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Report to:	**Audit Panel**
Date:	Tuesday, 21 November 2023
Reporting Officer:	Carol McDonnell – Head of Assurance
	Martin Nixon – Risk, Insurance and Information Governance Manager
Subject:	**Strategic Risk Management Update (Quarter Two)**
Report Summary:	To present the Council's strategic risk management update (quarter two), which includes a refresh of the Risk Management Policy & Strategy.
Recommendations:	That the report is approved.
Corporate Plan:	The strategic risk register sets out the risks of not achieving the corporate plan by directly linking the corporate plan to strategic risks; together with the mitigations in place to manage those risks.
Policy Implications:	The Council's systems for managing risk are set out in the Risk Management Policy & Strategy which have been updated in this report, in light of the changes proposed at the August 2023 Audit Panel meeting.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The Local Government (Accounts and Audit) Regulations require local authorities to have arrangements in place for the management of risk. Receiving regular updates on the Council's risk management enables the Council to effectively fulfil this remit.
Legal Implications: (Authorised by the Borough Solicitor)	As above.
Risk Management:	Failure to effectively manage risk comprises the Council's ability to meet its strategic objectives.
Access to Information:	
Background Information:	The background papers relating to this report can be inspected by contacting Martin Nixon, Risk, Insurance and Information Governance Manager:

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1. INTRODUCTION

1.1 The Local Government (Accounts and Audit) Regulations requires local authorities to have arrangements in place for the management of risk. The purpose of risk management is to effectively manage potential opportunities and threats to the Council achieving its objectives. Part of the remit of the Audit Panel is to 'monitor the effective development and operation of risk management'.
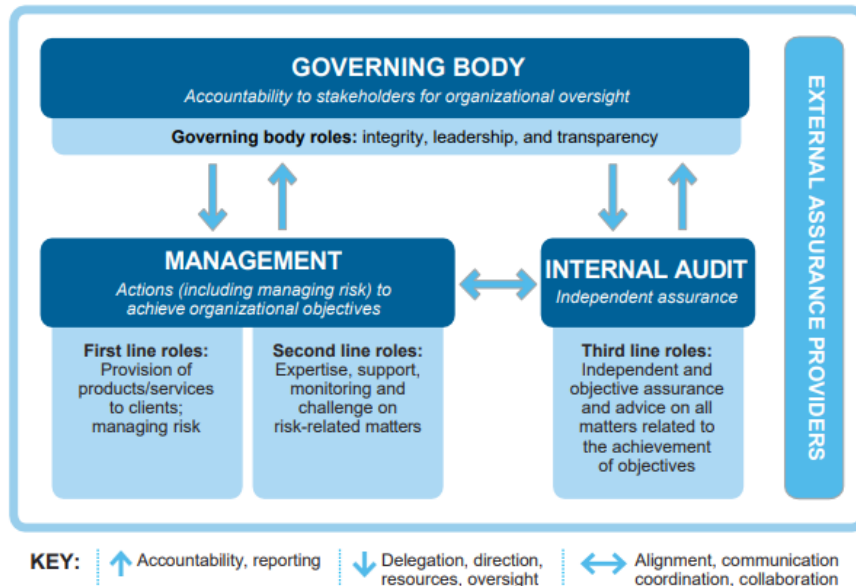
1.2 Current best practice integrates the disciplines of risk management and internal audit into a model of assurance. This model is intended to give assurance to those 'charged with governance' that the Council's major / significant risks are being effectively managed as well as providing early 'red flags' where attention is needed. The Institute of Internal Audit's '3 lines' model best demonstrates this below.

1.3 At the last meeting of the Audit Panel (1 August 2023), the Panel were advised that the 'three lines' had been introduced as part of a number of enhancements to the Council's risk management arrangements as part of the Council's wider embedding of the assurance model.

2. EMBEDDING ASSURANCE

2.1 Good progress against the action plan reported at the last Audit Panel has been made. This is set out as below:

Improvement Required	Action / Responsibility / Timescale	Quarter Two Update (September 2023)
Directorate risk registers are not routinely in place.	Quarterly directorate risk registers (including escalating and de-escalating) risks from the strategic risk register will be put in place. Risk, Insurance and Information Governance Manager / Directors September 2023	Each Directorate has an updated Directorate Risk Register including the '3 lines' in place. The next update is required in December 2023 (Quarter Three). **Implemented**

Improvement Required	Action / Responsibility / Timescale	Quarter Two Update (September 2023)
There is no strategic risk management group or risk champions to promote and embed risk management across the organisation.	Each director will be asked to propose a champion from their directorate and a risk management group will be convened to meet quarterly. Risk, Insurance and Information Governance Manager / Directors September 2023	Risk Champions (RC) from each Directorate are now in place. Meetings are convened Quarterly. In addition, a training session was held at the first RC meeting which took place in September 2023. **Implemented**
Risk management arrangements for project and programmes require review.	Usually, Prince2 principles include a sound basis for risk management at this level. It is proposed that those responsible for major programmes / projects are included within the risk management group above. Risk, Insurance and Information Governance Manager / Directors September 2023	Programme and Project representatives are included in the above. **Implemented**
The risk policy / procedure needs to be updated to reflect changes and a programme of training is required.	The risk policy / procedure will be reviewed to accommodate the proposed changes and an appropriate programme of training put in place. The approach to risk appetite is to be developed. Risk, Insurance and Information Governance Manager December 2023	The risk management policy and strategy has been refreshed. See 2.2 below. **Implemented**

2.2   The risk management policy and strategy 2021-23 has been refreshed. Key changes to the document detailed at **Appendix 1** are:

- Update of role titles e.g., Head of Assurance, Assurance Team and complete refresh of roles and responsibilities at Appendix A in line with best practice.
- Inclusion of new governance arrangements now in place e.g., Assistant Directors Delivery Group, Strategic Risk Management Group.
- Update of risk management arrangements at 3.2 of the document to include the four T's (tolerate, treat, transfer, terminate) and a working description of the 'three lines approach'.
- A new risk appetite statement at Appendix C.

2.3   Following approval by the Panel and subject to any amendments, the risk management policy and strategy 2021-23 will go to Executive Board.

3.   **STRATEGIC RISK REGISTER – QUARTER TWO (SEPTEMBER 2023)**

3.1   The strategic risk register has been updated for Quarter Two (September 2023) and is detailed at **Appendix 2**. The changes are highlighted on the register in blue text.

3.2 The strategic risk scores are summarised in the risk heat map below:

		Impact Level				
		Negligible	Minor	Medium	Major	Major Disaster
Likelihood		(1)	(2)	(3)	(4)	(5)
Almost Certain	(5)					
Very likely	(4)			8	2,3,4,5	1
Likely	(3)			6	7	
Unlikely	(2)				9,10,11,12	
Very Low	(1)					

1. Financial Resilience
2. Capacity
3. Safeguarding
4. Adverse Inspection Results
5. Cyber Security
6. Wider Socio Economic

7. Health & Social Care Reform
8. Inability to Drive Growth
9. Key Supplier / Partner Failure
10. Housing Supply
11. Resilience
12. Climate Change

4. RECOMMENDATIONS

4.1 As set out at the front of the report.