Risk Management Q4 2023/24 Report

Committee considering report:	Governance Committee
Date of Committee:	16 July 2024
Portfolio Member:	Councillor Iain Cottingham
Report Author:	Catalin Bogos – Performance, Research and Consultation Manager

1 Purpose of the Report

1.1 To highlight the corporate risks (as at the end of March 2024) that need to be considered by Corporate Board and Operations Board and to outline the actions that were being taken to mitigate those risks. In particular, to note the two financial risks, maintaining the highest score (16), one of them as a result of the aggregation of financial risks from a number of services. To note two new risks escalated and three risks de-escalated from the Corporate Risk Register. Details regarding the Corporate Risks are provided in Figure 1 CRR Heath Map together with the method used to score risks for the Council which is included in Appendix C.

2 Recommendation

a) That, Governance Committee, Corporate Board and Operations Board note the current (March 2024) position and actions undertaken to minimise the impact for existing 17 risks on the Corporate Risk Register (CRR), as a result of two new risks being escalated and three risks being de-escalated from the Corporate Register during the reporting period.

3 Implications and Impact Assessment

Implication	Commentary
Financial:	None directly, although the Corporate Risk Register highlights the source of a number of pressures.

Human Resource:	None directly, although the Corporate Risk Register highlights the source of a number of potential issues.			
Legal:	None directly, although the Corporate Risk Register highlights the source of a number of potential issues.			
Risk Management:	The report outlines the key risks that Corporate Board are monitoring / managing at present.			
Property:	None directly, although the Corporate Risk Register highlights the source of a number of potential issues.			
Policy:	There are no policy implications associated with this report.			
	Positive	Neutral	Negative	**Commentary**
Equalities Impact:				
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		x		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		x		
Environmental Impact:		x		
Health Impact:		x		

ICT Impact:		x		
Digital Services Impact:		x		
Council Strategy Priorities:	x			Risk management activities support the delivery of the objectives relevant to the Council Strategy priorities and other business as usual areas.
Core Business:				n/a
Data Impact:		x		
Consultation and Engagement:				The report is based on the updated Service Risk Registers provided by Heads of Service/Service Directors. The updating of the Service Risk Registers includes a requirement that changes are discussed at the relevant Directorate Management Team meetings and approved by relevant Portfolio Holder. Corporate Management Team receives a copy of this report.

4 Executive Summary

4.1 This report summarises a range of information relating to the Corporate Risk Register (CRR) and analyses any developments and emerging risks. It updates Corporate Board, Operations Board and the Governance Committee on key issues and actions that they should be aware of. Individual support and training had been provided for new/interim managers to update and submit their risk registers.

4.2 The key risks on the Corporate Risk Register relate to regulatory changes nationally (e.g. the responsibilities for Special Educational Needs and Disabilities), international context (cyber-attacks and state of the economy), plus a number of other local risks.

4.3 Changes to the internal and external context of the Council, progress in delivering the Council Strategy 2023-27 and actions progressed to strengthen the risk mitigation, resulted in changes to risk exposure compared to the previous quarter. There are two new, high risks escalated (one rated 12 and one rated 9), three risks de-escalated, one risk increased the risk rating, and three risks reduced their risk ratings and are de-escalated this quarter.

4.4 For five of the risks (some relating to financial pressures and some to staffing issues) there was limited mitigation action available by the end of the quarter to be able to reduce the gross rating (e.g. Gross and current rating are the same). However, the services have set targets to reduce the rating for four risks by implementing controls in

the future. Unfortunately, there are no additional controls available to reduce the rating of one of the top financial risks.

4.5   Mitigation actions were put in place and reduced risks' likelihood and/or impacts from gross to actual (as at the end of March 2024) rating for the majority of the risks. Furthermore, mitigation actions have prevented an increase of the 'Current' risk ratings between Q3 and Q4 for all, except one, corporate financial risk (3).

