

TITLE	Corporate Risk Register Review
FOR CONSIDERATION BY	Audit Committee on 1 February 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.

The Council's top corporate risks are:

- Budget and financial resilience
- Health & Social Care Reform

The Director of Children's Services will present the report to the Committee.

Since the register was last reported to Audit Committee on November 2022, one new risk has been added:

- Risk 20 Website Replacement

The following risk has seen an increase:

- Risk 9 Cyber Attack

The following risk has decreased:

- Risk 19 Elections

Following a request from the Audit Committee the report includes a spotlight on Risk 5 Outcomes and Costs for Children with SEND.

The Council's approach to risk management is being benchmarked by internal audit and the results will be reported to the Committee in due course.

Background

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

The following changes have been made to the Corporate Risk Register since the register was last presented to the Committee on 27th June 2022

2.1 Increased risk - Risk 1 Financial Sustainability

<Update following S151 report to Executive.> The Council's financial position remains challenging. Further information on the financial risks facing the Council can be found in the S151 Officers Report <link>

2.6 Risk 9 Cyber Attack increased likelihood

The risk of cyber-attack has increased. Routine monitoring of cyber-attacks has shown an increase in general and targeted acts. The Council has brought on-board specialist advisors to strengthen our cyber response. The Council has undergone a simulated phishing attack, with additional training for those that fell for the deception. The Council has reviewed its approach to Cyber security against the National Cyber Security Board Toolkit and created an action plan to strengthen the Council's approach. The increase in risk is likely to remain for the medium term but this risk is volatile due to the dynamic threat environment.

2.7 No Change Risk 12 Health & Social Care Reform

Further consideration is needed to understand the impact of the Autumn Statement. However, People at the Heart of Care will proceed, which will place

additional pressure on the service including assurance and inspection readiness. The risk level will be regularly reviewed as more official and confirmed information is released.

2.8 Update Risk 4 Uncontrolled Development

The DLUHC announcement of a consultation on housing targets is welcome signal and we are monitoring the details to analyse the impact that this has on the 5 Year Housing Land Supply and the local planning process. Until the detail is known the risk of uncontrolled development remains.

2.8 Update Risk 19 Information Governance Risk

The Council has struggled to respond within appropriate timescales set by the Information Commissioner Office to increased demand for Subject Access Requests. This has largely been driven by an increase in demand in Children's Services where requests can be complex and large. This is a national trend and other local authorities are experiencing similar challenges. The Council has responded by recruiting experienced resources internally and utilised an external redaction service to reduce the backlog. Work continues to proactively manage demand in the area of care leavers through the creation of life stories that support carers understand their life without recourse to their statutory rights. This risk is likely to remain at its current level in the short to medium term.

2.8 Escalated Risk 20 Website Replacement

The technology that supports our current website will be end of life from 31st July 2023. This is something that we had previously planned for and was supported through a capital and growth bid in the MTFP. This means that the Council needs to move the website to a new website publishing platform. The main website is our virtual front door. The site has 4 million views per year and 48,000 customer transactions. Additionally, there are six 'microsites' covering standalone areas such as Schools, Countryside Services and News effected by the changes. This is a significant project and poses a significant risk. If the risk materialises the impact on residents would be extensive and prolonged, incurring additional costs to deal with more expensive channels of communication and reputational damage to the Council as a whole.

This project is subject to extensive governance reporting through to CLT via Monthly Portfolio Board, it has its own project Risk Register, the project has prioritised content of key services, the project has engaged an experienced supplier to support the process and has secured resources to deliver the project. Contingency plans have been developed to ensure that a copy of the old website is available should the new website fail. There is contingency in the project timeline between go-live and the switch off the old website.

The high level of risk is likely to be of a short-term nature until the new website becomes operational. The project creates the opportunity for the Council to improve the functionality of the current website particularly improvements around its accessibility to users of assisted technology and optimisation for mobile users. This is likely to be a short term risk.

