

Meeting: Cabinet
Date: 18 September 2023
Classification: Part 1
Key Decision: No
Title of Report: **Corporate Risk Register July 2023**

Executive Director: Joe Chesterton (Finance & Resources)
Report Author: Andrew Barnes (Head of Internal Audit)
Executive Councillor: Cllr John Lamb (Regulatory Services)

1. Executive Summary

- 1.1. Risk is defined as uncertainty, whether positive or negative, that will affect the outcome of an activity or intervention. The term 'management of risk' incorporates the activities required to identify and control the exposure to risk that may have an impact on the achievement of the Council's priorities.
- 1.2. The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Plan and outlines the key management arrangements in place to mitigate and reduce the likelihood of the risks crystallising or maximise the likelihood of the opportunities being fulfilled.

2. Recommendations

It is recommended that Cabinet notes the updated summary Corporate Risk Register and the position at July 2023 outlined in Appendix 1 and supports the actions being taken to manage the risks.

3. Background

- 3.1. The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Plan and outlines the key management arrangements in place to mitigate and reduce risks or maximise opportunities.
- 3.2. Updates to the Corporate Risk Register are discussed with Executive Directors, Directors, Heads of Service and Managers, reported to Corporate Leadership Team (CLT) and the summary position is reported to Cabinet twice a year in July and January. The updated position on each risk or

opportunity and management arrangements to mitigate these are included in Appendix 1.

- 3.3. The presentation of the risks is aligned to the current Corporate Plan overarching priorities that as a Council we want to achieve for the City. Appendix 1 reports the key risks to the achievement of those priorities and the management actions being taken to mitigate the risks, or maximise the opportunity. It includes the lead officers and relevant Cabinet Member for each risk. The differing roles of Members, in determining priorities and policies, and Officers in managing delivery of those priorities and implementing those policies should be remembered.
- 3.4. The re-introduction of a Corporate Plan has provided the opportunity for a review of the Council's governance framework that underpins the delivery of the expectations of the Corporate Plan, and a new framework of officer boards covering Strategy, Policy and Legislation, Performance, Governance, and Transformation have been introduced to implement the Council's aim of simple and effective governance.
- 3.5. Effective risk management is a key element of the governance framework and will therefore provide a key element of the updated governance framework. Work is being undertaken on updating the risk management policy statement and strategy as part of the review of governance arrangements, with the aim of ensuring that risk awareness and horizon scanning is business as usual for all teams.
- 3.6. In the period since the last report to Cabinet there have been further changes to the context that the Council is operating within that continues to increase the pressure on the local government sector. This includes the significant impact of inflation and cost of living pressures, with the impact on both costs of and demand for services. These issues have the potential to cause far reaching consequences and impacts across the whole of the Council's activities, the ways that services and officers are required to operate, and the support that needs to be provided to the City.
- 3.7. The priorities contained in the Corporate Plan 2022-2026, as agreed by Members, are:
 - A city that is strong and prosperous
 - A city with a good quality of life
 - A city rising to the climate challenge
 - A city delivering genuinely affordable housing.
- 3.8. To achieve these priorities it is recognised that the Council needs to change what it does in respect of:
 - Delivering the right quality services
 - How we work
 - Digital as an enabler.

- 3.9. The Corporate Plan is being refreshed to reflect the new Administration's priorities, feedback from the LGA Corporate Peer Challenge and the current challenges and opportunities facing the organisation. The draft Corporate Plan will be taken to the Leaders Working Party ahead of Pre-Cabinet Scrutiny and then the November Cabinet. Following adoption of the new refreshed Corporate Plan, the Corporate Risk Register will be refreshed to reflect the updated priorities.
- 3.10. Changing and improving in the priority areas will enable the council to unlock the potential of employees, develop and deliver more accessible services and achieve the best possible outcomes for our residents and communities. The Council has been working with external support to identify how the Council compares to other similar authorities and identify ideas and opportunities to do things differently that underpins a transformation blueprint setting out the programme and organises these opportunities into workstreams to create order and sequence to activities.
- 3.11. The next phase of the programme is about to get underway with a transformation partner to undertake a review of all service areas to identify the current 'As Is' situation and identify the desired 'To Be' situation that will support the Council to be modernised and financially sustainable.
- 3.12. Within this context CLT and other Directors have identified the following risks to be managed, monitored and reviewed as part of the Corporate Risk Register. Changes since the last report to Cabinet are also highlighted below:
1. Covid-19 pandemic – risk de-escalated from the CRR, as a result of improvements in the pandemic situation (meaning there is no CRR1 in Appendix 1.)
 2. Financial sustainability – management actions revised
 3. Inflation and cost of living pressure – Risk updated to Economic operating environment – risk updated, management actions revised
 4. Public services landscape - management actions and scoring revised
 5. Workforce - management actions and lead officer revised
 - 6a. Cyber security event - risk updated and management actions revised
 - 6b. Data protection – management actions revised
 7. Capital investment delivery programme – risk updated and management actions revised
 8. Transformation programme delivery – new risk added
 9. Mitigating for and adapting to climate change - management actions updated
 10. Waste management service – risk updated and management actions revised
 11. Safeguarding responsibilities and child welfare – management actions and lead officer revised
 12. Other safeguarding responsibilities – revised risk to focus on safeguarding of adults
 13. Health inequalities – management actions updated
 14. Staffing vacancies impacting on the delivery of statutory responsibilities – risk description, management actions and lead officer revised
 15. Adult social care – management actions revised
 16. Social cohesion – management actions revised
 17. Housing – risk, management actions and lead officer revised