4.6   Focusing on the Corporate Risk Register, the updates are provided on risks grouped in the following categories:

   i.   At the end of the quarter, there were 17 risks on the CRR for Corporate Board to actively manage, review or monitor (figures in brackets refer to risk ID Number):

   a.   Top risks / <u>current</u> (as at March 2024) risk severity:

-   There were two risks rated the maximum score of 16: a financial risk (1) escalated last year. This is an overarching risk reporting cumulatively financial risks in several services. There is also the new financial risk *(2)* rated 16*.*

   b.   Despite mitigation actions already implemented, there were six risks (compared to five in the previous quarter) with a current (March 2024) rating of 12 *(see Figure 1).*

   c.   One financial risk *(3),* previously on the CRR, has increased the 'current risk rating' (as at end of March 2024) from 8 for the previous quarter to 12 at the end of Q4.

   d.   However, 14 risks had maintained the previous rating, which would suggest that mitigation actions were being progressed to prevent it to increase.

   e.   Three of the risks (all three proposed for de-escalation) had reduced the 'current' (March 2024) rating from previous quarter.

   f.   Risk exposure - The number of risks on the CRR had reduced to 17 during Q4 (compared to 18 at Q3).

   ii.   There were two new risks escalated to the CRR.

   iii.   There were three risks proposed for de-escalation from the CRR.

5   Supporting Information

Introduction

5.1   This is the quarter 4 (Q4) assurance report for 2023/24 that provides Corporate Board (CB), Operations Board (OB) and Governance Committee with an overview of new risks and provides an update on the previously reported strategic risks, including if there are any proposed for de-escalation to service or directorate risk registers.

5.2   The Corporate Risk Register (CRR), available from Figure 1, is designed to summarise all major risks escalated by Directors and Heads of Service for action or active monitoring at corporate level. Starting in Q3 last year, the CRR is reported online for officers as part of the integrated Risk, Performance and Project management system InPhase.

5.3   The method used to score risks, including with reference to the risk appetite for the Council, is detailed as part of the Risk Management Strategy 2021 – 2024 (available from https://www.westberks.gov.uk/policies#Corporate-wide%20strategies) (see also an extract at Appendix C).

Background

5.4   Whilst continuing to manage the response to new emerging risks, all services have provided updated service risk registers.

Demand and Inflation budget pressures

5.5   At quarter 4, there continued to be significant consequences from the impact of inflation and increase in quantity of demand or complexity of demand on several services. The Council continues to monitor the situation and is focusing on implementing stronger controls and mitigation actions. At the Full Council's meeting in February 2024, members approved the Medium Term Financial Strategy which includes provision to replenish General Reserves by £6m to improve the Council's financial resilience.

Risks on the Corporate Risk Register

5.6   The main changes to the CRR are illustrated in Figure 1 and Table 1 below. The risks are ranked based on the current (Q4 March 2024) risk score.

Figure 1. Corporate Risk Register Heath Map
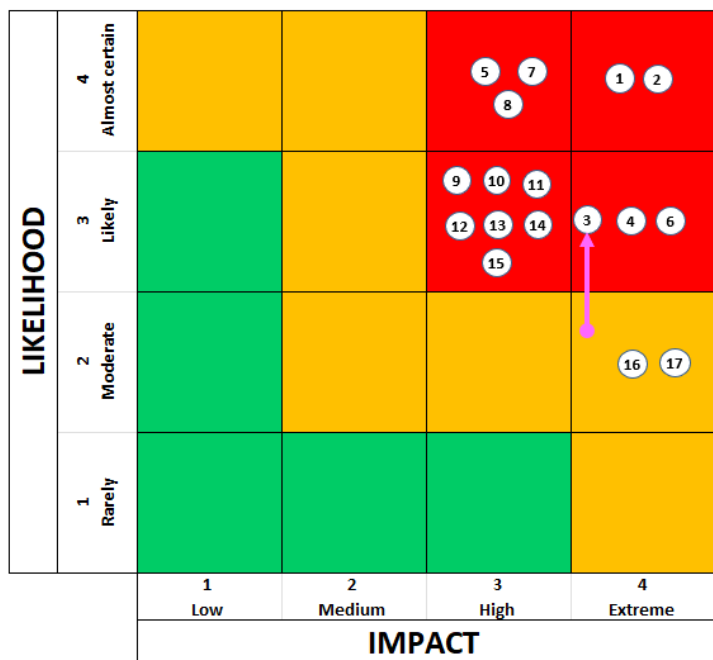
Legend: Arrows show change from previous rating (blue for reduction and pink for increase)

