



AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 27 June 2023

REPORT TITLE:	RISK MANAGEMENT UPDATE - CORPORATE RISK REGISTER
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

This report provides an update on activity related to the Corporate Risk Registers and the Council's risk management arrangements.

This matter affects all Wards within the Borough. It is not a key decision.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To enable the committee to understand the Authority's most significant risks, the associated mitigating controls, and the risk management framework to fulfil its role of providing independent assurance of the Council's Risk Management Framework.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered appropriate as failure to report this information would demonstrate ineffective governance and non-compliance with professional best practice.

3.0 BACKGROUND INFORMATION

- 3.1 Risk management forms part of many of the seven core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework'. A key component of this for the Council is the Corporate Risk Register.
- 3.2 The Corporate Risk Register consists of a set of potentially high-level strategic risks, which by their very nature are often slow to change in score as mitigating controls can take time to have an effect. Regular review of all levels of risk register helps to demonstrate sound decision making and allows for them to be dynamic as well as reflect the changing situation the Council operates within.
- 3.3 It is often not possible to fully eliminate or transfer risk but instead the aim can be to reduce it to acceptable and tolerable levels as well as improving the awareness and visibility of risk levels being carried by the Council.

Corporate Risk Register (CRR)

- 3.4 Corporate and Directorate Risk Registers contain risks which have the potential to impact on the operations and delivery of the priorities of the Council. The inclusion of risks in a risk register does not mean that they will occur.
- 3.5 During discussion of the CRR at the Strategic Leadership Team (SLT) meeting on 1st March 2023 it was decided that a detailed review was required and a potential reduction of risks on the risk register which had grown to over 20.
- 3.6 Following discussions with the Chief Executive and the Directors of Finance and Law and Governance a reduced list of corporate risks was discussed at SLT on the 31st of May. The eight risks are listed in Table 1 below with the full risk register detailed in Appendix 1.

Table 1 – 2023/24 Corporate Risks

<p>CRR001/23 Ability to Deliver Effective Change / Improvements and Services Failure to translate into action and deliver changes needed to sustain an effective organisation, sound partnership engagement and governance, and a resilient organisational culture, leads to increased scrutiny interventions/commissioners, inefficiencies/distraction from priorities, financial implications, and loss of reputation with external stakeholders.</p>
<p>CRR002/23 Workforce Capacity & Skills to Deliver Lack of capacity to deliver services and change projects (across all levels inc SLT) resulting in delays to service redesign/improvements/project delivery and benefit realisation, inefficiencies and costs, welfare issues amongst staff, public at risk and reputational damage.</p>
<p>CRR003/23 Health & Safety Management Failure of officers, members, or contractors to develop, test or sufficiently adhere to health and safety / compliance policies and procedures leads to an incident or exposure resulting in harm to employees / Members / members of the public, legal challenge and reputational damage</p>
<p>CRR004/23 Financial Stability and Resilience Failure to ensure delivery of in year savings and adherence to annual budget leads to longer term financial resilience/management difficulties resulting in service reductions, the withdrawal of Council services to communities, government intervention, S114 declaration.</p>
<p>CRR005/23 Response to an External or Internal Significant Disruption (National/Regional/Local) Failure to respond effectively to a significant disruption inc national directive resulting in a major failure in service delivery, increased financial burden, risk to public and staff safety</p>
<p>CRR006/23 Cyber Security IT security and staff awareness are insufficient to deter, detect and prevent unauthorised access (internal and external) to IT systems, resulting in data breach/loss of access to data and disruption to Council services with increased financial costs.</p>
<p>CRR007/23 Climate Response Failure to deliver organisation target (Net Zero 2030) and boroughwide 2041 leads to increased financial costs, pressure on resources, impact on public health, reputation damage, lack of resilience</p>
<p>CRR008/23 Adherence to corporate policies, procedures, and legislation. Lack of consistent application of policies and procedures, and adherence to legislation (including but not limited to procurement, HR, finance, information management, health & safety) leads to inefficient/ineffective use of resources, residents and staff put at risk and/or legal challenge, resulting in damage to reputation of the Council, financial penalty, and injury/loss of life.</p>

3.7 The risks previously held with the CRR have been devolved to the respective directorates for consideration in their Directorate Risk Registers and active management at the directorate level. Table 2 below lists these 11 risks.

- 3.8 Risks can be put forward to be escalated to the CRR, by a Director, when Directorate Management Teams (DMTs) require additional support beyond that possible at their level or if the impact is considered so significant as to require broader input and oversight. Appendix 2 outlines the interactions between the different risk registers across the Council.

Table 2 – 2022/23 Corporate Risks to be devolved to the Directorate Management Teams

<p>CRR004/22. Increasing and unmanageable demand for services Pressures on public of Cost of Living and longer term Covid impacts leads to changes in planning assumptions and unanticipated demand for services resulting in infrastructure and service structures not fitting requirements, growing inequalities, inefficiencies, increased costs, public at risk.</p>
<p>CRR005/22. Safeguarding Failure of Council and partnership working to effectively manage safeguarding risks across all services leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction, appointment of commissioners by Government and public scrutiny</p>
<p>CRR006/22. Challenging Market Conditions - Health & Care Sector Inability to respond to difficult market conditions (cost of living/inflationary costs, recruitment /staffing) leading to lack of provision, increased costs, and budgets</p>
<p>CRR007/22. SEND Failure to appropriately and effectively identify, assess, meet the need, and improves outcomes for children and young people with Special Educational Needs and Disabilities resulting in a statement of action from Ofsted, poor school inspection outcomes, children do not reach their full potential and reputational damage for Children's Services and the Council</p>
<p>CRR008/22. Service Delivery Failure Unanticipated major failure in service area (particularly Adults / Children's / Regeneration) leads to service users at risk, intervention/enforcement action, increased costs and damage to reputation</p>
<p>CRR013/22. Good Working Relations to Deliver Change Challenges to maintain professional and collaborative working relationships in with members. To avoid to delays in decision making, increased costs, threat of intervention</p>
<p>CRR014/22. Emerging Threats/Diseases Lack of knowledge and uncertainty of new and emerging diseases leading to challenges in maintaining and developing plans resulting in inability to respond effectively, inefficiencies, risk to public and staff.</p>
<p>CRR018/22. Examination & Implementation of the Local Plan 2022-2037 Failure to ensure the Council's arrangements for the examination in public and subsequent implementation of the Local Plan resulting in intervention, a loss of control over future development and missed opportunities to promote economic growth.</p>

