



Committee and Date

Audit Committee
17th July 2024

Item

Public



Risk Management Annual Report

Responsible Officer:	Jane Cooper		
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Cabinet Member (Portfolio Holder):	Cllr. Gwilym Butler		

1. Synopsis

This report provides an overview of the activity of the Risk & Business Continuity Team during 2023/2024 and a synopsis of the current risk exposure of the authority in relation to Strategic, Operational and Project risks.

2. Executive Summary

The Shropshire Plan includes our priority to be a Healthy Organisation which incorporates the strategic objective “We'll continuously develop our response to disruptive incidents affecting Shropshire communities, strengthening our ability to absorb shock, adapt and make changes, sustain positive change, and anticipate future shocks.” Risk Management is a key process in enabling the delivery of this objective and the dedicated team leading this approach strive to embed best practice, through the Opportunity Risk Management Strategy, across the authority wherever possible.

This report sets out the undertakings, challenges and achievements accomplished by the Team during 2023/2024.

3. Recommendations

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

Report

4. Risk Assessment and Opportunities Appraisal

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.

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

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.

Financial risks form part of the Council's strategic risk exposure. They are subject to regular reviews alongside all other strategic risks with clearly identified controls and additional controls for mitigation.

6. Climate Change Appraisal

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

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

The Audit Team undertook a risk management audit for 2023-2024. The final report identified the assurance level as "Reasonable" (there is generally a sound system of control in place but there is evidence of non-compliance with some of the controls) with the direction of travel identified as having a 'weakening control environment'. The non-compliance is predominantly around how project teams are managing project related risks and the recommendations made within the report have all now been actioned by the team, which include a layer of reporting to Executive Directors on their project risk review status, holding accountable the project leads for the management of their risk environment.

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 supporting the achievement of our key priorities, objectives as set out in The Shropshire Plan and benefits realisation.

8. Additional Information – Risk Management

Strategic Risk Management

Throughout 2023/2024 our strategic risks were reviewed on a bi-annual basis in line with operational risk reviews, ensuring that the level of risk exposure is monitored closely. The outcome of each review is reported to Executive Directors and Informal Cabinet.

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 articulates 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.

An annual Strategic Risk Workshop is also undertaken with Executive Directors to ensure that our current strategic risks are still relevant, defined appropriately and accurately assessed and scored.

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.

Assurance levels are also reviewed aligned to the Three Lines Model of assurance provision. The Three Lines Model is a risk management approach to help organisations identify and manage risks effectively by creating three distinct lines of assurance

Appendix A.

The diagram in **Appendix B** demonstrates our overall strategic risk exposure as at the end of June 2024.

At that point in time, there were 11 strategic risks on the strategic risk register, and these are each managed by specific Executive Directors. These are detailed in **Appendix C.**

Audit Committee can at any time elect to have a more detailed examination of any of the strategic risks and can invite the relevant Executive Director (risk owner) or Assistant Director (risk lead) to a committee meeting to discuss their risk in more detail.

Operational Risk Management

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 proactively managed in a 'live' environment enabling PowerBI reports to be run with current data.

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

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. Health & Wellbeing of Staff).

As at the end of June 2024 there were 109 operational risk registers in place across the authority containing 1089 risks in total. The diagram in **Appendix D** demonstrates our current overall operational risk exposure.

Project Risk Management

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

As with all risks there is a robust risk management process in place for project risk management. 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 give an indication as to how well managed the risks are.

Like operational risks, if there are emerging themes from project risk reviews, these will be considered for inclusion in the strategic risk review.

PowerBI reports are available on current risk exposure across any project. As at the end of June 2024 there were 1127 project risks. Current project risk exposure is demonstrated in **Appendix E**.

Automated emails are sent every quarter to project risk owners reminding them to update and review their risks. If risks are not reviewed automated escalation emails are then sent to the project manager and the risk management officer for follow up. Furthermore, a project risk status report is provided to Executive Directors on a quarterly basis.

