



Committee and Date

Audit Committee – 22nd
February 2022

Item

Public

STRATEGIC RISK REPORT FEBRUARY 2022

**Responsible
Officer**

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1. Synopsis

Audit Committee regularly review the Council's underlying risk exposure by considering the Council's Strategic Risks. This report sets out the current strategic risk exposure following the December 2021 quarterly review.

2. Executive Summary

The management of the strategic risks 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 Targeted Outcomes.

3. Recommendations

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

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. The authority has an Opportunity Risk Management Strategy which details the methodology to be followed when identifying and monitoring risks which affect the Council.

4.2. The risks identified can either be operational, project or strategic risks. This report refers to the strategic risks, ie those risks which affect the council as a whole, not just a particular service area.

5. Financial Implications

- 5.1. If the strategic risks are not well managed then there could be severe financial implications for the council.
- 5.2. There are three strategic risks which are financial based, but all the strategic risks will have a financial implication for the whole authority to some degree.

6. Climate Change Appraisal

- 6.1. The importance of Climate Change is recognised within the council and as such it is listed as a strategic risk with a score of Likelihood 4, Impact 4 making it a high scoring risk.

7. Background

- 7.1. Our strategic risks are reviewed on a quarterly basis ensuring that the level of risk exposure is monitored regularly in our rapidly changing environment.
- 7.2. The review on this occasion was achieved through virtual meetings with the nominated strategic risk leads followed by virtual meetings with the Executive Directors responsible for the strategic risks. As a result of the continuing work pressures due to Covid-19 not all the Executive Directors were able to meet on this occasion.
- 7.3. The Strategic Risks are held within a SharePoint site where access is available for everyone who has an additional control and access is available to the Executive Directors. The risks are therefore able to be updated in real-time.
- 7.4. As at the December 2021 review there were 16 strategic risks on the risk register and these are each managed by specific Executive Directors. These are detailed below together with the direction of travel following the review:

STRATEGIC RISK LIST - December 2021 REVIEW					
Risk	Risk Owner	L	I	Status	Travel
Ability to fund Adult Services.	Tanya Miles	5	5	25	=
Ability to fund Children's Services.	Tanya Miles	5	5	25	=
Cyber Attack	James Walton	5	5	25	New
Failure to safeguard vulnerable children.	Tanya Miles	5	4	20	=
The response to and the recovery from Covid 19 on the authority and the continuation of service delivery	Andy Begley	4	4	16	=
Economic Impact of Brexit	Mark Barrow	4	4	16	Archive
The effects of climate change.	Mark Barrow	4	4	16	=
Failure to deliver the Commercial Strategy within agreed timescales and to levels approved by Council within the Financial Strategy prevents the Council from meeting savings targets and corporate outcomes.	Mark Barrow	4	4	16	=
Inability to deliver a Balanced Budget	James Walton	5	3	15	=
Failure to manage and mitigate the mental health & wellbeing of Staff	James Walton	5	3	15	=
Failure to safeguard vulnerable adults	Tanya Miles	5	3	15	=
ICT infrastructure reliance	James Walton	3	5	15	New
Failure to deliver the Economic Growth Strategy prevents the Council from meeting the corporate outcomes.	Mark Barrow	3	4	12	=
Governance	James Walton	4	3	12	=
Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need.	James Walton	2	4	8	=
Failure to clearly articulate the strategic vision and strategy for the Council results in inability to deliver outcomes.	Andy Begley	2	4	8	=
Failure to adhere to legislation in relation to DOLs and implement the replacement scheme Liberty Protection Safeguards.	Tanya Miles	2	3	6	=

7.5. There were several changes to the risk scores during the review and these are detailed below.

7.5.1. Cyber & ICT Infrastructure Reliance - James Walton

It has been agreed that this strategic risk represents two specific risks which, from a risk mitigation point of view, would attract two different scores and mitigating actions. In the circumstances therefore this risk has now been divided into two individual risks as follows:

- Cyber Attack – Likelihood 5, Impact 5 = High.

Exploitation of vulnerability or gained privilege by Cyber Criminals resulting in theft of data, deletion of data, damage to hardware, denial of access, ransomware or other disruption to some or all of the Council's ICT infrastructure or externally hosted/cloud systems, also possibly causing loss of income and damage to reputation. This

comes at a time of increased criminal activity and a widening attack surface due to multiple hosted/cloud systems and extended homeworking working.

