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| TITLE | Corporate Risk Register Review |
| FOR CONSIDERATION BY | Audit Committee on 7 February 2024 |
| 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.

The Council's top four corporate risks are:

- Budget and financial resilience
- Cyber Security
- Adult Social Care supplier sustainability and sufficiency
- Education for Children with SEND

The Chief Executive 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 ongoing impact of inflation which is directly impacting Council costs and those of suppliers

The cost of living crisis s impacting on residents and local businesses increasing demand for Council services

The sector continues to experience pressures with more authorities declaring S114 notices or warning of the need to do so.

Since the register was last reported to Audit Committee on 29th November 2023, the following risk has been escalated to the register

- Risk 25 – Procurement Act 2023

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

The report summaries the risk horizon scanning and benchmarking activity the Council has undertaken.

Background

The Council's Constitution sets out the remit of the Audit Committee as follows with regard to Risk Management.

- b) To monitor the effective development and operation of risk management in the council.
- c) To monitor progress in addressing risk-related issues reported to the committee.

And

- d) To review the assessment of fraud risks and potential harm to the council from fraud and corruption

Analysis of Issues

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

2.1 Risk 1 Update Financial Risk

The Council continues to face significant financial pressures. The Council is on course to set a balanced budget. This will include significant savings. The Chief Financial Officers Report considered by Executive on 25th January provides detailed consideration of the Council's financial position. This report outlines the Major Financial Risks in Section 5 (p71-2).

<https://wokingham.moderngov.co.uk/documents/s70593/Appendix%20A%20CHIEF%20FINANCE%20OFFICER%20Report%2024-25%20-%20Final%20executive%20160124.pdf>

2.2 New risk no 25. Procurement Act 2023

The rules governing public procurement are changing – the Procurement Act 2023 is likely to enter into force from October 2024. The changes will require the Council to alter the way in which it procures goods, works & services that are 'covered procurements' and over a certain threshold (value).

Specific areas of change include:

- Procurement procedures
- Requirement to publish a pipeline of tenders
- Transparency (notices published)
- New requirements around contract management
- Greater regard for SMEs
- Enhancing the approach to social value & sustainability

The main risk is around compliance with the new regulations. This will require training for key officers in the Council, and amendments to procurement processes & policies. Failure to comply with the regulations could give rise to challenges from suppliers (there is a general expectation that new case law will develop through any such legal challenges).

There will be an implementation phase leading up to October 2024 which will carry risks around organisational readiness for the changes. Risks beyond 2024 will include risk of challenge from any element of the regulations that is not complied with, that may result in financial & reputational risk. The level of risk is currently medium as there is a plan to implement the changes & remain compliant with procurement regulations.

2.3 Risk Update no. 4 Local Plan Update

The National Planning Policy Framework (NPPF) sets out the policy context in which local authorities must prepare local plans, the documents which set out the strategy for managing development and form the starting point for determining planning applications. The government consulted on proposed changes to the NPPF in December-March 2023 indicating they would respond in Spring 2023. The government published their response and the new NPPF in December 2023.

As a result of the government's delay in publishing the new NPPF, the programme for the Local Plan Update is similarly delayed. The implications of the new NPPF are being considered and will support a recommendation to Council in due course.

Risks associated with the new NPPF include the need to enable additional land to meet development needs, with the government proposals to allow past over delivery against the current housing requirement to be deducted from future housing needs when setting a new requirement, being removed from the confirmed changes. Past over delivery in the context of plan-making is therefore not permitted.

Turing to the planning application process and the presumption in favour of sustainable development (commonly referred to as the tilted balance) outlined in the NPPF and applied when the most relevant policies for the determination of the planning application are out of date, the government has indicated that past over delivery can in this instance be taken into account and have indicated that guidance on how this can be done will be provided in due course. This might assist the council in demonstrating a sufficient land supply and so allow policies to be viewed as up-to-date in the short term, which it is currently unable to do. At the time of writing however, no guidance has been published and so the impact on the land supply position is uncertain.

2.4 Risk 9 Climate Emergency – Risk Update

The focus of this risk has been changed to focus on the Council's delivery of the Climate Emergency Action Plan. The CEAP details the actions the Council is taking to significantly reduce Carbon emissions from its own activities and those of residents until 2030. This plan relies on the changes that the Council can control directly, through its own emissions, but also requires the Council to influence and persuade residents and business to change their behaviour. Delivery of the CEAP in the current economic environment and with the current level of resources is challenging. The risk is a long-term risk facing the Council.

2.5 Risk Update no 13 Adult Safeguarding – Risk Target Increased

The target for this risk has been adjusted and increased to Medium. This is following a review of the safeguarding risks (Adults and Children) and recognition that the risk of harm to children, young people and adults where the LA holds safeguarding

responsibilities can never be completely eliminated and will remain a controlled high risk.

2.6 Risk Update no 14 Children's Safeguarding - Risk Target Increased

The target for this risk has been adjusted and increased to Medium. This is following a review of the safeguarding risks (Adults and Children) and recognition that the risk of harm to children, young people and adults where the LA holds safeguarding responsibilities can never be completely eliminated and will remain a controlled high risk.

2.7 Risk Update no 17 Mainstream Education – risk reduction.

This risk has reduced following the move of the Forest School to co-educational.

2.8 Risk Update no 18. Elections

The Election Risk has reduced to medium this reflects the positive Association of Electoral Administrators Healthcheck and Council's approval of Polling Places. The Project has been placed on CLT's Gold list of major projects and is receiving senior management support to deliver the election. There remain challenges around the additional workload created by implementation of the Election Act changes. The Council continues to prepare for a general election on the same day and if this does take place there are resourcing challenges to successfully deliver an overnight count. The Council is working with managers, partners and the voluntary sector to address these.

Risk Horizon Scanning and Benchmarking

2.9 Risk Horizon Scanning

The Council's Corporate Leadership Team (CLT) and Risk Management Group (RMG) has considered key strategic risks identified by global and national risk reports to ensure that the Council has considered the wider risk horizon. In addition to this we have reviewed lessons learnt from recent local government failures and the risks that these have identified to ensure that these have been identified.

2.10 Local Benchmarking

CLT and RMG have benchmarked the Council's risk register against its Berkshire neighbours. This benchmarking has not identified any new risks applicable to Wokingham and provides assurance that we have identified all the strategic risks.

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 – September 2022

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