The overarching controls and processes for risk management are in place and are operating effectively but there will always be some minor areas of non-compliance and these are identified as part of our reviews and escalated to Assistant Directors and Project Board leads for them to ensure their staff do update the registers and manage their own risks.

Opportunity Risk Management Strategy

The Opportunity Risk Management Strategy is reviewed and updated on an annual basis. We are currently undertaking a review of our strategy to ensure it is aligned to the transformation programme and will be signed off by the Executive Director Team as soon as this review is complete.

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 currently President Elect of ALARM.

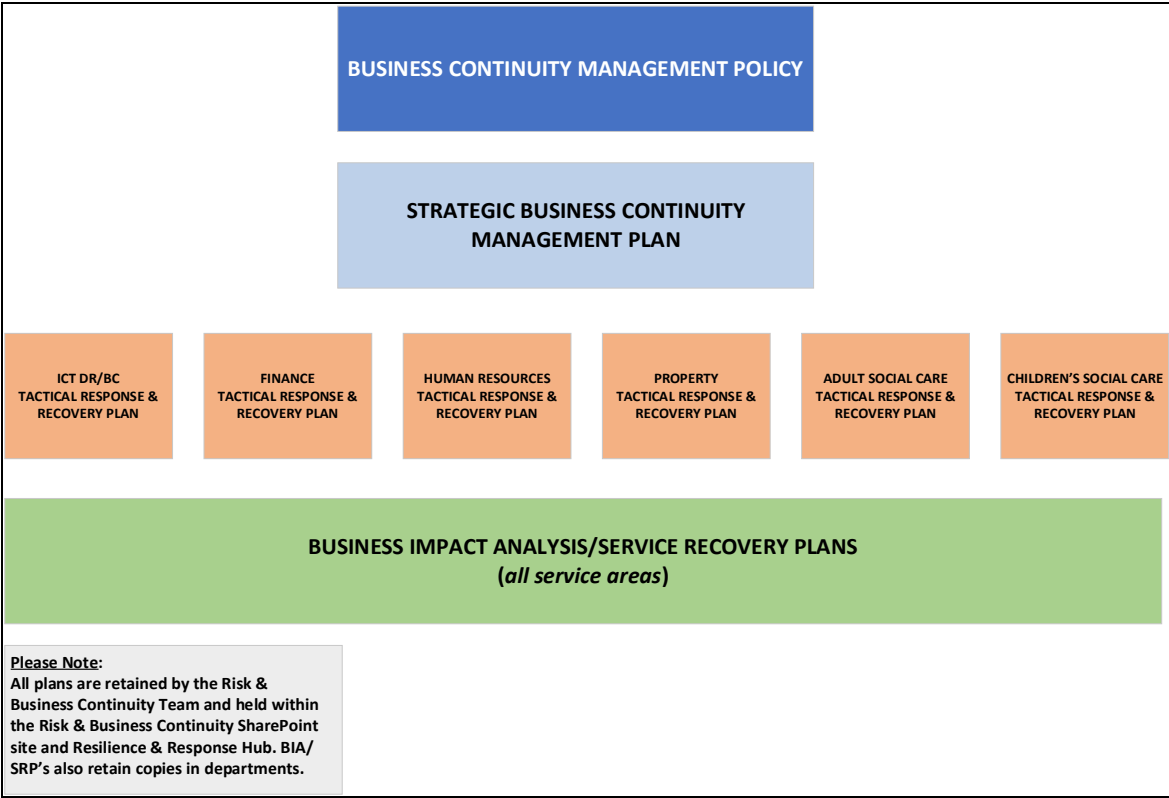
For the second year running Saskia Richardson (Risk & Business Continuity Officer) was shortlisted for an award for her continued development in the management of risk at Shropshire Council and at the ALARM National Conference on the 17th June 2024

Saskia was successful in being recognised for her developments and awarded the Rising Star Award.

9. Additional Information – Business Continuity

With the many challenges faced and continuing during the year, Business Continuity Management arrangements are constantly reviewed to ensure that they are robust.

We have enhanced business continuity management arrangements as identified in the chart below. These plans provide a corporate approach across all areas to manage significant business interruption events. All these plans are subject to an annual review.



