

26 September 2023

Risk management update – Strategic Risk Register and Strategic Risk 4B

Ward(s): All

Portfolios: All

Purpose: For Review

1. Aim

This purpose of this report is to provide Audit Committee with the updated Strategic Risk Register (SRR) and provide further detail on Risk 4b in accordance with the Committee's work programme.

2. Summary

- 2.1 Recent risk management activity has been carried out to refresh the SRR and ensure it contains the most current risks facing the council.
- 2.2 Finance worked with Executive Directors and Directors from across the council to update the risks, controls and assurances in place.
- 2.3 Directorate Risk Registers (DRR's) and the SRR were reviewed by Directors Group and the Corporate Management (CMT) and both confirm that the SRR (and DRR's) adequately reflect the risks facing the council to delivery of its strategic objectives.

3. Recommendations

- 3.1 That Audit Committee note and comment on the updated Strategic Risk Register (SRR), set out at Appendix 2.
- 3.1 That Audit Committee receive and comment on Risk 4b in the context of Appendix 3.

4. Report detail - Know

- 4.1 The role of Audit Committee in relation to risk management is to:

- Monitor the effective development and operation of risk management in the Council;
- Monitor progress in addressing risk related issues reported to the Committee.

This report seeks to provide an updated SRR including the controls associated with the risks to allow Audit Committee to discharge their role.

- 4.2 Directors Group (DG) reviewed the Directorate Risk Registers (DRR's) and SRR in August 2023 and were asked to consider changes to existing risks, new or common themes within DRR'S and advise those which may require escalation for discussion at CMT. CMT reviewed the SRR at their meeting on 14th September 2023. Feedback and changes have been reflected in this report and both DG and CMT confirm that the SRR (and DRR's) adequately reflect the risks facing the council.

Directorate Risk Registers and Impact on SRR

4.3 All DRR's have been reviewed with a number of completed actions, changes to controls and changes in scores, both upwards and down. The main changes have been:

1) A number of risks have been reviewed and reduced in relation to safeguarding and ability to maintain statutory service standards to support the most vulnerable in society. For ASC, safeguarding was reduced from 12 to 9, and for Children's ability to maintain standards was reduced from 12 to 9 also, with a move from Red to Amber for both. This has translated into reductions in risk scores on the SRR for 4a (Children's): The Council is unable to maintain statutory service standards to support the most vulnerable in society. ASC have also reviewed SR 4b light of the DRR review and has updated this with a revised current score of 9. See 4.4 below.

2) Common themes identified are as below:

- Non delivery/delay of approved savings/failure to meet revenue budget targets;
 - ASC increasing from 8 to 12 (now Red)
 - EEC increasing from 9 to 12 (now Red)

SRR risk 2 and 7 have been reviewed in light of the above, both however are considered at the appropriate current and target scores, therefore there are no proposed changes to these two SRR risks.

- Risks relating to Covid-19 / Flu have been removed from ASC and R&T DRR's.

3) R&T have introduced a new risk – Risk 10: Significant Failure of Governance; a breakdown in governance to merit formal external intervention either from auditors or central government. DG considered that it may be appropriate for CMT to consider this risk and whether it is content that the risk is managed within R&T's DRR with the MO and S151 Officer as joint leads or whether consideration should be given to a new SRR risk. CMT considered the risk and determined that it should be added to the SRR. A new risk (12) has now been added to the SRR at Appendix 1.

Strategic Risk Register

4.4 Strategic risks are reviewed on a six monthly basis, and as at September 2023 all strategic risks have had their existing controls and future actions reviewed, with a summary of the updates to the risks set out in the table below. All risks have had their existing controls and future actions reviewed and updated where necessary. There have been two changes to the overall risk scores since the last review in February 2023, in relation to 4a (reduced) and 11(increased following the appointment of a permanent Climate Change Manager who has reviewed and revised the original scores). As stated above, 4b has been reviewed and reduced to 9. CMT considered the latest 4b and determined that it should remain on the SRR and be kept under review. Additionally, whilst 4a has reduced, this also has remained on the SRR. The updated SRR is attached at Appendix 1 and the table overleaf summarises the position.

