Shropshire Council	Audit Committee 26 June 2025	Item
		Public

Healthy People **Healthy Economy** **Healthy Environment** **Healthy Organisation**

Risk Annual Report

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Cabinet Member (Portfolio Holder):	Roger Evans		

1. Synopsis

This report provides an overview of Risk activity during 2024/25 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 2024/2025.

3. Recommendations

Members are asked to note the report and risk position.

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 Council has a Risk & Business Continuity Team who oversee the management of Strategic, Operational, and Project risks across the authority.

7.1 Strategic Risk Management

Throughout 2024/2025 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.

Strategic Risks are reviewed by the Leadership Board regularly, while 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 start of June 2025.

At this point in time, there are 10 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 Service Director (risk lead) to a committee meeting to discuss their risk in more detail.

7.2 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 pro-actively managed in a 'live' environment enabling PowerBI reports to be provide a 'real time' overview of our risk position.

Following the bi-annual review of operational risk exposure (May and November), reports on status are provided to Leadership Board.

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 beginning of June 2025 there were 110 operational risk registers in place across the authority containing 1060 risks in total. The diagram in Appendix D. demonstrates our current overall operational risk exposure and Appendix E shows a plotting matrix.

7.3 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.

PowerBI reports are available on current risk exposure across any project. As at the start of June 2025 there were 569 project risks. Current project risk exposure is demonstrated in Appendix F and Appendix G shows a plotting matrix where each risk sits.

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 Leadership Board and Project Board leads for them to ensure their staff update the registers and manage their risks.

7.4 Opportunity Risk Management

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.

7.5 Audit Assurance

The Audit Team undertook a risk management audit for 2024-2025. The final report identified the assurance level as "Reasonable", in that there is generally a sound system of control in place but there is evidence of non-compliance with some of the controls. The direction of travel identified as having a 'no change to control environment'. The areas for improvement largely related to the management of project risks, but the planned actions have now been undertaken.

8.   Additional Information

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.

9.   Proposed Developments 2024/2025

The Programme Management Office (PMO) was set-up to oversee delivery of our Transformation Programme, and work was undertaken to ensure that the management of project risks in this area during 2024/25 were in line with the embedded risk management processes.

10. Conclusions

10.1   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 more efficiently.

10.2   Our risks continue to be reviewed and updated regularly thereby ensuring we appropriately manage our risks.

Local Member:	**N/A**	
Appendices		5

Appendix A – Three Lines Model

Appendix B – Strategic Risk Exposure (June 2025)

Appendix C – Strategic Risk List (June 2024)

