



| <u>Committee and Date</u> | <u>Item</u> | <u>Paper</u> |
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| Audit Committee – 17 th September 2020 | | |

RISK MANAGEMENT ANNUAL REPORT 2019/2020

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1. Summary

- 1.1 This report sets out the challenges and achievements accomplished by the Risk, Insurance & Resilience Team during 2019/2020 (and up to the preparation of this report). The team includes both business continuity management and the civil contingencies responsibilities of emergency planning and as a result of this we have experienced an unprecedented workload due to significant weather events and Coronavirus.
- 1.2 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 Strategic Risk Management

6.1.1 Throughout 2019/2020 our strategic risks were reviewed on a quarterly basis ensuring that the level of risk exposure was monitored closely in our rapidly challenging and changing environment.

6.1.2 This was achieved through scheduled meetings with key officers, Directors and Acting Interim Chief Executives. The outcome of each review was 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. Due to the Covid 19 response, this detailed review has been postponed to later this year.

6.1.5 Reviews are also undertaken with all 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.

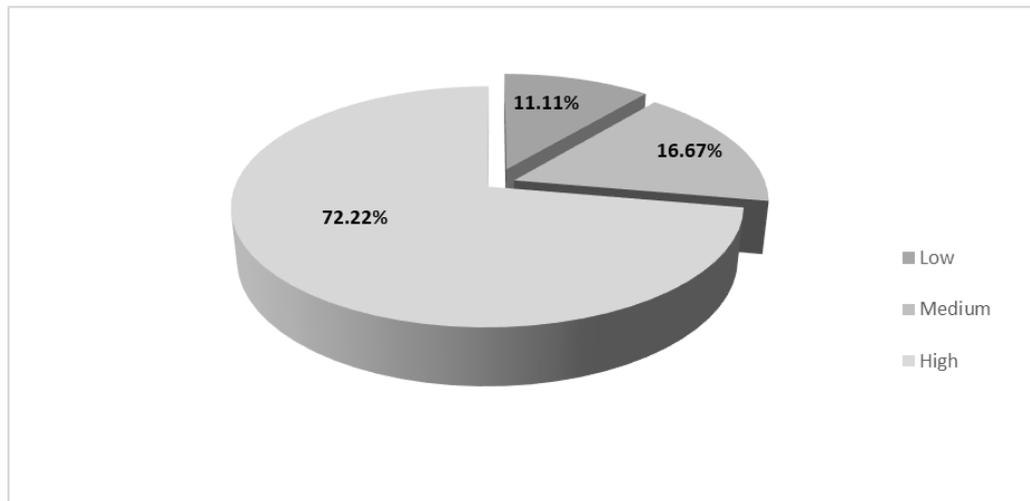
6.1.6 We have continued to use an assurance mapping process linked to our strategic risks which incorporates the three lines of defence:-

| Defence | Type of Assurance | Provided by/ Obtained through |
|-------------|---------------------|---|
| First Line | Management | Provided by Heads of Service/ key managers |
| Second Line | Internal Governance | Provided by: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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 2020 (the next review takes place during September 2020):



6.1.9 As at the June 2020 review, there were 18 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 |
|--|-----------------------------|---|---|--------|
| Ability to fund Adult Services | Andy Begley | 5 | 5 | 25 |
| Ability to fund Children's Services | Karen Bradshaw | 5 | 5 | 25 |
| Staffing | Michele Leith | 5 | 4 | 20 |
| Commercial Strategy | Mark Barrow | 4 | 5 | 20 |
| Future Funding Levels | James Walton | 4 | 5 | 20 |
| Work Related Stress | Michele Leith | 4 | 4 | 16 |
| Reputation | Michele Leith | 4 | 4 | 16 |
| Effects of Climate change | Mark Barrow | 4 | 4 | 16 |
| Sustainable Budget | James Walton | 4 | 4 | 16 |
| Failure to Safeguard Vulnerable Children | Karen Bradshaw | 4 | 4 | 16 |
| Economic Impact of Brexit | Mark Barrow | 4 | 4 | 16 |
| Economic Growth Strategy | Mark Barrow | 4 | 4 | 16 |
| Impact of Covid-19 | Andy Begley/ Karen Bradshaw | 5 | 3 | 15 |
| Digital Transformation Programme | Michele Leith | 3 | 4 | 12 |
| Strategic Vision and Strategy | Andy Begley/ Karen Bradshaw | 2 | 4 | 8 |
| Governance | James Walton | 4 | 2 | 8 |
| Failure to Safeguard Vulnerable Adults | Andy Begley | 2 | 3 | 6 |
| Deprivation of Liberty (DoL) | Andy Begley | 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 Risk Management

6.2.1 Operational risks are reviewed on a bi-annual basis. All risks are embedded into a specific Risk Management 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.

6.2.2 Going forward this will enable PowerBI reports to be available at any time on current risk exposure across any operational area of the Council.

6.2.3 To support the implementation of any changes to operational risk management and the migration to the use of SharePoint, all operational risk owners have been trained in the use of SharePoint.

