

AGENDA ITEM

REPORT TO AUDIT & GOVERNANCE COMMITTEE 30 SEPTEMBER 2024

REPORT OF DIRECTOR OF CORPORATE SERVICES

RISK MANAGEMENT UPDATE REPORT

SUMMARY

The purpose of this report is to inform members of the current status of the Council's strategic risks. The strategic risk register primarily focusses on the achievement of objectives over the longer-term and could take a number of years to materialise.

Assessment is based on the information currently available and is used to evaluate the potential future state of the risk and as such will be regularly reviewed as further information becomes available. The assessment of the risk should not be used as an indication of current performance as it is just one element considered as part of the wider assessment of risks, other examples include financial certainty or potential changes that may be outside of the council's control.

RECOMMENDATIONS

It is recommended that:-







1. Members note the current position with the strategic risk register and take assurance that actions are being taken to manage these risks over the long-term.

DETAIL

1. Effective risk management is a core component of effective corporate governance. It is a planning tool that can be used to evaluate future events and make effective decisions to develop mitigating actions to reduce the impact and/or probability of those risks occurring.
2. The strategic risk register and the current status of those risks is shown below. Members are reminded that risk assessment is not a measure of actual performance. Risk management as a process is future focused and should be considered in the context of what may happen in the future. This enables actions to be taken now to mitigate those future risks.
3. As this is a strategic risk register it covers broad themes borough wide. The implication of this is that the council are not solely responsible for mitigating actions. There may be factors outside of the council's control that impact on the current risk level and as such the council alone may not be able to completely mitigate risks.

4. A key feature the revised approach is a simplification of the way in which the current risk status is assessed. Risks are rated using a RAG rating:
 - Red - Current concerns over the achievement of future objectives, actions must be developed to mitigate some of those concerns in the short-term, in order that we are able to meet future objectives.
 - Amber - Concerns identified that may impact on the future achievement of objectives, actions required but these can be planned over the medium term
 - Green - No current concerns

5. The following strategic risks are considered to have a Red Status, as stated in paragraph 2 this does not mean the council is failing in its duties but that based on the information currently available there is concern that there is an increased likelihood that we will not be able to meet our future objectives unless we implement actions now. Specific actions are detailed in Appendix A but much of the focus of the Powering Our Future programme is about managing these risks into the future:

Risk ID	Risk	Overall Status
732	Risk of failure in supporting residents to cope with the cost of living and to reduce inequality	 Red
725	Risk of failure to deliver a waste service which reduces the amount of waste to Energy From Waste whilst increasing levels of recycling.	 Red
714	Risk of failure to effectively deliver services within the agreed budget and to maintain a balanced MTFP	 Red
567	Risk of failure to improve outcomes that support people to live healthy lives	 Red
599	Risk of failure to support vulnerable households to find suitable accommodation (including homelessness, care leavers, LD)	 Red
559	Risk of supporting children in our care to achieve appropriate outcomes in care	 Red