A Business Continuity Group 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.

An exercise took place in October 2023 to test the scenario of a ransomware incident and the implications of this on service delivery and wider council responsibilities. This exercise was extremely successful, and the response processes worked effectively. A post exercise report and action plan identified some minor amendments to our arrangements which are in the process of being implemented.

10. Additional Information – Miscellaneous

Audit Team Collaborative Working

We continue to work closely and collaboratively with Audit Team colleagues. This ensures that audit activity is cross referenced with our strategic and business plan objectives and current risk exposure.

11. Proposed Developments 2024/2025

The Office of the Chief Executive (OCE) has set up the Programme Office and the team will be working closely with the new Assistant Director Billy Webster in ensuring that the management of the project risks in this area during 2024/2025 are in line with the embedded risk management processes.

As part of our business continuity management arrangements further work is underway to develop our cyber incident preparedness and response plan. Exercising in 2023/2024 has enabled us to identify gaps in our resilience, identify lessons learnt and build resilience into the finalised plan.

We continue to provide risk management and business continuity training opportunities for all colleagues (and where requested, schools) as and when required. We have developed two online training modules for LEAP into Learning. The Business Continuity Management module went live at the end of 2023 and the Risk Management module is due to go live very shortly, making access to training more available for staff.

12. Conclusions

The Risk & Business Continuity Team has continued to support all services across the authority, continuously developing more self-service and streamlined ways to manage risk and business continuity more efficiently.

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

1. Annual Governance Statement
2. Risk Management Audit Report
3. Opportunity Risk Management Strategy
4. Business Continuity Management Policy
5. Business Continuity Plan

Local Member: Gwilym Butler, Portfolio Holder for Resources

Appendices

Appendix A – Three Lines Model

Appendix B – Strategic Risk Exposure (March 2024)

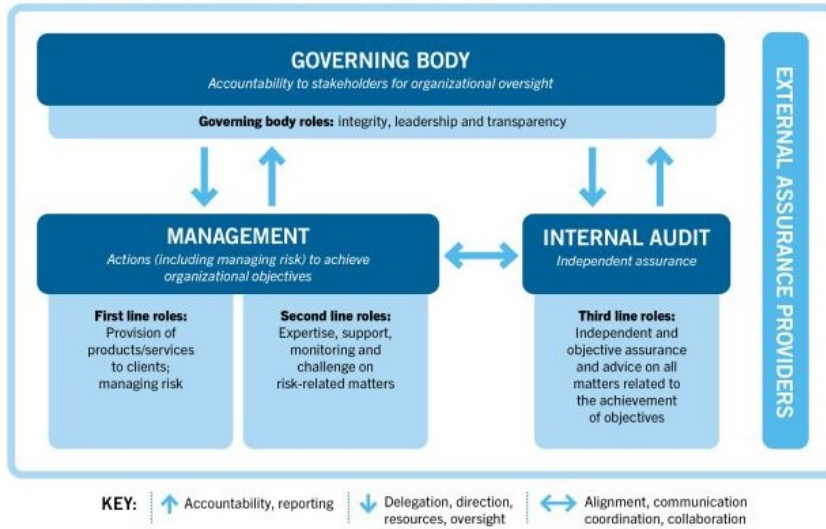
Appendix C – Strategic Risk List (March 2024)

Appendix D – Operational Risk Exposure (March 2024)

Appendix E – Project Risk Exposure (March 2024)

