



Committee and Date

Audit Committee
23rd November 2023

Item

Public



Annual Risk Report 2022/23

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Cabinet Member (Portfolio Holder):	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 June 2023 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 is one strategic risk specifically financial related, 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 was undertaken through virtual meetings with the nominated strategic risk leads and assurance providers, and due to the timing of the review, followed by the Annual Strategic Risk Workshop with the Executive Management Team face to face.

7.3. As a result of the review and workshop, 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 have controls assigned to them and access is available to the Executive Management Team. The risks are therefore able to be updated in real-time.

7.5. Following the bi-annual review and workshop, there are eight 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 - June 2023 REVIEW

Risk	Risk Owner	L	I	Status	Travel
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	=
Balanced Budget – to be finalised (indicative score)	James Walton	5	4	20	=
Failure to proactively manage and mitigate the health & wellbeing of Staff.	James Walton	5	4	20	=

Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	James Walton	5	4	20	=
Responding and Adapting to Climate Change.	Mark Barrow	4	4	16	=
Failure to deliver the Economic Growth Strategy prevents the Council from meeting the corporate outcomes.	Mark Barrow	3	4	12	=
Failure of Officers and Members to adhere to Governance arrangements.	James Walton	4	3	12	=
Extreme pressures upon partners (social care, health, and criminal justice) within the system impacting on Shropshire Council through increased expectation, demand, need and complexity – to be finalised.	Rachel Robinson/ Tanya Miles				

7.6 There were several risks that were archived as part of the review, and these are detailed below. After detailed discussions, it was agreed that some risks would be archived. All remaining additional controls within these risks have been addressed or transferred to operational risk registers for implementation. With any archived risk, the situation continues to be monitored and if necessary, the risk will be re-instated and managed accordingly.

7.6.1 Ability to Fund Adult Social Care/Children’s Services

These risks form part of the wider ‘Balanced Budget’ strategic risk and should be managed accordingly within that.

7.6.2 Failure to Deliver the Commercial Strategy

Delivery of these types of strategies (unless it is the MTFS (Medium Term Financial Strategy)) should ideally be managed at an operational level within Business, Enterprise & Commercial Services and assurance provided in relation to progress against the objectives within the strategy.

7.6.3 Failure to Respond to the Effects of Covid-19 and Other Respiratory Diseases

Strategic risks should be the risks that are currently impacting on our ability to achieve our strategic objectives and we are not currently experiencing the effects of Covid-19 and are also not in the period of the year when respiratory diseases are prevalent.

7.6.4 Safeguarding Adults/Children

Safeguarding is being managed at an operational level across all relevant areas.

7.6.5 ICT Infrastructure Reliance

This risk has been reduced over the last couple of years and is now at a manageable level and requiring less strategic intervention. The service Manager can provide ongoing assurance.

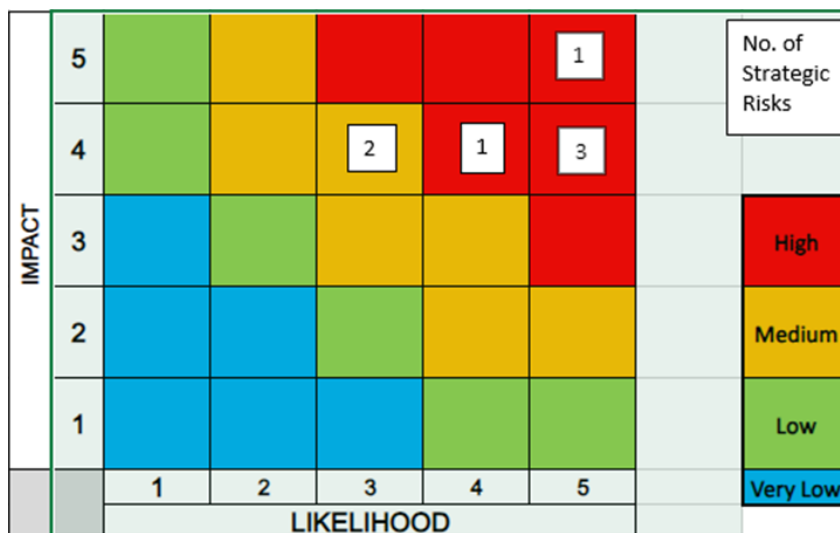
7.7 During the detailed review some of the risk titles were redefined to articulate the actual risk more clearly and what we are mitigating.

7.7.1 Climate Change becomes ‘Responding and Adapting to Climate Change’.

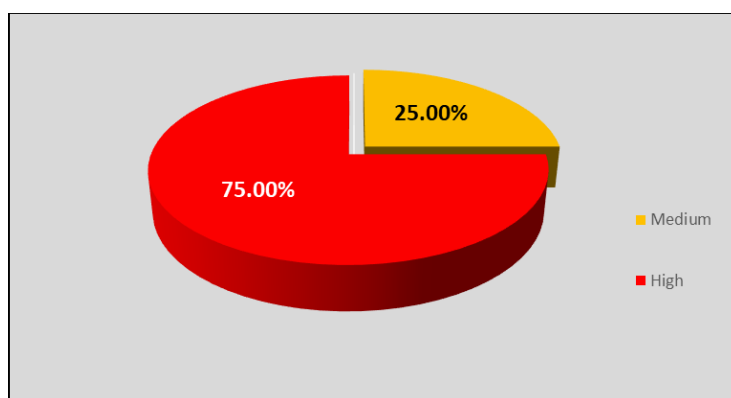
7.7.2 Mental Health & Wellbeing of Staff becomes ‘Health & Wellbeing of Staff’.

7.7.3 Recruitment, Retention & Succession Planning becomes ‘Critical Staff Shortages impacts on Recruitment, Retention & Succession Planning’.

7.8 Our current exposure plotted on our matrix looks 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.



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 Management Team have undertaken to review each strategic risk one by one on a cyclical basis at their regular 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 June 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.
- 9.3 The next review of Strategic Risks takes place in December 2023 and a report will be provided to Audit Committee in February 2024.

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

Local Member: N/A

Appendices