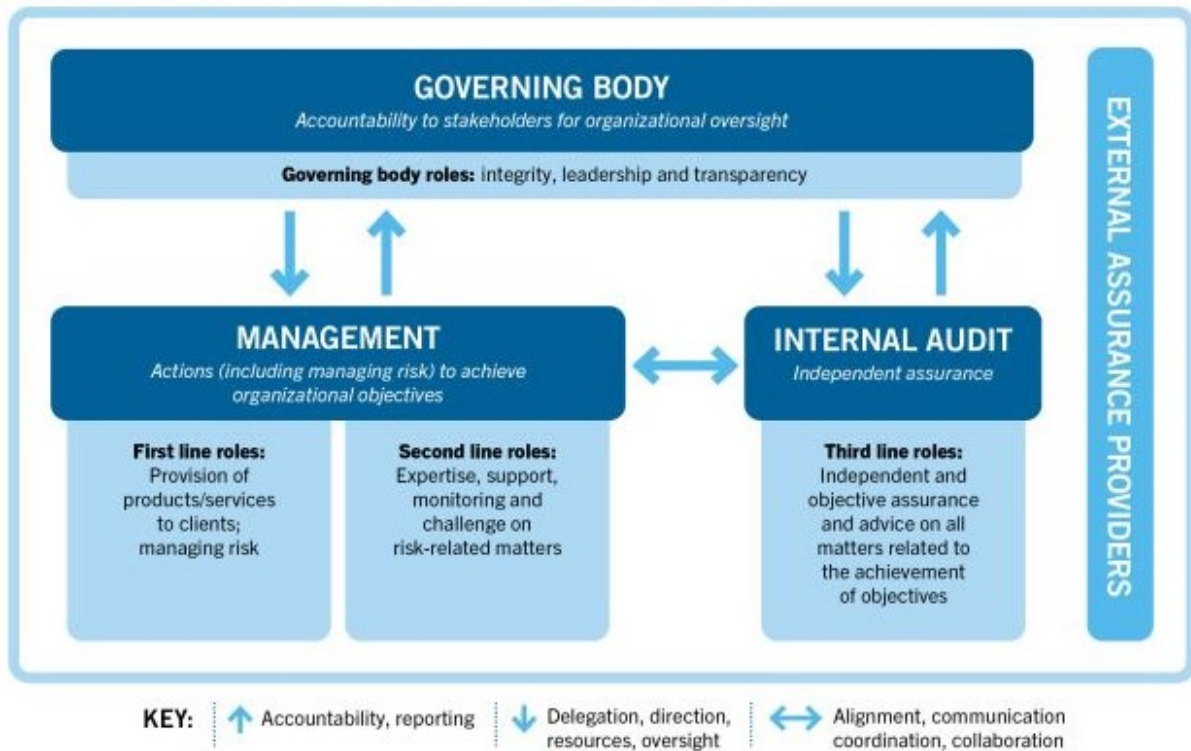Appendix D – Operational Risk Exposure (June 2025)

Appendix E – Project Risk Exposure (June 2025)

Appendix F – Project Risk Exposure (June 2025)

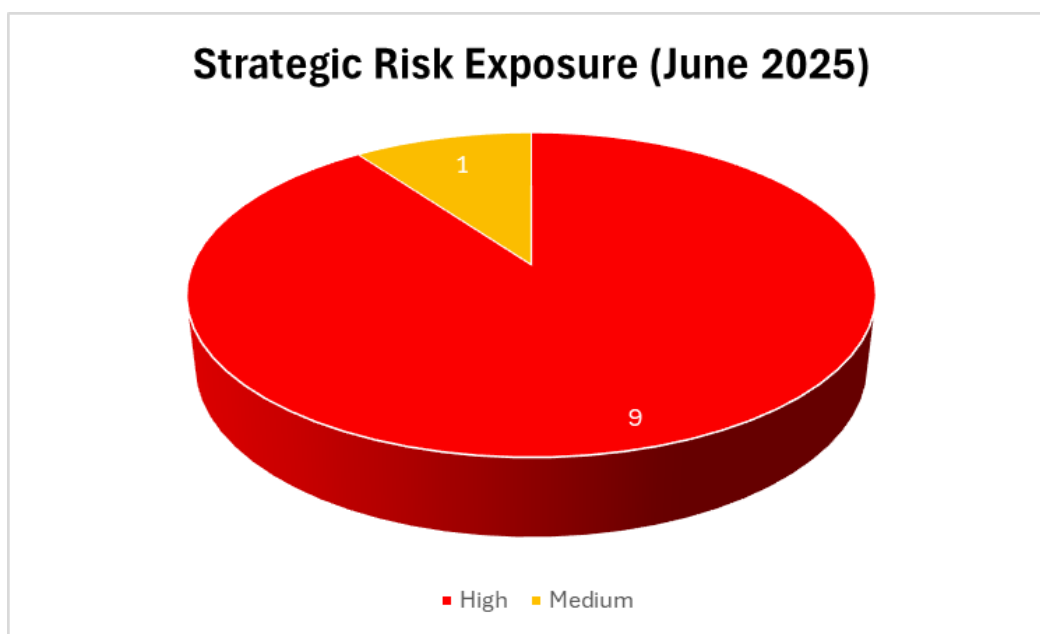Appendix G – Project Risk Plotting Matrix (June 2025)

APPENDIX A – THREE LINES MODEL

The IIA's **Three Lines Model** (2020)