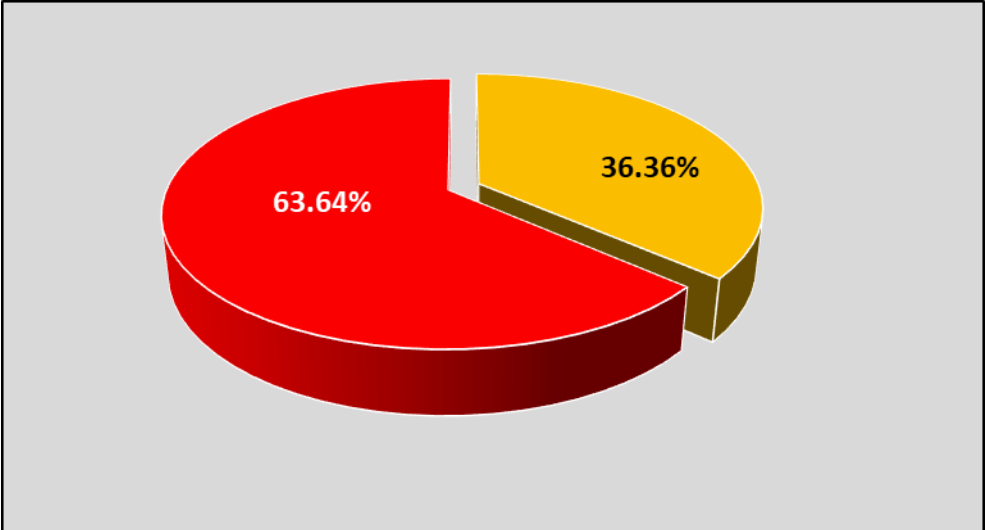
APPENDIX A – THREE LINES MODEL

The IIA's Three Lines Model (2020)



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APPENDIX B – STRATEGIC RISK EXPOSURE (JUNE 2024)

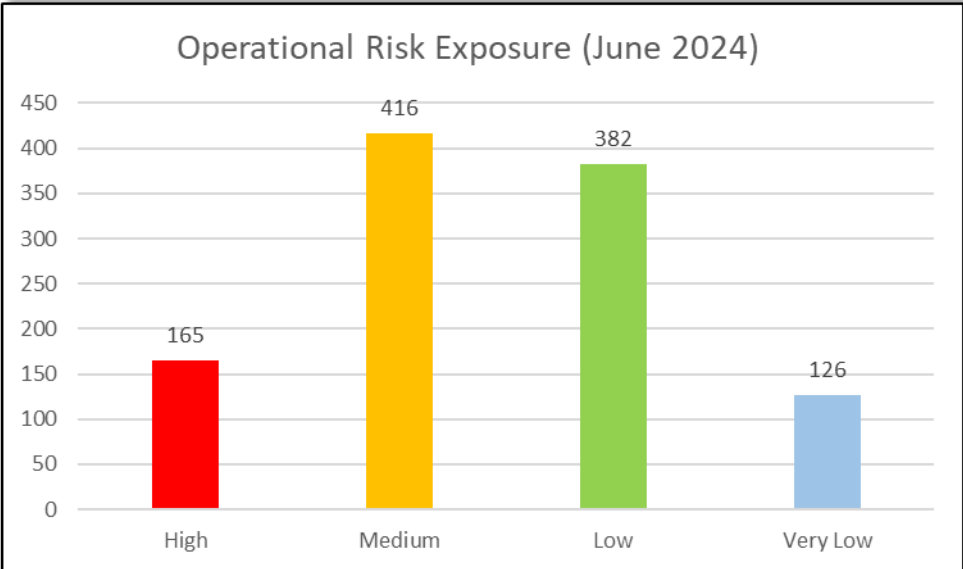


APPENDIX C – STRATEGIC RISK LIST (JUNE 2024)

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	=
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	=
Impact of extreme pressures upon partners (social car, health, and criminal justice)	Rachel Robinson/ Tanya Miles	5	4	20	New
Inability to set a balanced budget for a given year within the MTFS.	James Walton	4	4	16	=
Responding and Adapting to Climate Change.	Mark Barrow	4	4	16	=
Inability to contain overall committed expenditure within the current available resources within this financial year.	James Walton	3	5	15	=
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	=
Failure to safeguard vulnerable children.	Tanya Miles	3	4	12	Reinstated
Impact of increased waiting lists in relation to DoLs, OT and SI.	Tanya Miles	3	3	9	New

High Risks
Medium Risks
Low Risks

APPENDIX D – OPERATIONAL RISK EXPOSURE (JUNE 2024)



APPENDIX E – PROJECT RISK EXPOSURE (JUNE 2024)

