Shropshire Council

RISK MANAGEMENT ANNUAL REPORT 2021/2022

Responsible Officer
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1.   Synopsis

1.1   This report provides an overview of the activity of Risk, Insurance & Resilience Team during 2021/2022 and a synopsis of the current risk exposure of the authority in relation to Strategic, Operational and Project risks.

2.   Executive Summary

2.1   This report sets out the challenges and achievements accomplished by the Team during 2021/2022. During 2021/2022 the team included business continuity management and emergency planning and as a result we experienced an unprecedented workload due to significant weather events and the response to and recovery from Covid-19.

2.2   Following a recent restructure the team is now made up of Risk Management and Business Continuity, though continues to work closely and align undertakings with emergency planning and insurance.

2.3   The team continues to strive to ensure that Shropshire Council embeds Opportunity Risk Management practices throughout all service areas.

3.   Recommendations

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

REPORT

4.   Risk Assessment and Opportunities Appraisal

4.1   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 & Business Continuity Team ensures that processes and protocols are established and embedded which support effective decision making.

4.2   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.

5.   Financial Implications

5.1 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.

5.2 Sustainable budget is one of the Council's strategic risks. It is subject to regular review alongside all other strategic risks with clearly identified controls and additional controls for mitigation.

6. Climate Change Appraisal

6.1. The information contained within this report does not impact negatively on our climate change agenda.

6.2 Climate Change is one of the Council's strategic risks. It is subject to regular review alongside all other strategic risks with clearly identified controls and additional controls for mitigation.

7. Background

7.1. The Audit Team undertook a risk management audit for 2021-2022. During the Covid-19 pandemic focus for the team had shifted towards business continuity, however, it was acknowledged that the team has continued with its business-as-usual activities. The audit was therefore focussed on ascertaining the current processes around the updating and review of operational risk registers and to ensure that projects risks are captured and reported to Senior Management on a regular basis in line with the Opportunity Risk Management Strategy. The final report identified the assurance level as "Reasonable" with actions required of service managers in relation to operational risk management.

7.2. The Opportunity Risk Management Strategy, which supports our rapidly changing environment, is reviewed on an annual basis and endorsed by the Chief Executive. 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.

8. Risk Management

8.1. Strategic Risk Management

8.1.1 Throughout 2021/2022 our strategic risks were reviewed on a quarterly basis and is now moving to bi-annually in line with operational risk reviews, ensuring that the level of risk exposure is monitored closely in our rapidly challenging and changing environment. The outcome of each review is reported to Executive Directors and Informal Cabinet.

8.1.2 The Risk Profile & Action Plans for managing our strategic risks are embedded in the Risk Management SharePoint system. This allows the risks to be updated as frequently as required. The risk profile and action plans detail the direction of travel for each strategic risk over the year, a target risk score for the year end 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, rationale provided for the slippage and challenged where necessary.

8.1.3 During the year a detailed review is undertaken with Executive Directors to ensure that our current strategic risks are still relevant, defined appropriately and accurately assessed and scored. This review took place in October 2022 (delayed as a result of Covid-19 response).

8.1.4 Reviews of the additional controls are undertaken by all additional control owners to ensure that these 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.

8.1.5 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.

8.1.6 The diagram in **Appendix A** demonstrates our overall strategic risk exposure as at June 2022 (the next formal review takes place during December 2022).

8.1.7 As at the June 2022 review, there were 14 strategic risks on the strategic risk register, and these are each managed by specific Executive Directors. These are detailed in **Appendix B**.

8.1.8 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.

8.2 <u>Operational Risk Management</u>
8.2.1 Operational risks are reviewed on a bi-annual basis. These risks are also embedded into a specific Risk Management SharePoint site which enables risks to be more pro-actively managed in a 'live' environment enabling PowerBI reports to be run with current data.

8.2.2 Following the bi-annual review of operational risk exposure (May and November), reports on status are provided to all Heads of Service / Assistant Directors and the Executive Directors. This includes details of any key changes in risk exposure and any areas of concern.

8.2.3 Emerging operational risks, or themes, feed into and are considered as part of the strategic risk review. Strategic risks have been added to the strategic risk register as a result of risks raised through operational risk reviews (e.g. Mental Health & Wellbeing of Staff).

8.2.4 Currently there are 126 operational risk registers in place across the authority containing 1,385 risks in total. The diagram in **Appendix C.** demonstrates our current overall operational risk exposure.

