George Candler	3	4	12
Reputation.	Michele Leith	3	4	12
Governance	Claire Porter	3	4	12
Strategic Vision and Strategy	George Candler	3	4	12
Health & Social Care	Andy Begley	3	4	12
ICT Digital Transformation	Michele Leith	2	5	10
ICT Provision	Michele Leith	3	3	9

<b>High Risks</b>
<b>Medium Risks</b>

3.9 There have been some changes since the last report in September 2016:

- Staffing – the impact has reduced to a 4 but the likelihood has increased to a 5. This is due to an acknowledgement that the risk is actually occurring however the impact score has reduced due to the mitigation in place to reduce the impact.
- Safeguarding Adults – likelihood has increased to a 4 due to the impact of DoLs and risk status has increased from a medium to a high risk.
- Future Funding Levels – following the amalgamation of the two risks as detailed in 3.6 above a review of the risk score was undertaken and a

likelihood of 3 was allocated resulting in the status of the risk increasing from a medium to a high risk.

- Contract Management – this has a reduced likelihood from 4 to a 3 resulting in the status changing from a high to a medium risk. This is as a result of improved contract management and exception reporting to the newly formed Commissioning, Assurance and Performance Board.
- ICT provision – reduced scoring from an impact of 4 to a 3 however status remains as a medium risk. Impact reduced due to better integration between the transformation programme and operation department. New processes also implemented for internal control.

3.10 Consideration is also given to the risks associated with the Council’s key projects. Each project has its own risk register and this is managed by either a member of the risk team on major projects, or a member of the project team. An overview of these risk registers by the Risk Management Team allows identification of any risks which are occurring across several projects and should be identified as a strategic risk.

3.11 As part of the strategic risk review consideration is given to assurances from the first, second and third line of defence which incorporates assurances from managers, finance, legal, performance, risk, internal audit and external opinions. These assurances are then reviewed and discussed by Directors and informal Cabinet and Directors Group.

3.12 If Audit Committee members require more detail regarding any specific strategic risk they can review the Risk Profile document and call the relevant directors and heads of service to a meeting to discuss further.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b> Annual Governance Statement Opportunity Risk Management Strategy
<b>Cabinet Member</b> Michael Wood, Portfolio Holder Resources & Support
<b>Local Member</b> N/A
<b>Appendices</b> N/A