

<b>Report to:</b>	<b>Audit Panel</b>
<b>Date:</b>	1 February 2024
<b>Reporting Officer:</b>	Carol McDonnell – Head of Assurance Martin Nixon – Risk, Insurance and Information Governance Manager
<b>Subject:</b>	<b>STRATEGIC RISK MANAGEMENT UPDATE (QUARTER 3)</b>
<b>Report Summary:</b>	To present the Council’s strategic risk management update (Quarter 3).
<b>Recommendations:</b>	That the report and the refreshed Risk Management Policy and Strategy is approved.
<b>Corporate Plan:</b>	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.
<b>Policy Implications:</b>	The Council’s systems for managing risk are set out in the Risk Management Policy & Strategy. Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	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.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	The relevant legislation is set out in the body of the report. In addition to which, effective risk management is required to ensure that the Council mitigates against potential legal challenge which may have significant financial and reputational impacts upon the Council.
<b>Risk Management:</b>	Failure to effectively manage risk comprises the Council’s ability to meet its strategic objectives.
<b>Access to Information:</b>	For background, contact Martin Nixon, Risk, Insurance and Information Governance Manager.



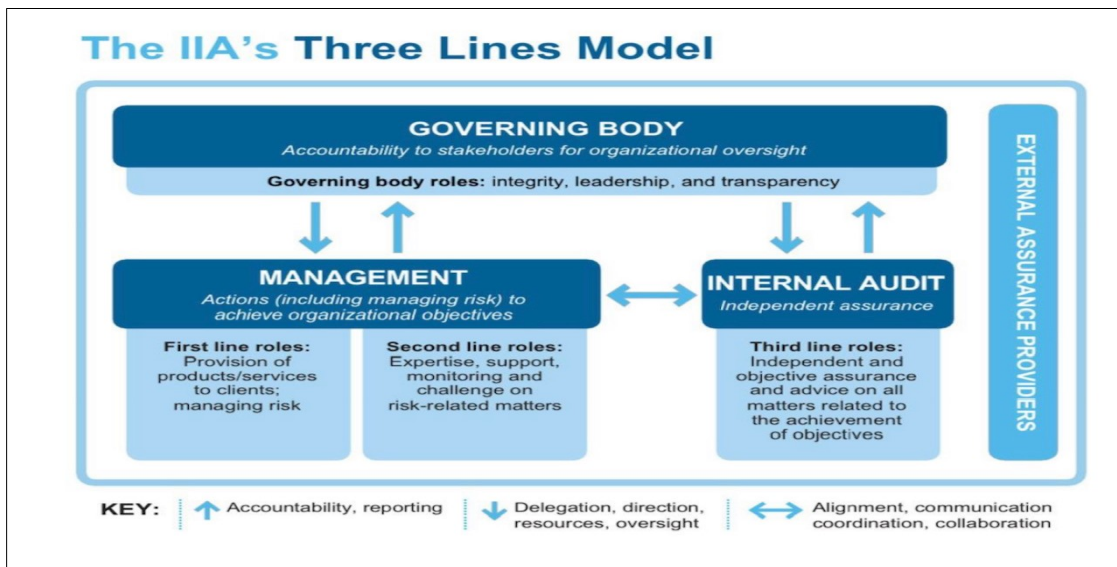
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# 1. INTRODUCTION

- 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 quarter risk update, the Audit Panel were advised that the ‘3 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 Updates on the various improvements set out in the action plan reported at the last Audit Panel are set out in the table below:

Improvement Required	Action / Responsibility / Timescale	Quarter 3 Update (January 2024)
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 commenced the process of compiling their Directorate Risk Registers including the ‘3 lines’. All Q3 registers are expected to be in place by end of January 2024.  <b>Partially Implemented</b>
There is no strategic risk management group or risk champions to	Each director will be asked to propose a champion from their directorate and a risk management group will be convened to meet quarterly.	Risk Champions (RC) from each Directorate are now in place. Meetings are to be convened Quarterly. The next meeting is planned for

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promote and embed risk management across the organisation.	Risk, Insurance and Information Governance Manager / Directors September 2023	23 January 2024 where progress with Directorate risk registers will be discussed.  <b>Implemented</b>
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 / Project representation is included in the above.  <b>Implemented</b>
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 was presented to Audit Panel on 21 November 2023, and was adopted by Executive Cabinet without amendment.  <b>Implemented</b>

### 3. STRATEGIC RISK REGISTER – QUARTER 3 (JANUARY 2024)

3.1 The strategic risk register has been updated for Quarter 3 (January 2024). Following discussion at ADDG on 9 January 2024 and SLT on 16 January 2024 the updated register is at **Appendix 1** for Audit Panel's comments / discussion.

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

		<b>Impact level</b>				
		<b>Insignificant</b>	<b>Minor</b>	<b>Medium</b>	<b>Major</b>	<b>Major Disaster</b>
<b>Likelihood</b>		(1)	(2)	(3)	(4)	(5)
<b>Almost Certain</b>	(5)					<b>4</b>
<b>Very likely</b>	(4)			<b>8</b>	<b>2,3,4,5</b>	<b>1</b>
<b>Likely</b>	(3)			<b>9</b>	<b>7</b>	<b>6</b>
<b>Unlikely</b>	(2)				<b>10,11,12</b>	
<b>Very Low</b>	(1)					

- |                               |                                   |
|-------------------------------|-----------------------------------|
| 1. Financial Resilience       | 7. Health & Social Care Reform    |
| 2. Capacity                   | 8. Inability to Drive Growth      |
| 3. Safeguarding               | 9. Key Supplier / Partner Failure |
| 4. Adverse Inspection Results | 10. Housing Supply                |
| 5. Cyber Security             | 11. Resilience                    |
| 6. Wider Socio Economic       | 12. Climate Change                |

#### **4. RECOMMENDATIONS**

As set out at the front of the report.