Shropshire Council

RISK MANAGEMENT ANNUAL REPORT 2018/2019

Responsible Officer   Angela Beechey
e-mail: Angela.beechey@shropshire.gov.uk   Tel: (01743)   Fax: (01743)
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1.   Summary

1.1   This report sets out the challenges and achievements accomplished by the Risk & Insurance Team during 2018/2019 (and up to the preparation of this report). We have again experienced an intense and varied workload.

1.2   We have recently incorporated the Emergency Planning Unit into the team, and the team has been renamed 'Risk, Insurance & Resilience Team'. This incorporation will align the synergies between both business continuity management and the civil contingencies responsibilities of emergency planning, to provide a more cohesive and robust resilience function for the organisation.

1.3   The team continues to strive to ensure that Shropshire Council embeds Opportunity Risk Management practices throughout all service areas and this is recognised by the reputation held by Shropshire Council within the Risk and Insurance market.

2.   Recommendations

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

REPORT

3.   Risk Management and Opportunities Appraisal

3.1   The management of risk is a key process which underpins the successful achievement of our priorities and outcomes. It forms part of the Annual Governance Statement and the Risk, Insurance & Resilience Team ensures that processes and protocols are established and embedded which support effective decision making.

3.2   Insurance is an effective method of risk transfer and a balance of self-insurance and third-party insurance is used based on our risk appetite.

4.   Financial Implications

4.1   Failure to effectively and strategically manage the risks associated with developing a sustainable budget will potentially leave the Council exposed to external challenge and financial ramifications.

4.2   Through the purchase of insurance policies, the large financial risks are transferred.

5.   Background

5.1   This year saw the Audit Team undertake a risk management audit and we are pleased to confirm that the final report again identified the assurance level as **"Good"**.

5.2   The Opportunity Risk Management Strategy, which supports our rapidly changing environment, is reviewed on an annual basis and has now been fully embedded by the Risk, Insurance & Resilience Team throughout the council. The council needs to ensure that it is taking advantage of every opportunity possible and the strategy is therefore outcome based and focuses on the achievement of our key priorities, objectives and benefits realisation.

6.   Additional Information – Risk Management

6.1   <u>Strategic Risk Management</u>

6.1.1   Throughout 2018/2019 our strategic risks were reviewed on a quarterly basis ensuring that the level of risk exposure was monitored closely in our rapidly changing environment.

6.1.2   This is achieved through scheduled meetings with key officers, Directors, Chief Executive and Portfolio Holder. The outcome of each review is then reported to Directors and Informal Cabinet.

6.1.3   The Risk Profile & Action Plans for managing our strategic risks are completed and fully embedded. These detail the direction of travel for each strategic risk over the year and clearly articulate the current controls in place and the additional controls required to mitigate and manage our strategic risk exposure effectively. Any slippage on outstanding actions is also identified and challenged.

6.1.4   The Risk Profile & Action Plan also includes target scores for each strategic risk to be achieved by the end of the current financial year. Following the year end a detailed review is undertaken with Directors collectively to assess any slippage and to ensure that our current strategic risks are still relevant, defined appropriately and accurately assessed and scored.

6.1.5   Detailed meetings have also been undertaken with additional control owners to ensure that the additional controls are appropriate to mitigate the associated strategic risk. This includes clearly defining the required additional controls and ensuring realistic timescales are applied for delivery of these.

6.1.6   We have continued to use 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: • Performance (scrutiny, customer experience) • Legal (monitoring officer reports, committee reports, legal advice) • Risk (operational, programmes, projects) • Finance (MTFP, Revenue & Capital, Treasury

		Management)
Third Line	External Assurance	Obtained through: • Quality Assurance & 3rd Parties (e.g. Ofsted, CQC) • External Audit • Peer Reviews
Third Line	Internal Audit	Provided by Internal Audit

6.1.7   Strategic risks are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes. This demonstrates that we are managing these Outcomes at a strategic level and this is shown clearly on each of the strategic risks where there is a link.