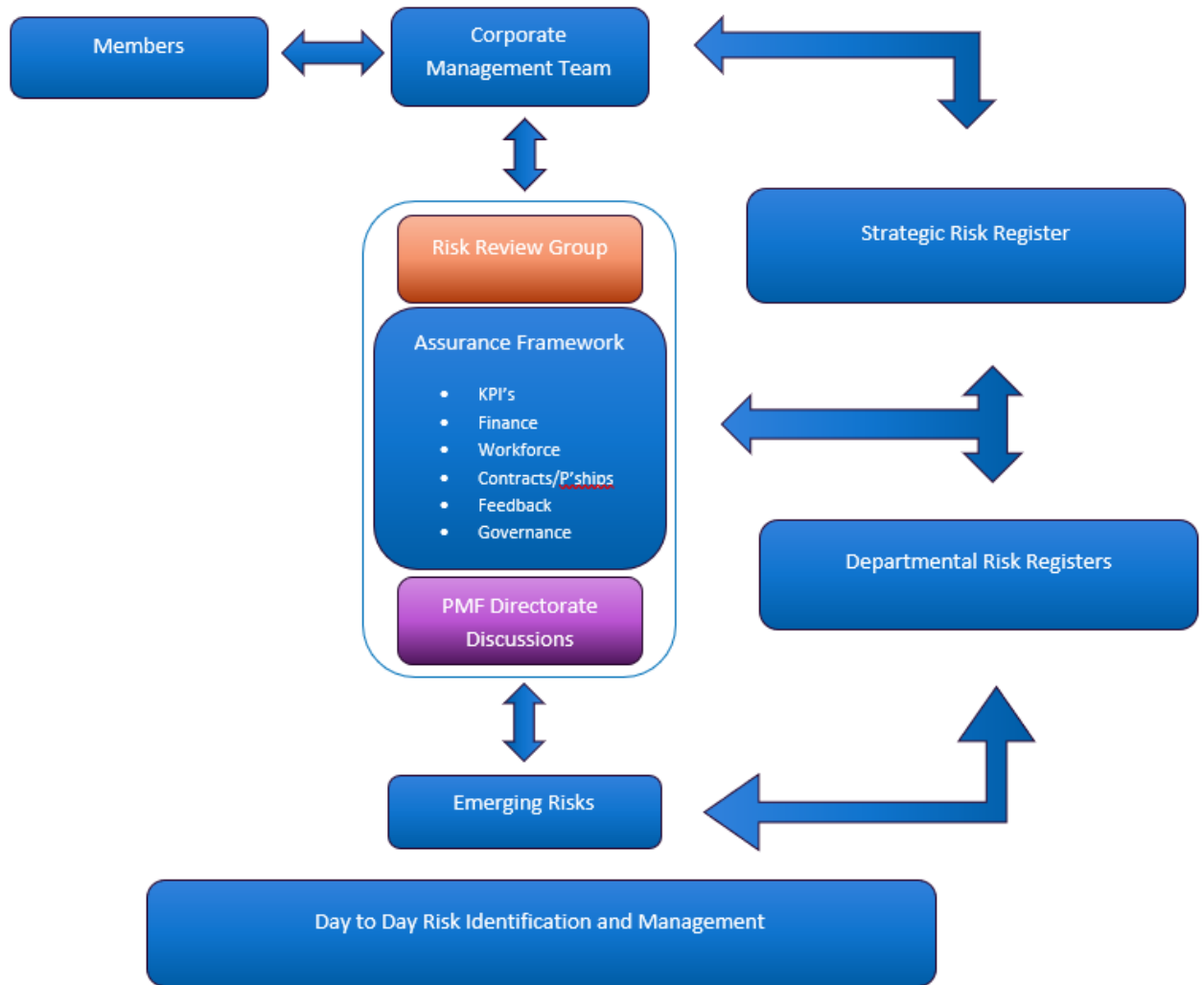
6. The following strategic risks are considered to have an Amber Status, as with those with a red status this does not mean failure but simply recognises an increased likelihood of objectives not being met into the future. Actions to mitigate these risks can be planned over the medium-term:

Risk ID	Risk	Overall Status
742	Failure to plan and deliver large scale capital projects - Regeneration Strand	Amber
560	Risk of delivering effective strategies that support care leavers to achieve appropriate outcomes	Amber
703	Risk of failure to deliver transformation projects	Amber
705	Risk of failure to effectively support our workforce to enable them to meet the challenges faced by the council and our residents	Amber
621	Risk of failure to enable a growing economy to maximise business growth, employment and to generate Business Rates and Council Tax	Amber
623	Risk of failure to enable effective highways and transport infrastructure	Amber
564	Risk of failure to establish and maintain safe systems of care for adults	Amber
565	Risk of failure to manage and deliver good quality, sustainable care and support to vulnerable adults	Amber
710	Risk of failure to maximise the use of Council owned land and property assets	Amber
723	Risk of failure to maximise the use of Council owned vehicles and transport assets	Amber
715	Risk of failure to operate good corporate governance	Amber
731	Risk of failure to plan and deliver large scale capital projects	Amber
740	Risk of failure to plan and deliver large scale capital projects - CSEC Strand	Amber
724	Risk of failure to reduce carbon emissions and contribute to reducing the impact of global warming	Amber
488	Risk of not supporting children who need help and protection	Amber
563	Risk of not supporting children with disabilities and special educational needs to maximise their potential and understand future demands	Amber
600	Risk of people not feeling safe in their communities	Amber