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

8.3   Project Risk Management

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

8.3.2 A risk register is developed at the commencement of projects and held within SharePoint. 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.

8.3.3 PowerBI reports are available on current risk exposure across any project. There are currently 954 project risks. Current project risk exposure is demonstrated in **Appendix D**.

8.4   Opportunity Risk Management Strategy

8.4.1 The Opportunity Risk Management Strategy is reviewed and updated on an annual basis. The strategy was last reviewed and signed off by the Executive Director Team on 16th August 2022.

8.4.2 The team continue to be involved in the activities of ALARM, Embrace Risk (national risk management organisation) both nationally and regionally, which puts the authority at the forefront of Risk, Insurance & Resilience for developing best practice. Jane Cooper is current Chair of the Midlands ALARM Steering Committee and sits on the board of ALARM.

8.4.3 At the ALARM National Conference the team were shortlisted for four of the eight national awards winning three of these:
- Resilience Planning Award (response to concurrent events and managing business continuity)
- Team of the Year Award (recognition of outstanding contribution to risk, insurance and business continuity)
- Risk Professional of the Year (Jane Cooper)

As a result of winning Professional of the Year, Jane Cooper is sponsored to represent the United Kingdom, Shropshire Council and ALARM at the PRIMA conference in California in June 2023.

9.   Business Continuity Management

9.1   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.

9.2   Our enhanced business continuity management arrangements now include tactical plans for HR (Human Resource), Finance, Adult Social Care and Children's Services (the latter two as a result of Covid-19).

These plans provide a corporate approach across these areas to manage significant business interruption events. All these plans are currently under review following the lessons learnt from recent concurrent events and changes to our business continuity environment.

9.3 A Business Continuity group, chaired by Jane Cooper, is in place comprising senior managers and assistant directors to consider business continuity impacts and the management of these to sustain business and service provision.

9.4 To support our business continuity management arrangements, regular testing to ensure the plans are robust is undertaken. However, the last year has seen unprecedented response activity and as a result no exercising has been undertaken or necessary. Exercising will now be reinstated during 22/23.

9.5 As part of our business continuity management arrangements we are developing our cyber incident preparedness business impact analysis. This will enable us to see where we have gaps in our service level arrangements and resilience and will result in an action plan to address areas of concern.

9.6 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 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, due to Covid-19 this has been postponed to May 2023 to coincide with the national business continuity awareness week.

10. Additional Information

10.1 Audit Team Collaborative Working
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.

10.2 Risk Management & Business Continuity Training
We continue to provide risk management and business continuity training opportunities for all colleagues (and where requested, schools) as and when required. This year however, this has been provided virtually through online presentations. As part of our cyber incident preparedness undertaking, we will be offering awareness training to all our schools during the Autumn Term 2022.

10.3 External Work

We continue to work to develop commercial relationships with external colleagues and organisations. As a result of Covid-19, this has been paused however, this will be reinstated in due course. We will continue to engage in discussions with organisations in scoping further income generating opportunities.

11. Conclusions

11.1 The Risk & Business Continuity Team has continued to support all services across the authority, especially during this extremely challenging period of managing concurrent events.

11.2 Despite the challenges of the last year, the team has continued to embed Opportunity Risk Management and has developed risk management functionality within the SharePoint system and migrated all risks (Strategic, Operational and Project) into it, enabling 'real-time' reporting through PowerBI to take place.

11.3 The team have continued to develop business continuity management arrangements and plans to ensure the Council is as prepared as possible to respond to and recover from business impact events.

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 (Portfolio Holder)
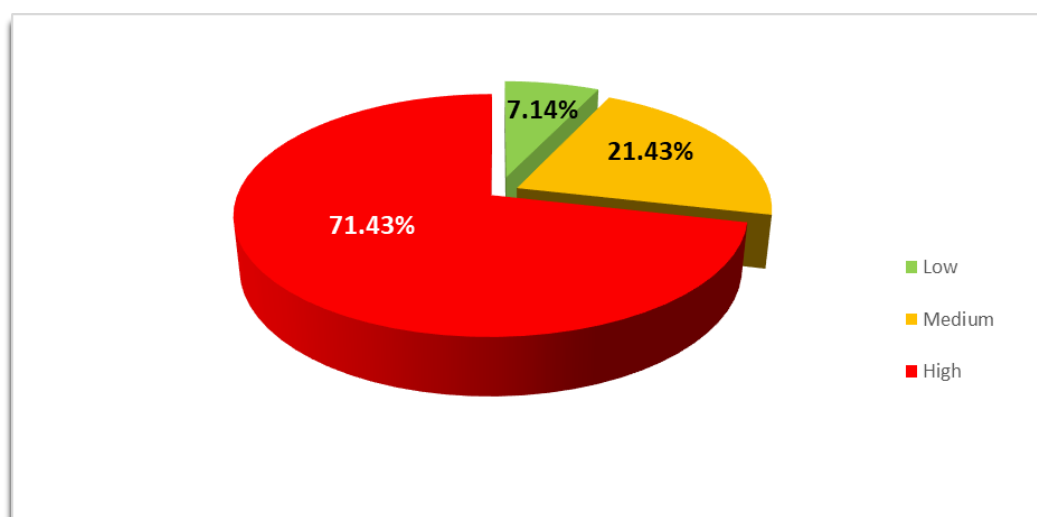Gwilym Butler, Portfolio Holder for Resources

