



Committee and Date

Audit Committee – 15<sup>th</sup>  
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Item

**12**

Public

## STRATEGIC RISK REPORT SEPTEMBER 2016

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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 Strategic risks are reviewed and reported on a bi-monthly basis. This is achieved through scheduled 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.
- 3.3 The new Risk Profile & Action Plan template for managing our strategic risks has been adopted during this year. This details the direction of travel for each strategic risk over the year and clearly articulates the current controls in place and the additional controls required to mitigate and manage our strategic risk exposure effectively.
- 3.4 During 2015/2016 we consulted with all risk owners with regard to modifying and updating our risk definitions and matrix in order to adapt them more appropriately to today's risk climate. The new risk definitions and matrix were adopted in readiness for the 2016/2017 reviews and associated reporting process and are detailed in Appendix A.

3.5 We currently have 16 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 detailed as follows:-

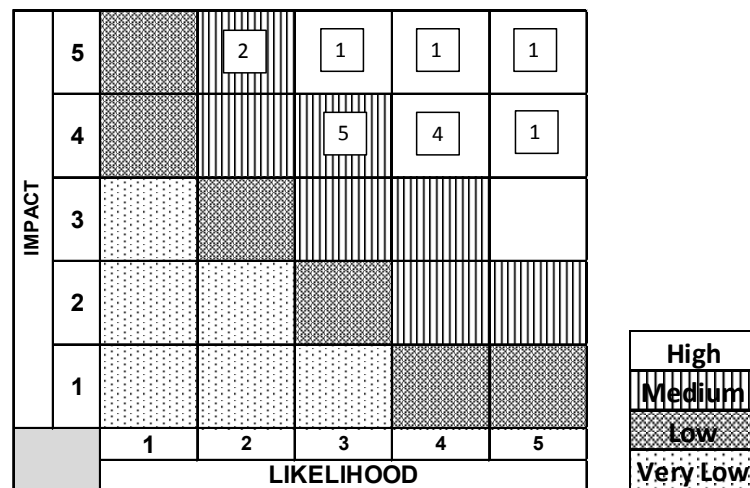
<b>Risk (AGS Action Plan Point)</b>	<b>Risk Owner</b>	<b>L</b>	<b>I</b>	<b>Status</b>
Sustainable Budget – 2017/2018 and beyond <b>AGS 2</b>	James Walton	5	5	25
Staffing <b>AGS 4</b>	Michele Leith	4	5	20
Work Related Stress <b>AGS 4</b>	Michele Leith	5	4	20
Union challenge	Michele Leith	4	4	16
Contract Management <b>AGS 5</b>	George Candler	4	4	16
Failure to safeguard vulnerable children. <b>AGS 7</b>	Karen Bradshaw	4	4	16
Commissioning Council <b>AGS 5</b>	George Candler	4	4	16
Statutory Duties	Clive Wright (all Directors)	3	5	15
ICT provision (infrastructure, systems, services and support) <b>AGS 1</b>	Michele Leith	3	4	12
Reputation <b>ALL</b>	Clive Wright (all Directors)	3	4	12
Governance <b>AGS 3 &amp; 5</b>	Claire Porter	3	4	12
Strategic Vision <b>AGS 3</b>	Clive Wright (all Directors)	3	4	12
Failure to safeguard vulnerable adults. <b>AGS 7</b>	Andy Begley	3	4	12
Future Funding Levels – 2017/18 and beyond <b>AGS 2</b>	James Walton	2	5	10
ICT Digital Transformation Programme <b>AGS 1</b>	Michele Leith	2	5	10
Health & Social Care	Andy Begley			<b>*New</b>

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

3.6 A key part of the risk management process is to be aware of the ever changing arena in which we work and to identify any new or emergency risks. These are highlighted and discussed with the relevant officers and added as a strategic risk if deemed appropriate. During 2015/2016 three risks have been added to the strategic risk list.