7. The following strategic risks are considered to have a Green Status, the current evaluation of the risks does not raise any concerns:

Risk ID	Risk	Overall Status
737	Risk of failure to communicate effectively with residents, communities and partners	Green
741	Risk of failure to plan and deliver large scale capital projects - Adult's & Children's Strand	Green
704	Risk of failure to provide robust and resilient ICT infrastructure and systems, making effective use of new/emerging technologies	Green
562	Risk of not supporting children maximise their potential in education	Green

8. Appendix A provides a summary of the risks by Department and the current areas of concern/actions that are being taken to manage these risks. The summary also provides examples of where we are performing well in terms of the management of the risk.
9. As a reminder to members the framework for assessing the current risk score is outlined below:



10. A revised Risk Management Strategy will be presented to members at a future meeting.

FINANCIAL AND LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

This is a summary of the Council's risk environment.

COUNCIL PLAN IMPLICATIONS

None

CONSULTATION








N/A

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Finance, Transformation & Performance

Risk ID	Risk	Overall Status
714	Risk of failure to effectively deliver services within the agreed budget and to maintain a balanced MTFP	 Red
742	Failure to plan and deliver large scale capital projects - Regeneration Strand	 Amber
703	Risk of failure to deliver transformation projects	 Amber
731	Risk of failure to plan and deliver large scale capital projects	 Amber
740	Risk of failure to plan and deliver large scale capital projects - CSEC Strand	 Amber
741	Risk of failure to plan and deliver large scale capital projects - Adult's & Children's Strand	 Green
704	Risk of failure to provide robust and resilient ICT infrastructure and systems, making effective use of new/emerging technologies	 Green

- Highest risk area - **£9m budget gap**
 - POF & Transformation Programme identify a planned approach to maintain a balanced MTFP, however some capacity issues have been identified & are being addressed
 - Programme & Project Management arrangements established & being embedded (confirming governance, process & capacity)
- **Capital Programme Delivery**
 - PMO – covers Capital Programme Management. Arrangements established & being embedded. Need to ensure consistency in approach
 - Project risks managed through CPB (including / to note: Preston Park Contingency & Billingham Beck Bridge)
- Green rating for **Robust & Resilient ICT infrastructure** and effective use of new technologies

Corporate Services

Risk ID	Risk	Overall Status
705	Risk of failure to effectively support our workforce to enable them to meet the challenges faced by the council and our residents	 Amber
715	Risk of failure to operate good corporate governance	 Amber
737	Risk of failure to communicate effectively with residents, communities and partners	 Green

- **Supporting our workforce to meet the challenges faced by council & residents**
 - Amber risk - increasing sickness levels, use of agency staff, resource needs for staff development
 - Mitigating activity prioritised through Colleagues POF & Workforce Development Strategy
- **Corporate Governance**
 - New Performance & Risk Management arrangements being developed, need fully embedding
 - Amber risk for reports fully understanding longer-term financial implications
- **Communicating effectively with residents – rated green**
- Performance framework being developed

Regeneration & Inclusive Growth

Risk ID	Risk	Overall Status
621	Risk of failure to enable a growing economy to maximise business growth, employment and to generate Business Rates and Council Tax	Amber
710	Risk of failure to maximise the use of Council owned land and property assets	Amber