6.1.8   The following diagrams demonstrate our overall strategic risk exposure as at June 2019 (the next review takes place during September 2019):-
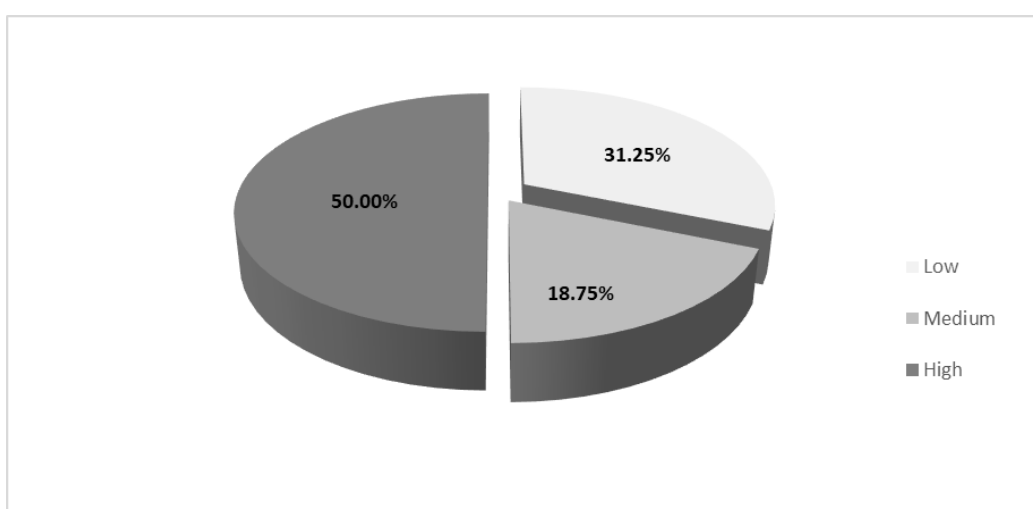
6.1.9   As at the June 2019 review, there were 16 strategic risks on the strategic risk register and these are each managed by specific Directors. These are detailed as follows:

Risk	Risk Owner	L	I	Status
Staffing	Michele Leith	5	4	20
Work Related Stress	Michele Leith	5	4	20
Commercial Strategy	Mark Barrow	4	5	20
Future Funding Levels	James Walton	4	5	20
Reputation	Michele Leith	4	4	16
Sustainable Budget	James Walton	4	4	16
Failure to Safeguard Vulnerable Children	Karen Bradshaw	4	4	16
Digital Transformation Programme	Michele Leith	4	4	16
Economic Impact of Brexit	Claire Porter	4	3	12
Strategic Vision and Strategy	Clive Wright	2	4	8
Health & Social Care	Andy Begley	4	2	8
Governance	Claire Porter	3	2	6
ICT Provision	Michele Leith	2	3	6
Failure to Safeguard Vulnerable Adults	Andy Begley	2	3	6
Contract Management	James Walton	2	3	6
Economic Growth Strategy	Mark Barrow	2	3	6

| High Risks |
| Medium Risks |
| Low Risks |

6.1.10 The strategic risk profiles and action plans elaborate in greater detail the risk and the current controls and outstanding actions which are in place and are monitored as previously mentioned. Audit Committee can at any time elect to have a more detailed examination of any of the strategic risks and can invite the risk owner to a committee meeting to discuss their risk.

6.2   Operational Risks

6.2.1   Operational risks are reviewed and reported upon on a bi-annual basis. All risks are held within one overarching risk register for each Head of Service area and circulated to risk owners for review and update.

6.2.2   At the end of the review period a detailed report is provided firstly to Heads of Service and then a collated version for Directors. These reports detail all current medium and high risks, the area they relate to and who is responsible for their mitigation. The report also details all changes that have occurred during this reporting period. These have enabled pro-active operational risk dialogue and challenge between Directors, Heads of Service and Service Managers ensuring a more accurate and robust operational risk review.

6.2.3   Following the provision of these reports a final summary report in the form of a dashboard is presented by the Section 151 Officer to Directors.

6.2.4   During the last year we have moved all operational risks into a specific SharePoint site which enables risks to be more pro-actively managed in a 'live' environment and enabling risk owners to update their risks whenever changes are required instead of waiting for the bi-annual review to take place. This provides a real time view of current operational risk exposure, one live version of the risk register and has removed the necessity for members of the team to collate returns into a master copy.

6.2.5   To support the implementation of any changes to operational risk management and the migration to the use of SharePoint, all operational risk owners are invited to facilited risk workshops which brief them on the current operational risk exposure, the strategic risks, the methodology and also highlights emerging themes. The workshops also allow time for the risks to be updated there and then which enables all risk owners to complete the update and have members of the Risk, Insurance & Resilience Team on hand to support them.

6.2.6   On an annual basis we contribute to the Global Risks Report (World Economic Forum) and share key outputs from both this report and from the Horizon Scan Report (Business Continuity Institute) with both operational and strategic risk leads.

6.3   Business Continuity Management

6.3.1   With the many changes occurring within the council, Business Continuity Management arrangements are constantly reviewed to ensure that we have

relevant skilled personnel on the emergency response teams and that these people are trained appropriately.

6.3.2   Following the development of a robust ICT Disaster Recovery & Business Continuity plan and implementation of key system test plans, we decided to enhance our business continuity management arrangements further. This has resulted in an additional level of business continuity tactical plans being developed for HR, Finance and Assets. These plans are in the process of being finalised and will provide a corporate approach across these areas to manage significant business interruption events.