Local Member
N/A

Appendices

Appendix A – Strategic Risk Exposure (June 2022)

Appendix B – Strategic Risk List (June 2022)

Appendix C – Operational Risk Exposure (September 2022)

Appendix D – Project Risk Exposure (September 2022)

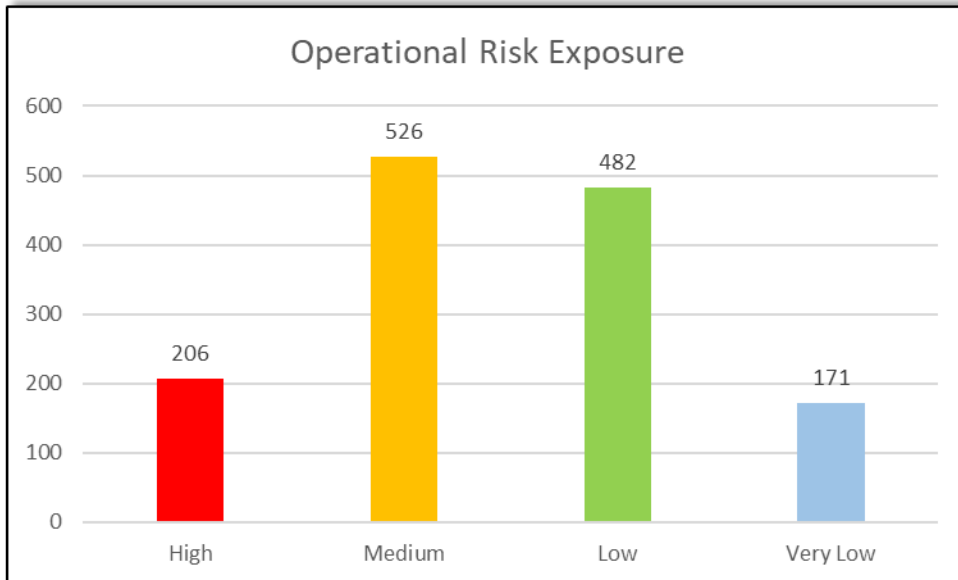## APPENDIX A – STRATEGIC RISK EXPOSURE (JUNE 2022)

APPENDIX B – STRATEGIC RISK LIST (JUNE 2022)

Risk	Risk Owner	L	I	Status
Ability to fund Adult Services	Tanya Miles	5	5	25
Ability to fund Children's Services	Tanya Miles	5	5	25
Failure to protect from and manage the impact of a targeted cyber-attack on ICT systems used by the authority.	James Walton	5	5	25
Safeguarding Vulnerable Children	Tanya Miles	5	4	20
Mental Health & Wellbeing of Staff	James Walton	5	4	20
Impact of Pressures in the Wider Health System	Rachel Robinson	5	4	20
Commercial Strategy	Mark Barrow	4	4	16
Climate Change	Mark Barrow	4	4	16
Balanced Budget	James Walton	4	4	16
Safeguarding Vulnerable Adults	Tanya Miles	5	3	15
Economic Growth Strategy	Mark Barrow	3	4	12
Governance	James Walton	4	3	12
ICT Infrastructure Reliance	James Walton	2	5	10
Failure to respond to the effects of Covid-19 and other respiratory diseases	Rachel Robinson	4	2	8

High Risks
Medium Risks
Low Risks

APPENDIX C – OPERATIONAL RISK EXPOSURE (SEPTEMBER 2022)

APPENDIX D – PROJECT RISK EXPOSURE (SEPTEMBER 2022)