Community Services, Environment & Culture

Risk ID	Risk	Overall Status
725	Risk of failure to deliver a waste service which reduces the amount of waste to Energy From Waste whilst increasing levels of recycling.	Red
623	Risk of failure to enable effective highways and transport infrastructure	Amber
723	Risk of failure to maximise the use of Council owned vehicles and transport assets	Amber
724	Risk of failure to reduce carbon emissions and contribute to reducing the impact of global warming	Amber

- **Maximising use of council owned assets**
 - Enhanced Corporate Landlord model being developed to address existing challenges of a fragmented approach
- **Economic Growth**
 - Inclusive Growth Strategy being developed, setting out our approach to drive growth through regeneration & sector development, as well as connecting residents to economic opportunities
- **Celebrating Success**
 - Latest data for GVA Per hour worked - £42.6:
 - We continue to be higher than the NE Average – by some way (including Newcastle)
 - We are higher than Leeds & have grown at a faster rate than Leeds

- Highest risk area is **Waste Services**
 - Financial pressures relate to national policy change (inc. food waste), waste disposal & HWRC contracts
 - Poor performance for household recycling rates
 - Mitigations & future approach are informed by Scrutiny Review & implemented through the Transformation Programme
 - Timescales for transformation remain challenging & are dependent on Cabinet decision making in September
 - **Amber ratings**
 - Highways & Transport – resources are being directed at areas of greatest need to address cost pressures & insurance claims relating to pot holes. Process & delivery models being reviewed to address workforce challenges
 - Fleet Management – Transformation Review will maximise use of assets
- Carbon Emissions – acknowledged that further investment is needed to further reduce emissions. This is a tolerated risk. External factors will also have an impact

Children's Services

Risk ID	Risk	Overall Status
559	Risk of supporting children in our care to achieve appropriate outcomes in care	Red
560	Risk of delivering effective strategies that support care leavers to achieve appropriate outcomes	Amber
488	Risk of not supporting children who need help and protection	Amber
563	Risk of not supporting children with disabilities and special educational needs to maximise their potential and understand future demands	Amber
562	Risk of not supporting children maximise their potential in education	Green

- **Highest risk - Children in our Care**
 - Cost of external placements & OFSTED Requires Improvement
 - Mitigations - Strengthening Services Improvement Plan & Governance in place; workforce issues being addressed
- **To note (amber risks)**
 - **Children needing help and protection** - agency staff impacting financial position, recruitment & retention issues persist
 - **SEND** - DSG deficit brought forward (£3.5m)
 - Mitigation - DBV part of DFE Change Programme & SBC Transformation
- **Positive performance - supporting children to maximise their potential in education**
 - Issues identified re: attendance & exclusions – being addressed through OSC-led Appreciative Inquiry

Adult's Services

Risk ID	Risk	Overall Status
732	Risk of failure in supporting residents to cope with the cost of living and to reduce inequality	Red
567	Risk of failure to improve outcomes that support people to live healthy lives	Red
599	Risk of failure to support vulnerable households to find suitable accommodation (including homelessness, care leavers, LD)	Red
564	Risk of failure to establish and maintain safe systems of care for adults	Amber
565	Risk of failure to manage and deliver good quality, sustainable care and support to vulnerable adults	Amber
600	Risk of people not feeling safe in their communities	Amber

- **Highest risk areas:**
- **Cost of living** continues to put pressure on low income households
 - Mitigations include: FSOT & Anti-poverty strategy
 - National factors beyond our control have a significant impact
- Supporting people to live **Healthy Lives**
 - Poor performance against KPIs. Mitigations inc: Health & Wellbeing Strategy and updated JSNA - will inform targeted interventions & decision making; EIP Transformation Review
 - Celebrating success – Substance Misuse practice recognised as regional good practice. Life expectancy gap is reducing for women.
 - **Emerging Risk** - Transition placement costs in adult social care and impact of cost of care in the market
- **Homelessness demand is increasing** – availability of suitable properties is limited. We continue to work with