



Committee and Date

Audit Committee – 20th July 2022

Item

Public

STRATEGIC RISK REPORT JULY 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 March 2022 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. This is available on the intranet.
- 4.2. The risks identified can either be operational, project or strategic risks. This report refers to the strategic risks, i.e. 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 this could lead to 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.
- 7.3. In addition, the annual strategic risk workshop with the Executive Director Team took place during which each of the strategic risks was discussed in detail, reviewing the ownership of each risk, the definition, controls and any slippages, assurances and the new year-end target scores were agreed.
- 7.4. As a result of the review and the workshop, several changes have been made to the strategic risk list including some risks being archived. These changes are detailed below.
- 7.5. The Strategic Risks are held within a SharePoint site where controlled 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.
- 7.6. As at the March 2022 review there were 14 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 - March 2022 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	=
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	=
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	4	4	16	↑
Failure to manage and mitigate the mental health & wellbeing of Staff	James Walton	5	4	20	↑
Failure to safeguard vulnerable adults	Tanya Miles	5	3	15	=
ICT infrastructure reliance	James Walton	2	5	10	↓
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	=
Impact of pressures in the wider Health & Care System	Rachel Robinson	5	4	20	New
Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need.	James Walton	2	4	8	Archive
Failure to clearly articulate the strategic vision and strategy for the Council results in inability to deliver outcomes.	Andy Begley	2	4	8	Archive
Failure to adhere to legislation in relation to DOLs and implement the replacement scheme Liberty Protection Safeguards.	Tanya Miles	2	3	6	Archive

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

7.7.1 **Inability to deliver a Balanced Budget – James Walton**

There is a specific scoring mechanism in place for this risk as set by the risk owner to reflect the specific nature of this risk. Following the review it was agreed that the likelihood could be reduced to a 4 as the council has achieved a balanced budget for year 1 but has not got one for year 2. However, the impact was increased to a 4 from a 3 taking into consideration the uplift in social care costs due to inflation, increased costs of living and the effects of covid. This increased the risk score overall to a 16.

7.7.2 **Failure to manage and mitigate the mental health & wellbeing of Staff – James Walton**

It was acknowledged that there had been numerous slippages within the additional controls of this risk and this was due to the pressures on HR as well as all areas of the council. The ongoing impacts of Covid on service delivery are evident and the general well-being of staff was highlighted in the Pulse survey results. Stress absences within staff are still high. As a consequence it was agreed that the impact score should be increased to a 4, giving a total score of 20 and a high risk.

7.7.3 ICT Infrastructure Reliance – James Walton

When reviewing this risk it was acknowledged that due to the actions taken to date, the likelihood of a failure of the infrastructure had been reduced from a 3 to a 2. However, it was also recognised that the impact remained high at a 5. Giving the risk an overall score of 10 making this a medium risk.

7.7.4 During the workshop the relevance of the risks were challenged and it was agreed that the following risks should be archived –

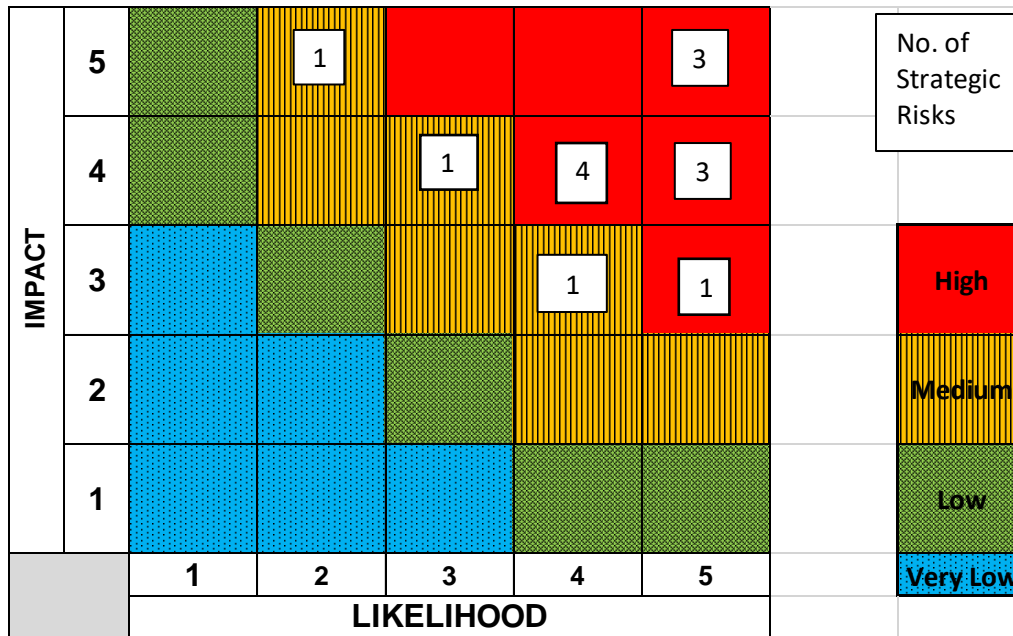
Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need – it was felt that the controls and additional controls were all areas that are picked up operationally and within other strategic risks so this particular risk could be archived.