CRR019/22. Vision for Economic Development

Failure to provide a co-ordinated vision (inc across partners) including understanding of impacts of historical agreements leads to delays/indecision/conflicting demands and inability to deliver vision and strategy for sustainable economic development and infrastructure resulting in a decline in prosperity, increased deprivation and inequalities across borough as well as in increased demands on council services, increased costs.

CRR020/22. Exposure to Long-Term Liabilities

Failure to understand and monitor exposure to long-term liabilities (in particular within regeneration agreements/contracts) resulting in lack of planning/preparedness/contingencies, financial penalties, and costs

CRR022/22. Inflation / Cost of Living Pressures

Increases in inflation and cost of living may have an adverse impact for the council and its residents including, but not limited to:

- Residents - unable to afford bills for (housing / food / fuel) leading to increased demand for council services, hardship funding, mental health, employment advice, homelessness, public health services, potential impact on children in vulnerable families
- Extra demand may reduce the capacity on existing council services and staff, and we may have to prioritise, risk also of own staff may suffer sickness through stress with increased workloads
- Cost of contracts increasing putting pressure on council budgets and/or may mean that suppliers go under leaving the council without a service
- Business growth and survival - recruitment, supply chain issues, reduced consumer spending power and additional post pandemic recovery burdens - increased unemployment, reduced business survival rates, reduced business growth, inability to deliver aims of Economic Strategy, reduced business rate growth
- Impact of loss of income in leisure and cultural activities in the council creating a budget pressure

3.8 The risks held within Directorate Risk Registers are subject to regular review by DMTs and reported on a quarterly basis to tie in with the review of the CRR.

3.9 Risks within the DRRs are reported to the Policy and Service committees. A programme of risk register discussion sessions which started with these committees last year will continue on a six-monthly basis. This allows the committees to understand the risks being managed at the directorate level and how they link to their committee work programmes and reports.

Horizon Scanning

3.10 An important element of good risk management is looking to the future and considering potential risks which may currently appear unlikely but need to be monitored.

3.11 There are a number of global reviews that are undertaken annually and used to inform national and sector specific risk discussions. These reviews focus on the risks currently being faced but also ask participants to consider the risks they may face in the next 3-5 years or even 10 years to help ensure planning and discussions are taking place.

- 3.12 As part of the corporate planning process and development of the next 4-year Wirral Plan attention will be given to similar longer term risk identification.

Training for Members

- 3.13 The recent training for members, on the 7th June, focussed on the role of this committee and included best practice guidance and the principles of good governance. Discussion and planning of the options for risk management training is ongoing.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no immediate financial implications arising directly from this report however, failure to manage the Council's risks effectively could lead to further risk to the Council's financial resilience.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no immediate legal implications arising directly from this report.
- 5.2 The Authority has a statutory responsibility under Part 2 – Internal Control of the Accounts and Audit Regulations (England) 2015 to have arrangements in place for the management of risk. It also forms part of the seven new core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no resource implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 Without robust risk management procedures in place there is a danger that the Council will fail to identify, understand, and monitor key strategic and operational risks. An ineffective and poorly established risk management framework prevents the optimisation and balanced approach between risk taking and control, leading to ineffective assurance and missed opportunities. The consequence of both is that risks are not considered in decision-making which could have serious financial, reputation and resource implications.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 No specific consultation has been undertaken with regards to this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure

equality for anyone who might be affected by a particular policy, decision, or activity. There are no direct equality implications from this report

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the development of effective corporate risk management arrangements will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social, and environmental justice for all residents.

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APPENDICES

The PDF files below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact HelenTurner@wirral.gov.uk if you would like these documents in an accessible format.

Appendix 1 – Corporate Risk Register May 2023

Appendix 2 - Flowchart of Risk Hierarchy and Interactions

BACKGROUND PAPERS

Global Risks Report 2023 - World Economic Forum

2023 Risk in Focus - European Confederation of Institutes of Internal Auditing

The Orange Book Management of Risk – Principles and Concepts 2023 UK Government

Wirral Council Risk Management Policy

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section C of its Terms of Reference;

(C) Risk Management & Control

- i. Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.
- ii. Consider the effectiveness of the system of risk management arrangements.

- iii. Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	
Corporate Risk Register Update	16th November 2020
Corporate Risk Management Update	25th January 2021
Corporate Risk Management Update	9th March 2021
Corporate Risk Management Update	5 th July 2021
Corporate Risk Management Update	27 th September 2021
Corporate Risk Management Update	30 th November 2021
Corporate Risk Management Update	24 th January 2022
Corporate Risk Management Update	15 th March 2022
Corporate Risk Management Update	27 th June 2022
Corporate Risk Management Update	26 th October 2022
Corporate Risk Management Update	17 th January 2023
Corporate Risk Management Update	1 st March 2023