



**Committee and Date**  
**Audit Committee**  
**14<sup>th</sup> February 2023**

Item

Public



## Strategic Risk Update

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<b>Cabinet Member (Portfolio Holder):</b>	Cllr. Gwilym Butler, Portfolio Holder Resources		

### 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 2022 bi-annual 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

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 four 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 bi-annual 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 and assurance providers, followed by virtual meetings with the Executive Directors responsible for the strategic risks.
- 7.3. As a result of the review, several changes have been made to the strategic risks. These changes are detailed below.
- 7.4. 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.
- 7.5. As at the December 2022 review there were 15 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 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	=
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	=
Inability to deliver a Balanced Budget	James Walton	5	4	20	↑
Failure to manage and mitigate the mental health & wellbeing of Staff	James Walton	5	4	20	=
Impact of pressures in the wider Health & Care System	Rachel Robinson	5	4	20	=
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	=
Failure to safeguard vulnerable adults	Tanya Miles	5	3	15	=
Failure to safeguard vulnerable children.	Tanya Miles	3	4	12	↓
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	=
Failure to respond to the effects of Covid-19 and other respiratory diseases	Andy Begley/ Rachel Robinson	4	2	8	=
ICT infrastructure reliance	James Walton	2	4	8	↓
Recruitment, Retention & Succession Planning	James Walton	5	4	20	NEW

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

#### 7.6.1 Inability to Deliver a Balanced Budget – James Walton

Risk description redefined to 'inability to deliver a balanced budget in the coming years due to the scale and complexity of the savings programme'. Likelihood has been increased from a 4 to a 5 as at the time of the assessment we did not have a balanced budget for 2023-2024 and declared an overspent in 2022-2023. An interim review will take place for this risk in 2023 to assess the need to increase the impact from a 4 to a 5 if the situation is not demonstrated as improving.

#### 7.6.2 Failure to Safeguard Vulnerable Children – Tanya Miles

Due to the number of controls now in place, overall assurance now agreed to have increased from reasonable to good (including external), and discussion by the Executive Management Team during a detailed review, the score has been reduced from a 5 x 4 (20) to a 3 x 4 (12).

#### 7.6.3 ICT Infrastructure Reliance – James Walton

This risk score has reduced from a 2 x 5 (10) to 2 x 4 (8) – remains a medium risk. This is the second consecutive review where this risk has reduced indicating a positive direction of travel as a result of implementing additional controls. There is

the potential for a further reduction at the next review following further implementation of controls which would result in this risk reducing to a low risk.

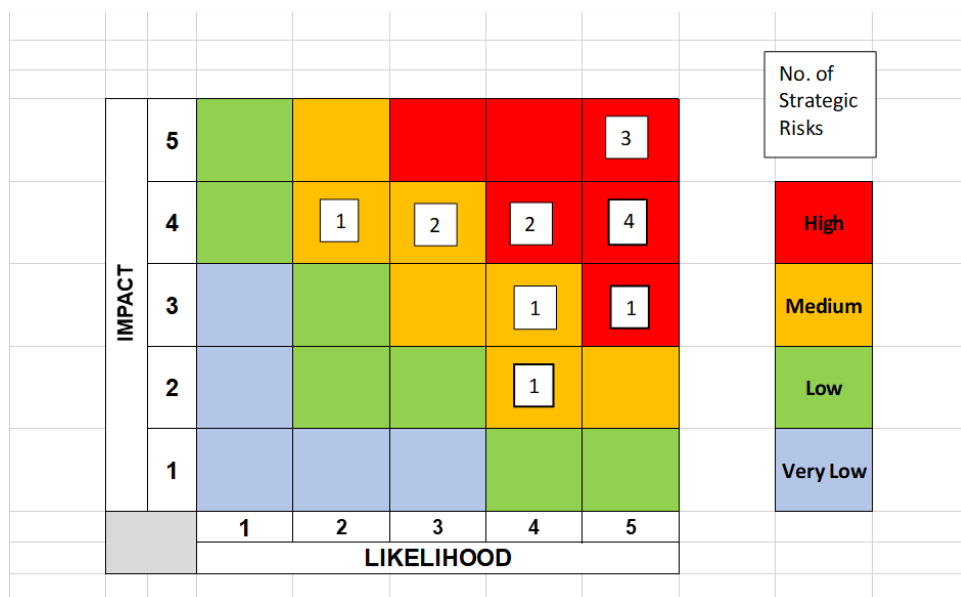
7.7. Whilst undertaking the review of strategic risks, emerging risks are considered. It was agreed that a new strategic risk was required.

**7.7.1. Recruitment, Retention & Succession Planning – James Walton**

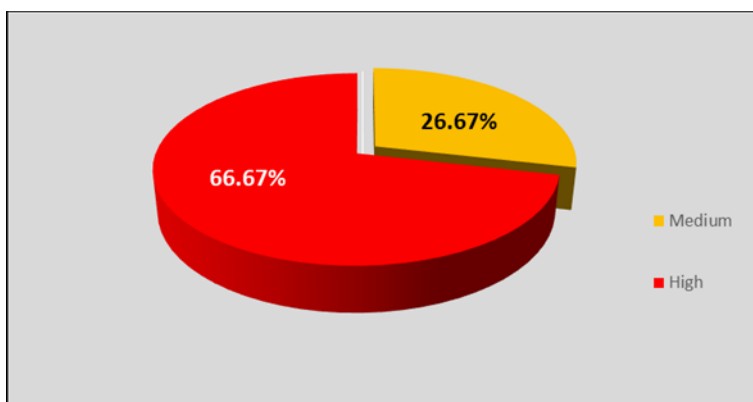
A number of issues had been raised through operational risks and through discussions, indicating the necessity to include a risk in relation to recruitment, retention and succession planning. This has been discussed at length with the Executive Director of Resources and Assistant Director for Workforce & Improvement. It is considered that this is currently a high risk with a likelihood of 5 (as the risk is occurring now) and an impact of 4 (taking into consideration the need to use agency staff to mitigate staff shortages and the financial impact of this). There is already some movement in the right direction through implementing controls to transfer agency staff on to contracts.

7.7.2. Furthermore, a change to an existing risk **Ability to Fund Children’s Services**, has been made separating this risk into two risks; one for Children’s Social Care & Safeguarding and one for Learning & Skills. This change has been made as the funding mechanisms for Children’s Social Care & Safeguarding is very different from Learning & Skills and the management comments, controls, assurances and scoring will be different.

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 have been discussed as part of the review process.

## 8 Additional Information

- 8.1 An annual strategic risk workshop with the Executive Director Team takes place (scheduled for 15<sup>th</sup> June 2023) during which each of the strategic risks will be discussed in detail, reviewing the ownership of each risk, the definition, controls and any slippages, assurances and the new year-end target scores will be agreed.
- 8.2 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.
- 8.3 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 December 2023.
- 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 owners to a committee meeting to discuss their risks.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Opportunity Risk Management Strategy

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**Local Member:** N/A

**Appendices** [Please list the titles of Appendices]