Failure to clearly articulate the strategic vision and strategy for the Council results in inability to deliver outcomes – it was felt that this was being picked up by work underway with the Target Operating Model and delivering agreed priorities following the approval of the Shropshire Plan by Council in May 2022.

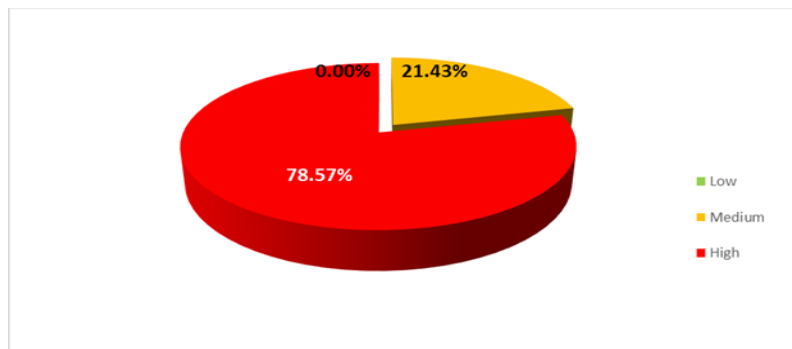
Failure to adhere to legislation in relation to DOLs and implement the replacement scheme Liberty Protection Safeguards – it was agreed that this was a risk which was best managed at an operational risk level and was not a strategic risk. It was recognised that the risk itself is being extremely well managed.

7.7.5 Whilst discussing new risks within the workshop it was agreed that a new public health strategic risk was required to recognise the extreme pressures impacting on the local authority through increased complexity, service and staffing pressures. Also the impact of covid and cost of living increases together with the role of the authority within the ICS. This new risk has been created by Rachel Robinson and defined as **Impact of pressures in the wider Health & Care System** and has been scored as a high risk with a likelihood of 5 and an impact of 4.

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



7.9. 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 100% with all current strategic risks being either high or medium risks.



7.10. All of the assurances during this review have been updated and any differences were discussed at the workshop.

7.11. The target scores were discussed at the strategic risk workshop. When these were analysed only two of the risks reached their year-end target. This was not surprising considering the last two years and the impact Covid has had on staff, both from service delivery and mental wellbeing. New target scores were given for each risk and these will be monitored as the year progresses.

7.12. During the workshop the risks where slippage had occurred within implementation dates for the additional controls were discussed. It

was agreed that further monitoring of the slippages needs to be undertaken by the risk owners.

7.13. Discussions were held around emerging risks and the risk of the council's ability to respond to concurrent incidents which may affect service delivery and the welfare of the staff to be able to respond was identified. The last two/three years have seen the authority morph from one crisis to another – from flooding, avian flu, Covid and other more minor incidents. It was agreed that a specific workshop would be held to review this exposure and agree mitigations.

8. Additional Information

- 8.1. The strategic risk profiles which sit behind each strategic risk, incorporate in greater detail the risk description, the current controls and the outstanding actions which are in place.
- 8.2. The Executive Director 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 March 2022.
- 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]