GOVERNING BODY
Accountability to stakeholders for organizational oversight

Governing body roles: integrity, leadership and transparency

MANAGEMENT
Actions (including managing risk) to achieve organizational objectives

INTERNAL AUDIT
Independent assurance

First line roles:
Provision of products/services to clients; managing risk

Second line roles:
Expertise, support, monitoring and challenge on risk-related matters

Third line roles:
Independent and objective assurance and advice on all matters related to the achievement of objectives

EXTERNAL ASSURANCE PROVIDERS

KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication coordination, collaboration

APPENDIX B – STRATEGIC RISK EXPOSURE (JUNE 2025)

Strategic Risk Exposure (June 2025)

1

9

■ High   ■ Medium

APPENDIX C – STRATEGIC RISK LIST (JUNE 2025)

| 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	=
Inability to contain overall committed expenditure within the current available resources within this financial year.	James Walton	5	5	25	↑
Inability to set a balanced budget for a given year within the MTFS.	James Walton	5	5	25	↑
Failure of Officers and Members to adhere to Governance arrangements.	James Walton	5	4	20	↑
Health & Wellbeing of The Workforce.	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	=
Responding and Adapting to Climate Change.	Andy Begley	4	4	16	=
Impact of increased waiting lists in relation to DoLs, OT and SI.	Tanya Miles	4	4	16	=
Safeguarding children.	Tanya Miles	3	4	12	=

APPENDIX D – OPERATIONAL RISK EXPOSURE (JUNE 2025)

OPERATIONAL RISK EXPOSURE (JUNE 2025)

HIGH	MEDIUM	LOW	VERY LOW
191	415	354	100
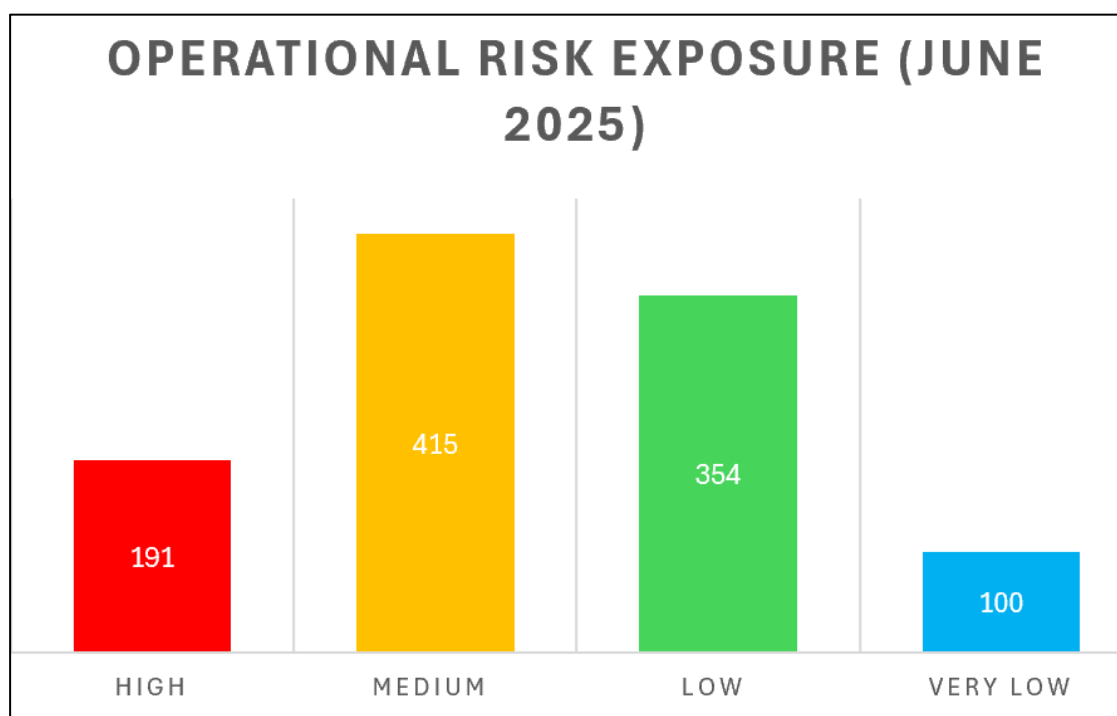
APPENDIX E – OPERATIONAL RISK PLOTTING MATRIX (JUNE 2025)