1	Financial
2	Financial
3	Financial
4	Assets (Physical & Information)
5	**NEW: Financial**
6	Reputational
7	Reputational
8	Reputational
9	Personal / Staff / Customer
10	Reputational
11	Financial
12	Reputational
13	**NEW: Reputational**
14	Financial
15	Reputational
16	Personal / Staff / Customer
17	Reputational

Table 1. Corporate Risk Register - details

No. (New / Remove)	Risk	Change Q3 – Q4	Current SCORE		Target Score
			as at Q3	as at Q4	
1.	Financial	↔	16	16	12
2.	Financial	↔	16	16	16
3.	Financial	↑	8	12	12
4.	Assets (Physical & Information)	↔	12	12	6
5. New	Financial	n/a	new	12	9
6.	Reputational	↔	12	12	4

No. (New / Remove)	Risk	Current SCORE			Target Score
		Change Q3 – Q4	as at Q3	as at Q4	
7.	Reputational	↔	**12**	**12**	**9**
8.	Reputational	↔	**12**	**12**	**8**
9.	Personal / Staff / Customer	↔	**9**	**9**	**6**
10.	Reputational	↔	**9**	**9**	**6**
11.	Financial	↔	**9**	**9**	**9**
12.	Reputational	↔	**9**	**9**	**9**
13. New	Reputational	**n/a**	**new**	**9**	**9**
14.	Financial	↔	**9**	**9**	**6**
15.	Reputational	↔	**9**	**9**	**4**
16.	Personal / Staff / Customer	↔	**8**	**8**	**6**
17.	Reputational	↔	**8**	**8**	**6**

Analysis – the number of risks on the CRR, risks escalated and de-escalated

5.7 The number of risks on the Corporate Risk Register, new risks escalated and risks de-escalated each quarter are highlighted in the following table:

	2022/23			2023/24			
	Q2	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Total Number of Risks, including:	18	17	14	15	16	18	17
New	1	1	0	4	1	3	2

To de-escalate	0	2	3	3	0	1	3

5.8 At the end of Q4, there were two 'new entries' escalated from Directorate/Department Risk Registers: a *Financial risk (5) and a Reputational risk (13).* (see paragraph 5.6).

5.9 There were three risks proposed to be de-escalated from the CRR:

No. (Remove)	Risk	Change Q3 – Q4	Current SCORE		Target Score
			as at Q3	as at Q4	
Remove A.	Legal	↓	12	n/a	n/a
Remove B.	Financial	↓	9	8	4
Remove C.	Financial	↓	6	n/a	n/a

Analysis – risk severity

5.10 The financial risk, impacting a number of services and the Council overall, remains rated with the highest risk rating of 16 (maximum financial impact and maximum likelihood). Further actions have been completed during Q4 to control expenditure, including the approval of the Medium Term Financial Strategy. In addition, the other financial risk remains on the risk register rated maximum rating (16), and with limited further mitigation available to the Council (target risk rating remains at 16).

5.11 In terms of change in actual risk severity over the last two quarters, based on Current (as at the end of the quarter) Rating (See Appendix C):

(1) Between Q3 and Q4 the process to mitigate likelihood and impact resulted in preventing the increase in risks' rating, rather than reducing rating, for 14 of the 15 risks previously on the Corporate Risk Register. Three of the risks that were on the Register at Q3 have reduced the risk rating, all three proposed for de-escalation.

(2) Eight risks (compared to seven risks at the end of the previous quarter) were tolerated at a high rating of 12 or above. One of these risks was added on the register during Q4. This would suggest that active control measures are preventing an increase of the assessed likelihood and/or impact for the risks already on the CRR, but one new high risk has emerged during the quarter.