- 3.7 The first new risk was added in March 2016. ‘Risk of challenge from unions to required and proposed organisational restructures and the possibility to gain support in a wider public arena against these changes’. This was identified as a potential new risk following discussions around the current situation in relation to the unions.
- 3.8 The second new risk was added in May 2016. ‘A funding methodology that disadvantages Shropshire results in inability to deliver our statutory duties’. This risk was identified and added to the strategic risk register following the acknowledgement of the funding methodology that disadvantages Shropshire. Issues in relation to this have been raised with a Member of Parliament but currently the risk is high and ways in which to mitigate this going forward are in the process of being considered.
- 3.9 The final new risk added following the July 2016 review is in relation to Health & Social Care. Regular sound engagement is in place between health and social care for the future provision of services, which includes the agreement of Clinical Health Commissioning funding on a case by case level through to service redesign and commissioning through the Better Care Fund, the Transforming Care Partnership and the Strategic Transformation Plan. This risk profile and action plan in relation to this risk is in the process of being fully populated with current mitigating controls and the identification of additional controls required to be implemented. Once these controls have been identified the risk will be scored appropriately to reflect the current level of risk exposure.
- 3.10 As a result of the focus on ICT resilience as one of our highest strategic risks, progress has been made with the formation of an ICT Digital Transformation Programme. To ensure that the risks in this area are managed effectively the original risk ‘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’ has been separated into two risks as detailed in the strategic risk list above.

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



3.12 As mentioned above the risk profile and action plans detail the direction of travel from one bi-monthly review to another. The following table shows the

direction of travel during this year of our strategic risk exposure since the implementation of the new definitions and matrix.

Strategic Risk Exposure	Owner	Status May 16	Status July 16	Dir of Travel
Sustainable budget	James Walton	5 x 5 = 25	5 x 5 = 25	=
Staffing	Michele Leith	4 x 5 = 20	4 x 5 = 20	=
Work related stress	Michele Leith	5 x 4 = 20	5 x 4 = 20	=
Union challenge	Michele Leith	5 x 4 = 20	4 x 4 = 16	↓
Contract management	George Candler	4 x 4 = 16	4 x 4 = 16	=
Children's safeguarding	Karen Bradshaw	4 x 4 = 16	4 x 4 = 16	=
Commissioning	George Candler	4 x 4 = 16	4 x 4 = 16	=
Funding methodology and statutory duties	Clive Wright	3 x 5 = 15	3 x 5 = 15	=
ICT provision	Michele Leith	4 x 5 = 20	3 x 4 = 12	↓
Reputation	Clive Wright	3 x 4 = 12	3 x 4 = 12	=
Governance	Claire Porter	3 x 4 = 12	3 x 4 = 12	=
Strategic vision and strategy	Clive Wright	3 x 4 = 12	3 x 4 = 12	=
Adults safeguarding and DoLs	Andy Begley	3 x 4 = 12	3 x 4 = 12	=
Future funding levels	James Walton	2 x 5 = 10	2 x 5 = 10	=
ICT Digital Transformation Programme	Michele Leith	2 x 5 = 10	2 x 5 = 10	=

#### 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 development of the Corporate Plan, all strategic risks are being linked through to the high level outcomes; Healthy People, Resilient Communities and Prosperous Economy. This will continue to show a golden thread between the key objectives of the Council, the risks associated with the delivery of them and also the governance issues through the links with the Annual Governance Statement.

4.2 During this year we have continued to develop an assurance mapping process linked to our strategic risks which incorporates the three lines of defence:-

Defence	Type of Assurance	Provided by/ Obtained through
First Line	Management	Provided by Heads of Service/ key managers
Second Line	Internal Governance	Provided by:- <ul style="list-style-type: none"> <li>• Performance (scrutiny, customer experience)</li> <li>• Legal</li> <li>• Risk (operational, programmes, projects)</li> </ul>
Third Line	External Assurance	Obtained through:- <ul style="list-style-type: none"> <li>• Quality Assurance &amp; 3<sup>rd</sup> Parties (e.g. Ofsted, CQC)</li> <li>• External Audit</li> <li>• Peer Reviews</li> </ul>
Third Line	Internal Audit	Provided by Internal Audit

- 4.3 In future reports detailed analysis will be provided in relation to our three lines of defence in the management and mitigation of our strategic risks.
- 4.4 Over the coming month's consideration will need to be given to the implications of the Brexit outcome and potential future risks this could pose to the authority. It was felt during this review it was too early to understand the full ramifications of this but over the coming months these should become more apparent. Therefore we will keep a watching brief on the situation and monitor it as part of the ongoing strategic risk reviews.

**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**

Michael Wood, Portfolio Holder Resources & Support

**Local Member**

N/A

**Appendices**

Appendix A – Likelihood, Impact Definitions and Matrix