



Committee and Date

**Audit Committee
27th September 2024**

Item

Public



Strategic Risk Report

Responsible Officer:	Sam Williams		
email:	sam.williams@shropshire.gov.uk	Tel:	01743 252817
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 2024 bi-annual review and subsequent discussions/ amendments.

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 project or particular service area specific).

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 two strategic risks 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, assurance providers and Executive Directors.

7.3. The Strategic Risks are held within a SharePoint site where controlled access is available for everyone who has controls assigned to them and access is available to the Executive Management Team. The risks are therefore able to be updated in real-time.

7.4. Following the bi-annual review, there are currently eleven 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:

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 care, health, and criminal justice)	Rachel Robinson/ Tanya Miles	5	4	20	Finalised
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	â
Economic Growth Strategy.	Mark Barrow	3	4	12	=
Failure of Officers and Members to adhere to Governance arrangements.	James Walton	4	3	12	=
Safeguarding children.	Tanya Miles	3	4	12	Finalised
Impact of increased waiting lists in relation to DoLs, OT and SI.	Tanya Miles	3	3	9	Finalised

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

7.7 The following outlines the narrative only where changes were made to the strategic risks score or assurance levels:

Failure of Officers and Members to adhere to Governance Arrangement

- Legal assurance level reduced from Reasonable to Limited due to the proximity of upcoming elections both local and national necessitates a review of officers understanding of their relationship with Members. This assurance level should revert back to reasonable following these elections during future reviews.

Health & Wellbeing of the Workforce

- Overall management assurance has lowered from Reasonable to Limited due to resources and capacity requirements. Additionally, the finance assurance has also decreased from a Limited to Unsatisfactory due to being unable to anticipate capacity requirements.

Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority

- All assurance comments have been updated to reflect current situation and performance assurance level has moved from Limited to Reasonable (improving picture).

Critical skills shortage impacting on Retention, Recruitment & Succession Planning

- The finance assurance level has changed from Unsatisfactory to Limited (improving picture). The operational risk review analysis showed an increase in capacity based risks across service areas which will be kept under close review.

Inability to contain committed expenditure within the current available resources within this financial year

- This risk has now been developed and finalised with up to date current and additional controls and assurance levels. The overall risk owner assurance level is Limited.

Inability to set balanced budget for a given year within the MTFS

- This risk has also now been developed and finalised with up to date current and additional controls and assurance levels. The overall risk owner assurance level is Limited.

Impact of Extreme Pressures upon Partners

- This risk has also now been developed and finalised with up to date current and additional controls and assurance levels. The overall risk owner assurance level is Limited.

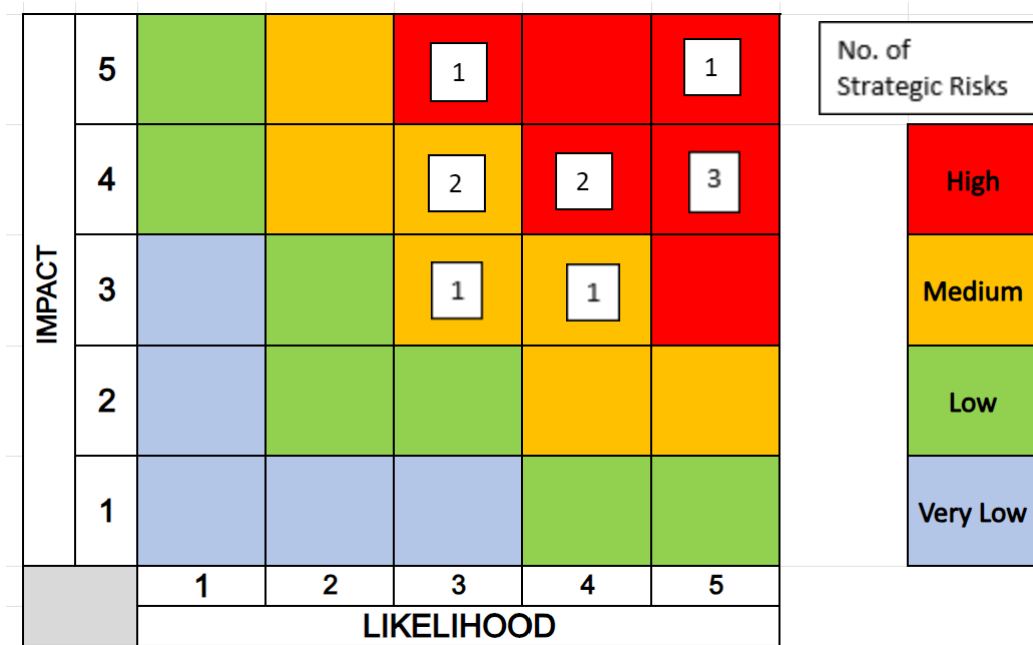
Safeguarding Children

- This risk has been reinstated since the previous risk review. The overall risk owner assurance level is Reasonable due to some undertakings requiring completion. When the demand management trajectory work is complete this will provide us with improved data dashboards allowing us to move forward.

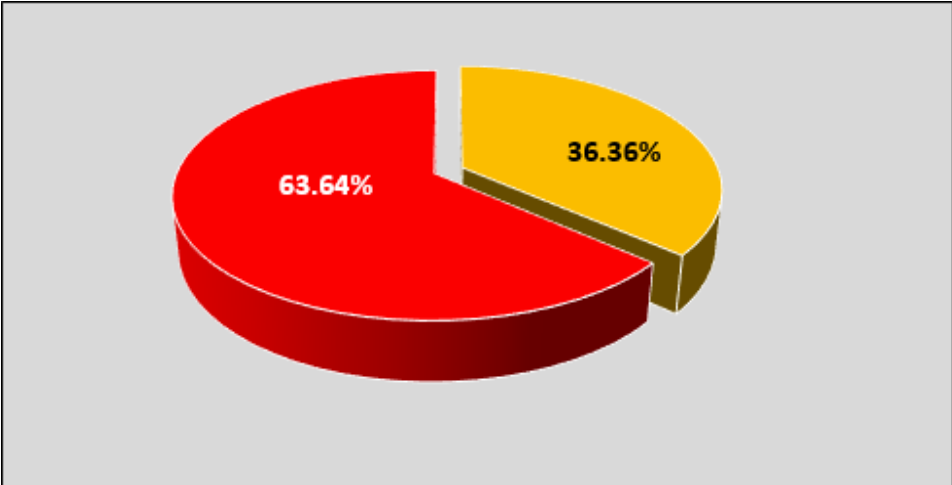
Impact of Increased Waiting Lists in relation to DoLs, OT and SI.

- It was decided that this risk to be lowered from the indicative draft score of Likelihood 4 x Impact 4 to a Likelihood of 3 x Impact of 3. Overall management assurance has been set to Reasonable and work is continuing to address the waiting lists including exploring ways to manage demand by working with internal and external partners

7.7 Our current exposure plotted on our matrix looks as follows:



7.8 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, the additional controls, ownership and implementation dates, levels of assurance following the Three Lines Model and year-end target scores.
- 8.2 The Executive Management Team have undertaken to review each strategic risk one by one on a cyclical basis at their regular meetings in between the bi-annual formal reviews. 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 2024.
- 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 relevant Executive Director (risk owner) to a committee meeting to discuss their risk/s.
- 9.3 The next review of Strategic Risks takes place in December 2024 and a report will be provided to Audit Committee following that review.

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

None