6.3.3   To support our business continuity management arrangements, regular testing to ensure the plans are robust is necessary. Since the last report we have undertaken a live full day exercise. The scenario was a legionella outbreak at the Sundorne Sports Village with many people presenting, compounded by a major fire at Sundorne Infants School. Sundorne Sports Village is one of our major rest centres and obviously could not be used as such to respond to the large-scale evacuation of an area of the town.

6.3.6   Following all exercises a Post Exercise Report & Action Plan is produced and we work through the required improvement actions to ensure our plans and assumptions are robust.

6.3.7   Under the Civil Contingencies Act we have a responsibility to raise awareness within the local business community of the need to have robust business continuity management arrangements in place to preserve their organisations/ businesses. We therefore facilitate sessions called 'Your Business Matters' with local businesses sharing best business continuity management practice.

6.3.8   We continue to invite local businesses to participate in the week-long live exercise which takes place during national Business Continuity Week in May each year. This is undertaken in conjunction with Resilience Direct but is facilitated locally by the team. Local businesses express an interest to participate and during the week they are fed the escalating scenario throughout each day. They respond to set questions which are collated during the week and form the basis of a post exercise report and action plan provided by the team.

6.4   Opportunity Risk Management Strategy
6.4.1   During 2018/2019 we have continued to share our strategy nationally. Shropshire Council's Opportunity Risk Management Strategy is considered nationally, through Alarm (Association of Local Authority Risk Managers), to be best practice and is now contained as a link on their website.

6.4.2   Angela Beechey and Jane Cooper continue to be involved in the activities of Alarm, both nationally and regionally, which puts the authority at the forefront of Risk, Insurance & Resilience for developing best practice. Angela has now stepped down as Chair of the Midlands Steering Committee following a three-year tenure in the role and Jane has just become Vice Chair of the Steering Committee.

6.5   Project Risk Management

6.5.1   We continue to be heavily involved and support key projects that are currently underway, or which are due to be commenced.

6.5.2   A robust risk register is developed at the commencement of projects. These are reviewed and updated at project board meetings with key officers taking responsibility to manage specific areas of risk. The direction of travel for projects is monitored to ensure that risks are well managed preventing delays to project plans or timescales and both risks and direction of travel are reported on at project boards.

6.5.3   Members of the Risk, Insurance & Resilience Team continue to provide overall assurance in relation to the Digital Transformation Programme (DTP) together with colleagues from IT Governance and Audit.

6.6   Audit Team Collaborative Working

6.6.1   We continue to work closely and collaboratively with Audit Team colleagues, supporting the undertaking of the risk-based audit plan meetings on an annual basis with the Head of Internal Audit. This ensures that the process is cross referenced with our strategic and business plan objectives and risk exposure.

6.7   Risk Management & Business Continuity Training

6.7.1   We have continued to provide risk management and business continuity training opportunities for all colleagues (and where required schools) as detailed below.

6.7.2   Operational Risk Management Training
- Since the last report we have facilitated six operational risk management training sessions to provide refresher training to existing risk owners and introduce new risk owners to the process. This also enabled us to introduce any changes to the risk management process. In total 81 delegates attended these training sessions. The sessions enabled delegates to undertake their quarterly review with support from the Risk, Insurance & Resilience Team on hand to answer queries or provide advice.

6.7.3   Risk & Insurance Training for Schools
- This training continues to be offered to all maintained schools on an annual basis. In total 92% of schools have attended this training since we commenced it and at the last facilitated session 21 delegates attended representing 18 schools. These sessions will continue to be offered annually as they provide updated and relevant information in relation to changes in legislation and best practice and supports schools who have new staff.

6.7.4   Loggist training
- Loggist training was developed as a result of actions in the post exercise reports and action plans produced following Business Continuity exercises (as mentioned above). We have continued to provide loggist refresher training to ensure that they are well equipped to support future responses to real incidents or exercises.

6.7.5 We will continue to provide scheduled training opportunities and work with colleagues to develop bespoke training packages where required.

6.8 External Work

6.8.1 During the year we have worked to develop commercial relationships with external colleagues and organisations. This has enabled income generating opportunities with the following organisations:

- Ashfield District Council (March 2019) – Opportunity Risk Management Strategy and Risk Reporting Presentation to senior management team and Cabinet;
- Severn Bridges Academy (September 2019) – Business Continuity Management exercise to test robustness of business continuity plans and arrangements across the academy.

6.8.2 We will continue to engage in discussions with organisations in scoping further income generating opportunities.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Annual Governance Statement
Risk Management Audit Report, Insurance Audit Report
Opportunity Risk Management Strategy
Business Continuity Management Policy
Business Continuity Plan
Cabinet Member
David Minnery, Portfolio Holder Finance, Governance & Assurance
Local Member
N/A
Appendices