18. House building programme – risk, score, management actions and lead officer revised
 19. Local plan – management actions revised
 20. Regeneration and major projects – management actions and lead officer revised
 21. Southend as a visitor destination - management actions and lead officer revised
 22. Economic recovery and income inequalities – management actions and lead officer revised.
- 3.13. The risk register heat map on page 4 of appendix 1 plots the current risk score for each risk using the Council's scale, as shown on page 2 of appendix 1. This shows that the risks that have been escalated to the Corporate Risk Register are those with the potential to be the most detrimental to achieving the Corporate Plan priorities for the City, which is why the risk scores are all relatively high and consequently the risks appear on the Corporate Risk Register.
- 3.14. A growing catalogue of recent incidents have occurred at other Councils where examples of the risks that we are facing and working to manage have crystallised, resulting in significant detrimental effects on the operations and provision of services at those Councils. These incidents demonstrate the importance of the effectiveness of management arrangements in respect of, and the governance arrangements overseeing that management of, the risks that are being faced by the Council, and the need to remain vigilant to the potential for things to go wrong.
- 3.15. As a reminder it is worth noting that the underlying risk management arrangements currently follows a 3-stage process:
- 1st stage:** An 'inherent risk' with the risk assessed with no controls, assurance or actions in place, resulting in an inherent risk score.
- 2nd stage:** The 'current risk' where the risk is assessed with controls, assurances and identified management actions and arrangements. It is this position that is being reported within the summary corporate risk register at Appendix 1.
- 3rd stage:** The 'target risk' which is the risk with the controls, assurances and actions, as if they have been completed, resulting in a target risk score.
- 3.16. Appendix 1 provides a summary of the risks and opportunities currently on the corporate risk register and the arrangements in place to manage those, along with the 'current score' position for each risk as assessed by management, based on the risk or opportunity itself and the management of the issue that is in place to ensure that it progresses as the Council would want.
- 3.17. The risks as documented are effectively the worst-case scenario of what could happen if the Council is not appropriately managing the risk that it is facing. This does not mean that it will happen, as the purpose of the

arrangements being put in place to manage the risk, or deliver the opportunity, is to ensure that the issue works out in the way that the Council wants it to.

- 3.18. Executive and other Directors ensure service specific risks are managed within their departments, within service management and in accordance with the risk management strategy and processes. 'Red' rated risks with corporate implications can be escalated to CLT via those Directors. Actions for managing these risks are updated and reviewed by Departmental Leadership Teams.
- 3.19. Operational risks, managed within departments, are also assessed as part of reviews undertaken by Internal Audit and project risks are monitored by CLT where applicable.

4. Reasons for Decisions

- 4.1. The Accounts and Audit Regulations 2015 require that a relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.
- 4.2. Cabinet noting the summary Corporate Risk Register contributes to the assurance that this requirement is being met.

5. Other Options

- 5.1. None.

6. Financial Implications

- 6.1. Any financial implications arising from identifying and managing risk will be considered through the normal financial management processes. Proactively managing risk can result in reduced costs to the Council by reducing exposure to potential loss.

7. Legal Implications

- 7.1. The Accounts and Audit Regulations 2015 require that:
- 7.2. *'A relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*

7.3. Cabinet reviewing and endorsing this report contributes to the delivery of effective arrangements for the management of risk.

8. Policy Context

8.1. None.

9. Carbon Impact

9.1. Climate change risk is included in the Summary Corporate Risk Register at Appendix 1.

10. Equalities

10.1. Corporate equalities considerations have been considered in the drafting of the register and any specific equality related risks have been identified for the Council.

11. Consultation

11.1. Consultation has taken place with key stakeholders of the corporate risk register.

12. Appendices

12.1. Appendix 1: Summary Corporate Risk Register as at July 2023