- ICT Infrastructure Reliance – Likelihood 3, Impact 5 = High Failure to implement and maintain robust measures to prevent a failure of the Council’s ICT Infrastructure leads to an inability to perform business critical functions and provide statutory services. With the increase in homeworking following Covid and the continuance of this way of working the reliance on ICT infrastructure is greater than ever.

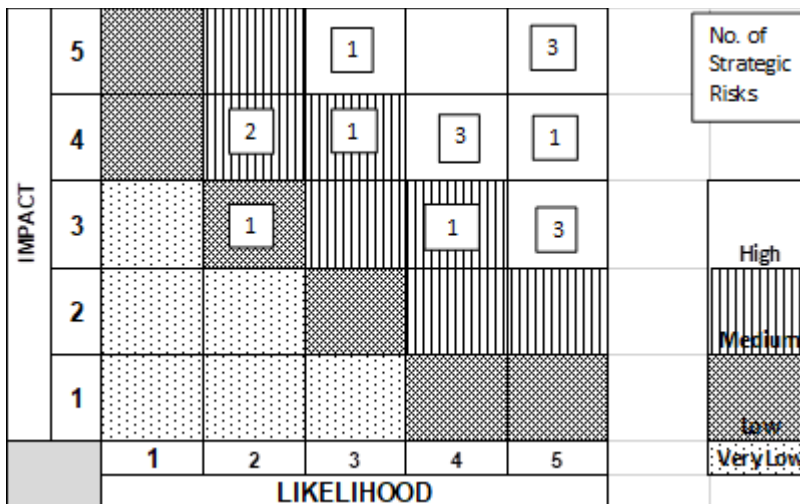
7.5.2 Economic Impact of Brexit – Risk Owner – Mark Barrow

It was proposed by Mark Barrow that this risk be archived. It was felt that the position is in a settled state, the labour status has been worked through and we know where there are some pressures and shortages. Whilst there are still some areas of concern these will be picked up under the Economic Growth Strategy.

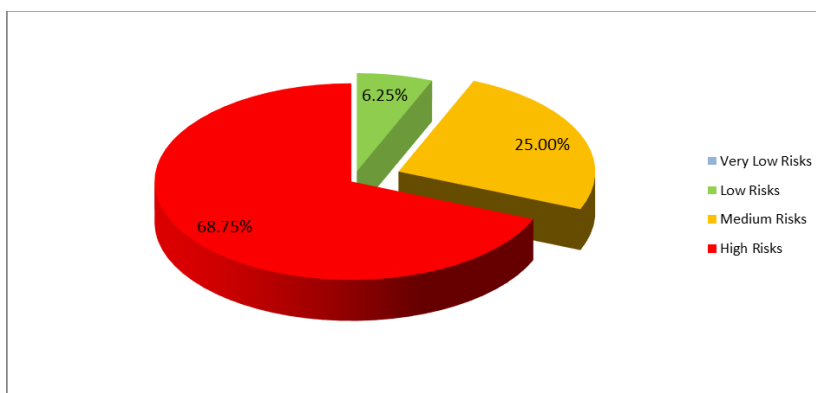
7.5.3 Strategic Vision and Strategy - Risk Owner – Andy Begley

This risk is to be reviewed fully at the annual Strategic Risk Workshop which is due to take place at the end of February 2022.

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



7.7. Our overall current risk exposure following the latest review is demonstrated below. This shows that the strategic risk exposure above our tolerance level (i.e. high and medium risks) is currently just under 94%, with only one of our risks below our tolerance level.



7.8. All of the assurances during this review have been updated. Where there are differences of opinion with the assurances these will be discussed and challenged in the strategic risk workshop with Executive Directors later this month.

8. Additional Information

- 8.1. The strategic risks elaborate in greater detail the risk, the current controls and the outstanding actions which are in place.
- 8.2. The Executive Team have undertaken to review each strategic risk one by one on a cyclical basis at their weekly meetings. A risk is considered and challenged at a high level to ensure it is still relevant and to monitor the controls proposed for mitigation. The score and target score are considered and future implications considered.

9. Conclusions

- 9.1. The report details the changes to the strategic risk profile following the review in December 2021.
- 9.2. 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.

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 (Portfolio Holder)

Gwilym Butler, Portfolio Holder Resources

Local Member

N/A

Appendices

[Please list the titles of Appendices]