		Likelihood Score				
		1	2	3	4	5
Impact Score	5	2	30	42	22	27
	4	0	16	71	84	8
	3	3	66	155	72	8
	2	5	112	120	56	15
	1	19	35	38	36	18

APPENDIX F – PROJECT RISK EXPOSURE (JUNE 2025)
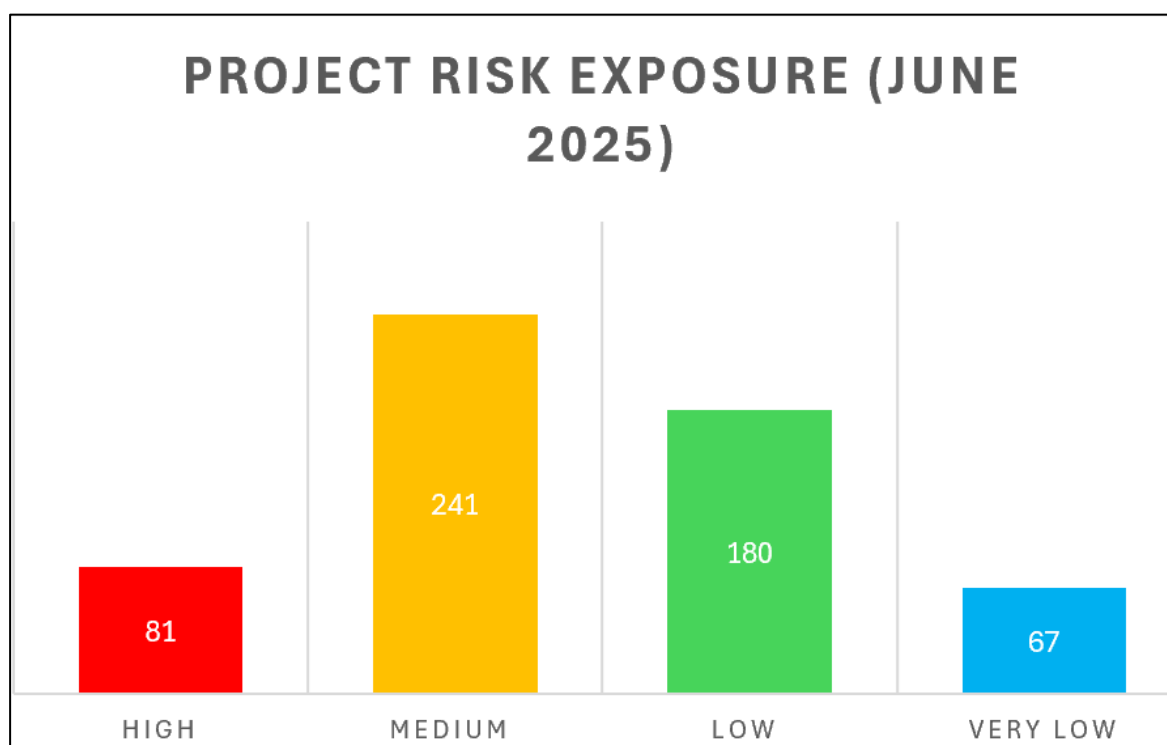
PROJECT RISK EXPOSURE (JUNE 2025)

HIGH	MEDIUM	LOW	VERY LOW
81	241	180	67

APPENDIX G – PROJECT RISK PLOTTING MATRIX (JUNE 2025)

		Likelihood Score				
		1	**2**	**3**	**4**	**5**
Impact Score	**5**	7	16	10	3	19
	4	8	43	49	24	8
	3	35	111	93	22	17
	2	23	36	16	7	11
	1	4	3	2	1	1