Risk Spotlight

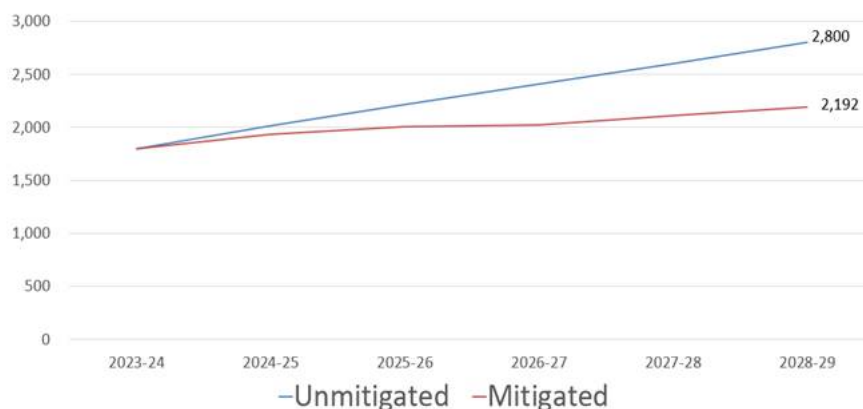
2.9 Risk 5 Outcomes and Costs for Children with Send

At its November meeting the Committee asked for further information related to risk 5 and specifically the Governments Safety Valve Programme.

Since the 2014 SEND reforms, which enabled greater eligibility for children and young people with SEND to be supported by local area services, there has been an increase in the volume and complexity of SEND need within the borough. A lack of funding to support these additional statutory duties/responsibilities has resulted in significant overspend against the High Needs Block of the Dedicated Schools Grant (DSG). This is a national issue and is reflected in the vast majority of LA's, however there is a variation in the overall deficit impact between authorities. As such the DfE/ESFA have launched two key programmes to respond. 'Safety Valve' is for LA's with the highest proportion of DGS deficit, and 'Delivering Better Value' is for LA's with a lower proportional deficit. Safety Valve attracts DfE/ESFA funding against a quarterly monitoring agreement, whereas the Delivering Better Value programme does not attract investment but does receive analytic support.

The current Deficit for Wokingham is c£10m, rising to c£40m by 2028/29 (inclusive of safety valve mitigations). Excluding the safety valve mitigations the cumulative deficit could be in excess of c£100m.

Mitigated Projections – Impact on EHCP Volumes & Growth



The Safety Valve programme is to identify different ways of investing/working to reduce the deficit and create a balanced budget position within the lifetime of the programme (c5 years). As part of the agreement with the DfE/ESFA additional funds will be released to assist with the reduction of any cumulative deficit amount.

The key challenges on reducing the deficit are linked with what is recognised nationally as insufficient funding to cover the expanded costs of meeting SEND need following the 2014 reforms. This lack of funding has been further exacerbated by increasing need (volume and complexity) within the SEND system and a lack of affordable local provision.

The Safety Valve Programme consists of a variety of workstreams covering demand management, direct delivery and provision in order to deliver a more cost efficient system that continues to meet the needs of children with SEND and improve the support and provision available to them. The programme is 5 years (with potential to extend to 6 years). This risk is therefore likely to remain at its current level for the medium term.

Children’s Services Directorate Risks

2.10 The Corporate Risk Register is the top of the risk management pyramid. Risks are being managed across the Council at strategic, tactical and operations on a daily basis. Many risks are managed at a Directorate level. This meeting will focus on the top Directorate risks in Children’s Services that are not on the Corporate Risk Register. These are:

- Failure to deliver School Improvement activity
- Home to School Transport risk of overspend due to increasing demand
- Risk of non-achievement of MTFP savings targets

2.11 Other Directorate risks will be presented in forth coming meetings but the current risks will be found in the MTFP under each service narrative.

Other Risk Management Activity

2.12 The Internal Audit Team are currently conducting an audit of Risk Management using the Institute of Internal Auditors maturity model. The results of this audit will enable the Risk Management Group to identify areas for improvement. Internal Audit will report the findings separately to the Committee.

2.13 Work continues to embed Risk Management across the Council’s programme management approach by strengthening the links with the Risk Management Group. Briefings have been delivered to Senior Responsible Owners. Further work on risk in procurement and contract management has taken place to support integration of those risks into the risk management structure.

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. we r committing tax fraud

	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 (how does this decision impact on other Council services, including properties and priorities?)
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 – <i>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</i>
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
Protiviti global survey top risks 2023-2032

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