| Risk | Risk Description | Lead Directorate | Impact | Likelihood | Updated "current" score | Trend | "Target" score |
|------|--|---|--------|------------|-------------------------|------------------------------------|----------------|
| 1 | Threats to the Economic Growth of Walsall are not identified and mitigated, together with opportunities for sustainable growth being missed | Executive Director, EE&C | 4 | 4 | 16 | ↔ | 9 |
| 2 | The Proud Programme does not achieve the outcomes and benefits required to ensure that available resources are directed to deliver the greatest outcomes for the community | Executive Director, R&T | 4 | 3 | 12 | ↔ | 8 |
| 3 | Partnership relationships with other sectors and our major suppliers fail to deliver on shared objectives and therefore outcomes for the community | Executive Director, ASC | 4 | 3 | 12 | ↔ | 8 |
| 4a | The Council is unable to maintain statutory service standards to support the most vulnerable in society | Executive Director, Children's Services | 3 | 3 | 9 | ↓ Reduced from Red - 12 (3 x 3) | 9 |
| 4b | Adult Social Care risk of being unable to maintain service standards to support the most vulnerable in society is ongoing | Executive Director, ASC | 3 | 3 | 9 | ↓ Reduced from Red - 16 (4 x 4) | 8 |
| 5 | External Changes in Political and/or legislative environment including ongoing impact of Covid-19 | Executive Director, R&T | 3 | 2 | 6 | ↔ | 6 |
| 6 | There is a lack of community cohesion and resilience placing increased pressure on public sector resources | Executive Director, EE&C | 4 | 2 | 8 | ↔ | 4 |
| 7 | Financial Resilience of the council is impacted by the failure to achieve the savings required or manage demand pressures to enable a balanced budget and Medium-Term Financial Plan to be delivered | Executive Director, R&T | 4 | 4 | 16 | ↔ | 9 |
| 8 | Risk of Cyber Security attacks | Executive Director, R&T | 5 | 3 | 15 | ↔ | 9 |

| Risk | Risk Description | Lead Directorate | Impact | Likelihood | Updated "current" score | Trend | "Target" score |
|------|--|-------------------------------------|--------|------------|-------------------------|---------------------------------------|--|
| 9 | Threats in relation to failing to comply with the legal obligations and duties of the UK General Data Protection Regulations, the Data Protection Act 2018 and relevant legislative requirements | Executive Director, R&T | 4 | 4 | 16 | ↔ | 9 |
| 10 | Failure to deliver key services in the event of significant business interruption, including services delivered by contractors and partners | Executive Director, EE&C | 4 | 3 | 12 | ↔ | 8 |
| 11 | Climate Change - Failure to achieve climate change objectives | Executive Director, EE&C | 4 | 4 | 16 | ↑ Increased from Amber - 8 (4 x 2) | 12 Increased from Green - 4 (4 x 1) |
| 12 | Significant Failure of Governance – a breakdown in governance to merit formal external intervention either from auditors or central government | Monitoring Officer and S151 Officer | 4 | 2 | 8 | N/A - NEW | 6 |

4.5 In April 2023 Audit Committee identified four strategic risks that it would like included within their 2023/24 work programme to review. The risks and dates they are being considered by Audit Committee are as follows:

- Risk 2 – 20 November 2023
- Risk 4b – 26 September 2023
- Risks 8 & 9 – 20 February 2024

4.6 Risk 4b - Adult Social Care (ASC) - risk of being unable to maintain service standards to support the most vulnerable in society - has been reviewed by ASC and CMT. Appendix 2 provides further information on the risk and controls in place and the lead officer has been invited to this meeting to present the report.

5. Financial Information

5.1 There are no direct financial implications arising from this report, however effective risk management and reporting of risks supports and contributes to the delivery of good financial management.

6. Reducing Inequalities

6.1 Effective governance arrangements ensure a focus on delivering of Corporate Plan objectives, a key driver of which is reducing inequalities.

7. Decide

- 7.1 Audit Committee are asked to consider the updates made to the Strategic Risk Register and may wish to comment.

8. Respond

- 8.1 Audit Committee is required to ensure that it receives reports on risk management on a regular basis and takes appropriate action to ensure that strategic business risks are being actively managed. This report enables Audit Committee to exercise its responsibilities in respect of risk management by reviewing the current SRR; calling in key business risks for review; and seeking assurance that risk management is thoroughly embedded within the organisation.

9. Review

- 9.1 The Risk Management Strategy sets out the formal review and reporting points for risks throughout the year and these will continue to be followed, with feedback on the actions set out within this report incorporated into those updates.

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