5.12 In terms of the Gross, Current and Target rating of the risks on the CRR at the end of Q4:

(1)   Mitigation actions already in place had reduced the assessed Gross rating to Current (March 2024) rating for 12 of the 17 risks, but five of them are tolerated at the Gross level.

(2)   Further mitigation actions are planned to further reduce the exposure from the Current (March 2024) rating to a lower Target rating for 12 of the 17 risks.

(3)   This would suggest that, where possible, mitigation actions had been put in place and were effective in reducing the assessed rating (from Gross to Current rating) for most of the risks and to ensure the rating was not increasing for the majority of the remaining ones. However, there were some areas, all high risk where it was not possible to implement quickly such mitigation measures and to reduce the level of risk from Gross to Current.

(4)   Further actions were possible and already planned to further reduce risk exposure.

Analysis – horizon scanning

5.13   **Regional Risk Register** - At regional level, the Community Risk Register for Thames Valley has been updated and includes a number of risks identified in December 2022. Directors and Heads of Service have been reminded about considering this in the local risk assessment process. The register can be accessed from this link: http://www.thamesvalleylrf.org.uk/_assets/risk%20register/tvlrf%20risk%20register%20oct%202016.pdf

5.14   **National Risk Register** - At national level, HM Government published an updated version of the National Risk Register (August 2023 edition). Directors and Heads of Service have been asked to consider this in the local risk assessment process. The National Risk Register can be accessed from this link:

https://www.gov.uk/government/publications/national-risk-register-2023

5.15   **High Demand Trend** – contextual performance information shows that the increasing demand trend since 2022/23 and into the current financial year has peaked in Q2, in particular regarding social care and there are signs of reducing pressure, albeit the level remained above pre-Covid period. Despite a resilient local economy, there is pressure in terms of demand on the housing services and adult social care (see Q4 Performance report for further details).

Other assurance work

5.16   A training session was provided for members of the administration and G&E committee.

5.17   A series of meetings have taken place to provide advice and support to risk owners and risk approvers during Q4.

5.1   Risks from the CRR have been linked to the Priorities of the Council Strategy using functionality available in the risk, performance and project management system (InPhase).

Proposals

5.18 There were two risks escalated onto the CRR this quarter.

5.19 Corporate Board and Operations Board note the current (as at the end of March 2024) position and actions undertaken to minimise the impact of the 17 risks on the CRR and specifically the high score ones:

  (i) **Risks rated 16:** Two Financial risks: *(1)* and *(2)*
  (ii) **Risks rated 12:** There were six risks (three Reputation risks, two Financial risks and one Asset risk) rated with the second highest score.

5.20 There were three risks to be de-escalated from the CRR this quarter.

5.21 Corporate Board and Operations Board note further actions proposed to minimise the impact of existing risks on the CRR.

5.22 To note the progress with risk mitigation actions.

6 Other options considered

n/a

7 Conclusion

5.23 During Q4, the significant financial impact on budgets continued, due to high volume and complexity of demand. Two new risks were escalated, one at the second highest rating and one at rating of nine. For five risks on the CRR it was not possible to implement further mitigation measures by the end of Q4 so these were impacting at their gross level. However, for four of these five risks the services are working towards additional controls' implementation aiming to further reduce the risks rating.

5.24 Actions were being progressed for mitigation of the risks that were included on the CRR. As a result, increases in current (end of quarter 4) ratings compared to the previous quarter have been prevented in all but one cases.

5.25 During Q4, two risks had been identified for escalation on the CRR for Corporate Board to consider. There were three risks proposed for de-escalation from the CRR.

5.26 The other risks on the CRR show that there were a number of issues that continued to pose a potential risk to the Council and these have been detailed in this report including the updates on mitigation actions.

