

TITLE	Corporate Risk Register Review
FOR CONSIDERATION BY	Audit Committee on 27 June 2022
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
- Health & Social Care Reform
- Adult Social Care supplier sustainability and sufficiency
- Education for Children with SEND

The Chief Executive and Deputy Chief Executive & Director of Resources and Assets 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 invasion of Ukraine resulting in additional responsibilities for the Council.
- The increase in inflation which is directly impacting Council costs and those of suppliers as well as residents and local businesses
- Further clarity of the impact of the Health and Social Care reforms

Since the register was last reported to Audit Committee on the 2nd February 2022, three new risks have been identified:-

- Risk 16 - Inward migration
- Risk 17 - Public Transport
- Risk 18 - Education Provision Mainstream

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 with regard to Risk Management.

Extract from Constitution (paragraph 4.4.3.2 (d))

To provide an independent assurance of the adequacy of the Risk Management Strategy and the associated control environment. In particular:-

- i) To receive the annual review of internal controls and be satisfied that the Annual Governance Statement properly reflects the risk environment and any actions required to improve it;*
- ii) To receive quarterly reports reviewing implementation of the Council's Risk Management Policy and Strategy to determine whether strategic risks are being actively managed;*
- iii) To review, revise as necessary and recommend adoption of the Risk Management Policy and Strategy to Executive when changes occur;*
- iv) To have the knowledge and skills requisite to their role with regard to risk management and to undertake awareness training in respect of Enterprise Risk Management (ERM) as and when specific training needs are identified.*

Analysis of Issues

- 2.1 The following changes have been made to the Corporate Risk Register since the register was presented to the Committee 2nd February 2022

2.2 New risk no. 16 – Inward Migration

A new corporate risk has been identified relating to the Council's response to inward migration to the borough. This risk has been escalated following the Ukraine crisis. The Homes for Ukraine scheme places significant responsibilities on the Council and has engendered a community response including the formation of a cross-functional Council team to ensure this risk is effectively mitigated. This risk was previously related to asylum seekers and the resettlement of Hong Kong nationals. Due to the conflict in the Ukraine and its unpredictable nature, there is the risk that the Council is unable to effectively support those fleeing the conflict leading to poor outcomes for them, the community, and additional costs for the Council. This risk has been reframed to include the responsibilities on the Council as part of the Homes of Ukraine. The Council's rapid response has been planned to mitigate the likelihood of the risk materialising.

2.3 New risk no. 17 Public Transport

The risk around public transport in the borough has been escalated from the Place & Growth Directorate risk register. This risk has increased due to the numbers of passengers not returning to pre-pandemic levels, increasing operational costs, and the planned reduction in Government pandemic support post October 2022. Those affected will be fare paying school children, commuters, those visiting health care facilities and an increase in social

isolation. The Council is working with local bus operators and other local authorities to review route planning in order to reduce the impact of this risk. The risk will impact the Council's ability to meet its Climate Emergency Action Plan, Local Transport Plan, and draft Tackling Poverty Strategy objectives to increase public transport usage. This is likely to be a medium-term increase in risk.

2.4 New risk no 18. Education Provision Mainstream

This risk has been escalated to the corporate risk register. Due to increased demand pressures in mainstream education and especially in-year admissions, this risk is now presenting a strategic challenge to the Council. This risk is linked to risk 16. This is likely to be a short to medium-term increase in risk.

2.5 Increased risk - Risk 3 Workforce

The Workforce risk has increased due to difficulties emerging in recruitment and retention (also experienced in the wider marketplace) The Council has sourced additional HR resources and is in the process of recruiting a permanent Assistant Director of Human Resources and Organisational Design. The mitigating actions have been delayed due to the challenge of recruiting permanent HR resource for the new operating model. The Council's analysis would suggest that this increase in risk is likely to be of a short to medium nature.

2.6 Increased risk - Risk 6 Statutory Duties

The Health and Safety element increased in risk due to the outcome of recent incident investigations demonstrating impact of Covid-19 on management capacity to undertake proactive health and safety activity. The scope of this risk includes maintained schools. The response includes CLT monitoring of health and safety and implementing an improvement plan to mitigate the risk. This is likely to be a short to medium term increase in risk.

2.7 Increased risk - Risk 10 Cyber and Information Governance

This risk has increased due to an increased number of cyber-attacks since January 2022 and an alert from the National Cyber Security Centre following an increase in cyber-attacks on UK public sector organisations associated with the Ukraine conflict. The Council has responded by rapid deployment of countermeasures including awareness campaigns among staff. The longer-term response is to strengthen assurance by utilising the NCSC Board Toolkit to further strengthen governance around this risk. It is anticipated that this heightened level of risk will persist in the medium term.

2.8 Increased risk - Risk 13 Health and Social Care Reform

This risk has increased as the detail of the reforms and the scoping of the work to implement them has progressed. The impact of the risk has been more fully assessed and the risk description has been amended to reflect the challenges in terms of the impact on:

- finances
- the Council's workforce
- the care provider market
- and the administrative challenges, mostly notably the changes to the IT system required to administer the reforms.

- 2.9 Decreased risk - Risk 8 Public Protection Partnership
This risk has declined following the successful launch of the new service on 1st April 2022. The project risk has been effectively mitigated and the residual risk is the operational risks faced by a new service. It is anticipated that once the service has been operational for six months, this risk will de-escalate to the Directorate risk register.
- 2.10 Decreased risk - Risk 11 Major Emergency Response (e.g. Pandemic)
This risk has reduced following further normalisation of the Council's response. Public Health are continuing to monitor the risk and, if necessary, the Council will be able to mobilise in response. Analysis suggests that this risk will continue to remain low unless a new variant emerges or the winter pressures on the NHS threaten the health system.
- 2.11 Decreased risk - Risk 12 High Needs Block
This risk has reduced following the Government's settlement with other local authorities with significantly larger High Needs Block deficits. It is therefore less likely that the Government will require the Council to fund the deficit balance. The Council continues to work with the Department for Education (DfE) to reduce this risk further.

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	n/a	n/a
Next Financial Year (Year 2)	£0	n/a	n/a
Following Financial Year (Year 3)	£0	n/a	n/a

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
None

List of Background Papers
Corporate Risk Register May 2022
Risk Management Guidance and Policy (elsewhere in the agenda)

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