



<u>Committee and Date</u>
Audit Committee – 17 <sup>th</sup> September 2015

<u>Item</u>

## STRATEGIC RISK REPORT 2015

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### 1. Summary

1.1 This report sets out the current strategic risk exposure together with recent modifications and planned changes to strategic risk management within the authority.

### 2. Recommendations

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

## REPORT

### 3. Current Strategic Risk Exposure

3.1 The management of strategic risk is a key process which underpins the successful achievement of our priorities and outcomes. Strategic risks are linked, where appropriate, with the Annual Governance Statement Action Plan points.

3.2 During 2014/2015 strategic risks have been reviewed and reported on a monthly basis. This is achieved through monthly meetings with key officers, Directors, Chief Executive and Portfolio Holder. 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. Attached at Appendix A is the risk definitions and scoring matrix used by officers when reviewing and scoring the risks.

3.3 We currently have 13 strategic risks on our strategic risk register, some of which are managed specifically by certain Directors and others where all Directors input and contribute to the management of these. These are demonstrated as follows:-

Risk	Owner	L	I	Status
1. Failure to implement robust ICT solutions and resilience to support the direction of travel results in significant impact on access to, and management of, material systems and ultimately service delivery. <a href="#">Linked to AGS Action Point 5.</a>	Rod Thomson	3	5	20
2. Costs - Failure to meet savings and income targets resulting in an illegal budget, leading to an inability to deliver vital services. <a href="#">Linked to AGS Action Point 3</a>	James Walton (All Directors input)	3	5	15

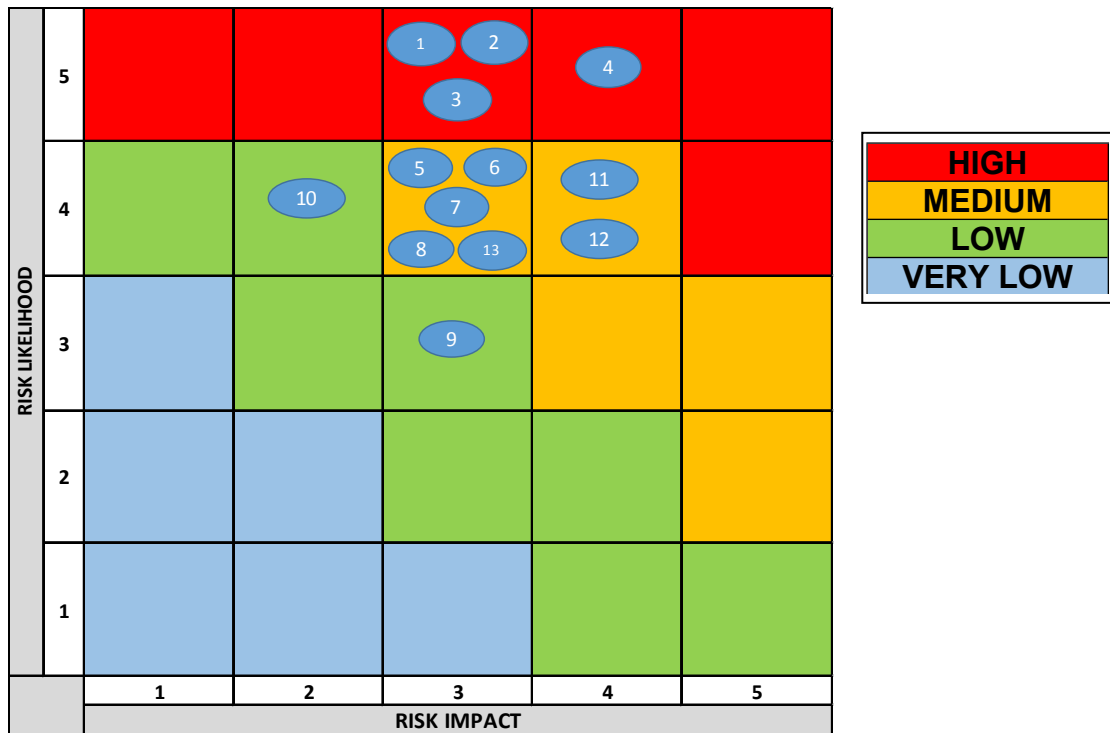
<b>3.</b> Failure to re-design the Council impacts on delivery of services to citizens of Shropshire. <a href="#">Linked to AGS Action Point 2, 6 &amp; 7</a>	Clive Wright (All Directors input)	3	5	15
<b>4.</b> Failure to ensure the Council has sufficient capacity, experienced and qualified staff to sustain services during re-design. <a href="#">Linked to AGS Action Point 4</a>	Michele Leith (All Directors input)	4	5	20
<b>5.</b> Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need. <a href="#">Linked to AGS Action Point 1 and 6</a>	Clive Wright	3	4	12
<b>6.</b> Implementation and impact of alternative service delivery vehicles (e.g. ip&e ltd) <a href="#">Linked to AGS Action Point 5 &amp; 7</a>	Clive Wright	3	4	12
<b>7.</b> Failure to safeguard vulnerable adults	Stephen Chandler	3	4	12
<b>8.</b> Failure to safeguard vulnerable children	Karen Bradshaw	3	4	12
<b>9.</b> Inadequate controls to mitigate the risk of fraud and corruption resulting in inappropriate use of resources (assets, buildings, finance, people)	James Walton	3	3	9
<b>10.</b> Resources - Lack of clarity from Central Government on the future funding levels and increased uncertainty re: local resources, which inhibits the ability to calculate future budgets <a href="#">Linked to AGS Action Point 3</a>	James Walton	2	4	8
<b>11.</b> Inadequate governance arrangements in place to manage the transforming Council (and business as usual governance to support the re-design process) resulting in poor quality service, longer delivery times or higher cost of transformation. <a href="#">Linked to AGS Action Point 7</a>	Clive Wright (All Directors input)	4	4	16
<b>12.</b> Failure to clearly articulate the strategic vision of the Council results in loss of momentum to deliver the redesign outcomes from the business planning process and associated workforce transformation. <a href="#">Linked to AGS Action Point 1</a>	Clive Wright	4	4	16
<b>13.</b> Insufficient standardisation and consistency within contract management and monitoring results in failure to support our outcomes and achieve VfM, efficiencies and innovation as we move towards becoming a commissioning Council.	George Candler (All Directors input)	3	4	12