6.2.4 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 Project Risk Management

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

6.3.2 A risk register is developed at the commencement of projects. Risks are allocated to appropriate project board members for management and review. The direction of travel for projects is monitored to ensure that risks are well managed preventing delays to project plans or timescales.

6.3.3 All project risks are in the process of being migrated into the Risk Management SharePoint site which, like operational risks, will enable risks to be more pro-actively managed in a 'live' environment and enabling risk owners to update project risks in between project boards. This will also provide a real time view of project risk status.

6.3.4 Once implemented, PowerBI reports will be available at any time on current risk exposure across any project.

6.4 Opportunity Risk Management Strategy

6.4.1 During 2019/2020 we have continued to share our strategy with other councils and public sector bodies. Shropshire Council's Opportunity Risk Management Strategy is recognised by Alarm (the national association for risk managers), as best practice.

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 previously been Chair of the Midlands Alarm Steering Committee and Jane has just taken over this role.

6.5 **Additional Information - Business Continuity Management**

- 6.5.1 With the many challenges faced and continuing during the year, Business Continuity Management arrangements are constantly reviewed to ensure that we have relevant skilled personnel to respond and that these people are trained appropriately.
- 6.5.2 We have enhanced our business continuity management arrangements further with the development of business continuity tactical plans for HR, Finance and Assets. Furthermore, additional tactical plans have been developed to respond to Coronavirus in the areas of Adult Social Care and Children's Services. These plans provide a corporate approach across these areas to manage significant business interruption events. All of these plans will be subject to review following the recovery from Coronavirus.
- 6.5.3 To respond to Coronavirus a Business Continuity group, chaired by Angela Beechey, was set up of senior managers and assistant directors to lead the response to the challenges faced. This group met twice weekly since March but has just reduced the frequency to once weekly. A report is provided to Directors following these meetings to update on relevant information and obtain a steer to ensure appropriate responses are taken. This group has also led on the 'Covid-safe' reinstatement of services that were ceased as a result of lockdown measures.
- 6.5.4 To support our business continuity management arrangements, regular testing to ensure the plans are robust is undertaken. However, this year has seen unprecedented major incident critical response as a result of two storms, significant flooding and Coronavirus. As a result of which (and as we are still in response mode for Coronavirus), no exercising has been undertaken or necessary. Exercising will be reinstated during 2021.
- 6.5.5 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 were due to hold the team's inaugural 'Shropshire Resilience Conference' in May 2020. This was open to all local businesses and included speakers and exhibitors to support resilience and recovery arrangements for local business. Unfortunately, this had to be postponed to May 2021 due to Coronavirus.

6.6 **Additional Information – Emergency Planning**

- 6.6.1 2019/2020 has been and is continuing to be a challenging period; emergency response plans, both council and multi-agency, are being solidly tested. The Emergency Planning team is a small team and it has been a challenge to resource the response to these incidents as the team's responsibilities lie not only assisting the Council but also assisting the wider Local Resilience Forum (LRF) response.
- 6.6.2 Although the main focus is on the continuing response of Covid-19 impacts and the transition to a new normal, other key response plans have had to be

adjusted and updated to reflect the new operating measures and to ensure that the Council's response is as safe as possible for both staff and the public.

6.6.3 To support the response plans and in accordance with the requirements of the Civil Contingencies Act, the Council are required to exercise plans on a regular basis. This year we have not been able to schedule exercises within the council or with the wider LRF partnership due to the floods and Covid-19 responses. However, both incidents were and are of such impact that they have exercised our plans well and as a result of the learning, many plans are undergoing major revisions. These include the Council's Emergency Response Plan, Recovery Plan, the multi-agency Flood Plan and the joint Shropshire and Telford and Wrekin Excess Deaths Plan. A new plan, the Severe Weather Plan is being created as a result of the flooding this year.

6.7 Audit Team Collaborative Working

6.7.1 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.

6.8 Risk Management & Business Continuity Training

6.8.1 We continue to provide risk management and business continuity training opportunities for all colleagues (and where requested, schools).

6.8.2 Operational Risk Management Training

- Since the last report we have facilitated four 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 30 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.

6.8.3 Risk & Insurance Training for Schools

- This training continues to be offered to all maintained schools on an annual basis. The last facilitated session 17 delegates attended representing 13 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.

6.8.4 Loggist training

- Loggist training was developed as a result of actions in the post exercise reports and action plans produced following Business Continuity exercises. We have continued to provide loggist refresher training to ensure that they are well equipped to support future responses to real incidents or exercises.
- Loggists have been used throughout the year to support the Senior Management team in responding to incidents.

6.9 External Work

6.9.1 We continue to work to develop commercial relationships with external colleagues and organisations. As a result of Coronavirus, the scheduled undertakings have been postponed.

6.9.2 Following the 'Shropshire Resilience Conference 2021' we anticipate there being an additional call upon the services the team can offer, and this will increase income generating opportunities.

6.9.3 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
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