

TITLE	Corporate Risk Register Review
FOR CONSIDERATION BY	Audit Committee on 29 November 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Enterprise Risk Management (ERM) provides for robust and transparent decision-making. Effective ERM is therefore an integral part of the Council's governance arrangements and helps demonstrate the effective use of resources and sound internal controls. The Council's Risk Management Policy and Guidance sets out the policy framework and formally guidance for officers to enable them to pro-actively identify and manage its risks.

RECOMMENDATION

The Audit Committee is asked to review the Corporate Risk Register (at Appendix A) to determine that strategic risks are being actively managed.

SUMMARY OF REPORT

The Corporate Risk Register has been revised by the officer Risk Management Group and Corporate Leadership Team and is shown at Appendix A.

There are 20 Corporate Risks on the register. (Numbers 11,12, 16 and 20 are no longer in use). All of these risks are above their target level of risk and the Council has identified actions to reduce the likelihood and/or impact of the risks.

The Council's top corporate risk is:

- Budget and financial resilience

Followed by:

- Cyber Security
- Adult Social Care supplier sustainability and sufficiency
- Outcomes and Costs for Children with SEND

The budget and financial resilience risk has increased significantly since the last review. The Council continues to face significant financial challenges from rising inflation, interest rates and demand for statutory services. The underlying spending pressures in excess of budget facing the Council are c£10m. However, there are significant levels of mitigating actions to deliver the current projected overspend position of c£3.6m. Forecast inflationary pressures in 2024/25 are £11.2m and despite the identification of significant savings, the current 2024/25 revenue budget gap is c£5m and the capital programme is c£35m with further pressures to come.

The Director of Place and Growth will present the report to the Committee noting that there has been an overall increase in risk faced by the Council since the last review of the risk register due to the increase in Risk 1 budget and financial resilience and those risks

with significant financial impacts such as Risk 5 children with SEND, Risk 21 Affordable Housing, and Risk 22 Unaccompanied Asylum-Seeking Children.

The local government sector continues to experience financial pressures with more authorities warning of the need to do issue S114 notices including the Royal Borough of Windsor & Maidenhead (RBWM), London Borough of Havering, and Somerset Council declaring a 'financial emergency.'

The Council has undertaken activity to support its risk horizon scanning and benchmark against other local authorities.

Since the register was last reported to Audit Committee in September 2023, the following risks have been escalated to the register.

- Waste Collection Change Project
- Procurement in Place & Growth

The report describes these risks and includes commentary on changes to existing risks.

Background

1.1 The Council's Constitution sets out the remit of the Audit Committee as follows regarding Risk Management:-

- To monitor the effective development and operation of risk management in the council;
- To monitor progress in addressing risk-related issues reported to the committee; and
- To review the assessment of fraud risks and potential harm to the council from fraud and corruption

Additional Information for Audit Committee

1.2 Following the Audit Committee's review in September, the presentation of the Risk Register has been enhanced by adding the projected date that risk will hit its target date. This projected date is an assessment based on current forecast information and could be subject to change in the external environment beyond the Council's control. The Council continues to hold significant levels of risk across its activities and while it is working hard to effectively reduce risk it is unable to eliminate risk in key areas.

Analysis of Issues

1.3 The following changes have been made to the Corporate Risk Register since the register was last presented to the Committee in September 2023

1.4 Update Risk no 1 - Budget and Financial Resilience

Along with many others in local government, the Council continues to face significant financial challenges from rising inflation, interest rates and demand for statutory services. Forecast inflationary pressures in 2023/24 are £10.9m, 2024/25 are £11.2m and for 2025/26 are £9.9m. The 2023/24 underlying spending pressures in excess of budget are c£10m. However, there are significant levels of mitigating actions to deliver the current projected overspend position of c£3.6m. This will continue to be closely monitored and further options will be explored as we move through the financial year to manage this position.

Extensive work continues across the Council to manage the 2023/24 budget pressures and setting the 2024/25 budget. Despite the identification of significant savings, the current 2024/25 revenue budget gap presented to Overview & Scrutiny is c£5m and the capital programme is c£35m with further pressures in future years.

This risk has therefore increased since September. There is significant interdependency with other risks on the corporate risk register. Risk 5 Children with SEND is having significant impacts on Home to School Transport budget, Risk 22 Unaccompanied Asylum-Seeking Children resulting in increased placement costs and Risk 21 on Affordable Housing Needs is being felt by increased demand and costs with Temporary Accommodation. Despite extensive mitigating actions the financial risk to the Council remains very high and will remain very high for the foreseeable future.

1.5 Update Risk 5 – Outcomes and Funding for Children with SEND

This risk has been updated to include the changes to the Ofsted SEND inspection regime and the complexity this adds to mitigating this risk. The Council is proactively reaching out to Local Authorities that have recently been inspected to learn lessons from them and has enhanced the SEND Inspection Readiness Working Group.

1.6 Update Risk 9 – Climate Emergency

The climate emergency risk has been reviewed following the Audit Committee's scrutiny at its last meeting. The risk has been reworded to reflect that the Climate Emergency Action Plan (CEAP) is able to move the Borough halfway towards achieving zero emissions by 2030. The delivery of the CEAP is a significant challenge but without supporting national policy, additional local powers, and resources, the Borough will not achieve zero emissions by 2030.

1.7 New risk no 23 – Place & Growth Directorate Procurement Activity

In 2026, significant contracts in Place and Growth covering Highways, Street Cleansing, Grounds Maintenance and Waster collection expire. There is a risk that these procurements fail to deliver value for money. Early engagement with procurement is mitigating this. The risk is likely to be medium term until the successful mobilisation of the contracts in 2026/27.

1.8 New risk no 24 Changes to Waste Collection

The changes to the waste collection service aim to reduce the amount of waste sent to landfill and thereby reducing financial costs and the impact on the climate. The success of the project relies on behaviour change from residents to reduce the amount of waste going to landfill. This is complex to achieve and involves changes for every household in the Borough. The Council has extensive engagement activity planned with residents to support them to make the behaviour change required. The risk is likely to be a medium-term risk with the changes coming into effect in August 2024 and success evaluated within six months.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

Other financial information relevant to the Recommendation/Decision
Effective risk management mitigates financial risks associated with the Council achieving its objectives.

Cross-Council Implications
Risk management influences all areas of the Council – effective risk management is one of the ways assurances is provided that the Council’s key priorities and objectives will be achieved.

Public Sector Equality Duty
An Equality Impact Assessment is not required on the Corporate Risk Register. The impact on Equality is assessed in the impact of each risk.

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030
The effective management of risk supports the achievement of this important priority

Reasons for considering the report in Part 2
Not applicable.

List of Background Papers
Corporate Risk Register – November 202

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