8 Appendices

8.1 Appendix A – Equalities Impact Assessment

8.2 Appendix B – Data Protection Impact Assessment

8.3 Appendix C – Risk Thresholds for West Berkshire Council

Background Papers:

West Berkshire Risk Management Strategy

West Berkshire Council Strategy 2023 – 2027

Subject to Call-In:

Yes: ☒   No: ☐

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☐

Officer details:

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Appendix A

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Equality Impact Assessment - Stage One

We need to ensure that our strategies, polices, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

(1) *A public authority must, in the exercise of its functions, have due regard to the need to:*

   (a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

   (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:*

      (i) *remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*

      (ii) *take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*

   (c) *foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.*

(2) *The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.*

(3) *Compliance with the duties in this section may involve treating some persons more favourably than others.*

The following list of questions may help to establish whether the decision is relevant to equality:

- **Does the decision affect service users, employees or the wider community?**
- **(The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)**
- **Is it likely to affect people with particular protected characteristics differently?**
- **Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?**
- **Will the decision have a significant impact on how other organisations operate in terms of equality?**
- **Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?**
- **Does the decision relate to an area with known inequalities?**
- **Does the decision relate to any equality objectives that have been set by the council?**

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

What is the proposed decision that you are asking the Executive to make:	This assurance report is for Corporate Board and the Governance Committee to note key issues relating to risks escalated on the Corporate Risk Register.
Summary of relevant legislation:	n/a
Does the proposed decision conflict with any of the Council's key strategy priorities?	No
Name of assessor:	Catalin Bogos
Date of assessment:	31/05/2024

Is this a:		Is this:	
Policy	**No**	**New or proposed**	**No**
Strategy	**No**	**Already exists and is being reviewed**	**No**
Function	**Yes**	**Is changing**	**No**
Service	**No**		

What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?	
Aims:	Assurance is provided that the critical risks facing the Council are identified and appropriately managed.
Objectives:	To ensure decision making bodies are informed of the escalation and de-escalation of risks on/from the CRR and the mitigation actions in place or planned to mitigate the risks on the CRR.
Outcomes:	Critical risks facing the organisation are managed in accordance to the Council's risk appetite for different types of risks.

Benefits:	Optimum risk mitigation action is in place to support the achievement of the Council's objectives.

Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.

(Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)

Group Affected	What might be the effect?	Information to support this
Age		
Disability		
Gender Reassignment		
Marriage and Civil Partnership		
Pregnancy and Maternity		
Race		
Religion or Belief		
Sex		
Sexual Orientation		
Further Comments relating to the item:		
n/a		

Result	
Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?	**No**
Please provide an explanation for your answer:	
Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?	**No**
Please provide an explanation for your answer: n/a	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](.).

Identify next steps as appropriate:	
Stage Two required	No
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	

Name: Catalin Bogos   **Date: 31/05/2024**

Please now forward this completed form to Pam Voss, Principal Policy Officer (Equality and Diversity) (pamela.voss@westberks.gov.uk), for publication on the WBC website.

Appendix B

Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via dp@westberks.gov.uk

Directorate:	Resources
Service/Department:	Strategy and Governance
Team:	Performance, Research and Risk
Lead Officer:	Catalin Bogos
Title of Project/System:	n/a
Date of Assessment:	31/05/2024

Do you need to do a Data Protection Impact Assessment (DPIA)?

	Yes	No
Will you be processing SENSITIVE or "special category" personal data? Note – sensitive personal data is described as "*data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation*"	☐	x☐
Will you be processing data on a large scale? Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both	☐	x☐
Will your project or system have a "social media" dimension? Note – will it have an interactive element which allows users to communicate directly with one another?	☐	x☐
Will any decisions be automated? Note – does your system or process involve circumstances where an individual's input is "scored" or assessed without intervention/review/checking by a human being? Will there be any "profiling" of data subjects?	☐	x☐
Will your project/system involve CCTV or monitoring of an area accessible to the public?	☐	x☐
Will you be using the data you collect to match or cross-reference against another existing set of data?	☐	x☐
Will you be using any novel, or technologically advanced systems or processes? Note – this could include biometrics, "internet of things" connectivity or anything that is currently not widely utilised	☐	x☐

If you answer "Yes" to any of the above, you will probably need to complete Data Protection Impact Assessment - Stage Two. If you are unsure, please consult with the Information Management Officer before proceeding.

Appendix C

Heading

*(add text)