3.4 One medium risk was deleted during 2014/2015 – “Significant union challenge on how we have implemented/ will implement the/ any changes to T&C's resulting in substantial financial implications”. This risk has been removed as a strategic risk from the register following agreement and sign off by the unions of the multiplier.

3.5 Strategic Risk number 1 (SR01) has been one of our highest strategic risks for some time and an area where there is significant focus. Progress is underway to mitigate this risk through the development of a programme of work. Project plans are being developed to meet the recommendations of recent and historic audit reports and the actions which are required to mitigate

this risk are in the process of being identified, actioned and implemented which will in time reduce our risk exposure.

3.6 Our current risk exposure, when plotted on our matrix is demonstrated as follows:-



**4. Planned Changes**

- 4.1 The Risk Management Team continuously monitor the most appropriate and effective way to manage the Council’s risk exposure (Strategic, Operational or Project related). With the adoption of a thematic approach by Directors to support the direction of travel for the authority, changes to how we will manage our strategic risk exposure going forward are in the process of being implemented.
- 4.2 It is proposed that the strategic risks will be managed through identifying which of the three key themes they relate to; Commissioning Council, Sustainable Business Model, Shropshire Economy. Furthermore, once identified strategic risks will be identified as inward or outward facing risks.
- 4.3 As part of this redevelopment a complete review of our strategic risk exposure is taking place. This ensures that any emerging strategic risks are considered and incorporated into the new process, that all key priority work streams are included and that we do not just ‘lift and drop’ existing risks into the new process.
- 4.4 This piece of work is due to be completed by the end of September and will include not only Senior Officers and Directors, but Cabinet too. This is to ensure that there is acknowledgement, contribution, agreement and consistency in the identification and management of our strategic risk exposure going forward.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Annual Governance Statement

Opportunity Risk Management Strategy

**Cabinet Member**

Mike Owen, Portfolio Holder Resources & Support

**Local Member**

N/A

**Appendices**

Appendix A – Risk Matrix