



Cabinet

Item
8(i)

06 September 2023

Report of	Corporate Governance Manager Corporate Services	Author	Hayley McGrath ☎ 508902
Title	2022/23 Year End Review of Risk Management		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report provides an overview of the Council's risk management activity undertaken during the financial year from 1 April 2022 to 31 March 2023.
- 1.2 Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. The Council has therefore approved a Risk Management Strategy, which is included in the Council's Policy Framework. This provides a comprehensive risk management process that is embedded across the organisation and includes a strategic risk register (which is the responsibility of the Senior Leadership Board), operational risk registers which are produced by each service, project risk monitoring and specific risk mitigation initiatives.
- 1.3 The Risk Management Strategy and processes are reviewed annually to ensure that they are still appropriate to the Council's needs and continue to be effective in identifying and mitigating risks to its aims and objectives.
- 1.4 The key strategic risks are:
 - Organisational Resilience
 - Budget Strategy
 - Economic Climate
 - Cyber & Data Security
 - Workforce wellbeing
 - Financial Inequality

2. Recommended Decisions

- 2.1 Consider and comment on the Council's progress and performance in managing risk during the period from April 2022 to March 2023.
- 2.2 Approve the current strategic risk register.
- 2.3 Approve the proposed Risk Management Strategy for 2023/24 and recommend to Full Council that it be included in the Council's Policy Framework.

3. Reason for Recommended Decision

- 3.1 Cabinet has overall ownership of the risk management process and is responsible for endorsing its strategic direction. Therefore, the risk management strategy states that Cabinet should receive an annual report on progress and should formally agree any amendments to the strategy itself.
- 3.2 During the year progress reports are presented to the Governance and Audit Committee, detailing work undertaken and current issues. This report was presented to the Governance and Audit Committee on 1 August 2023, where they approved its referral to this meeting.
- 3.3 As part of the Policy Framework, any changes and reviews of the strategy need to be approved by Cabinet and ratified by Full Council.

4. Alternative Options

- 4.1 There are no alternative options to consider.

5. Background Information

- 5.1 The aim of the Council is to adopt best practice in the identification, evaluation, cost-effective control and monitoring of risks across all processes, to ensure that risks are properly considered and reduced as far as practicable.
- 5.2 In broad terms risks are split into three categories:
 - Strategic – those risks relating to the long-term goals of the Council.
 - Operational – risks related to the day-to-day operation of each individual service.
 - Project – the delivery risks of specific initiatives.
- 5.3 Identified risks, in all three categories, are judged against levels of probability and impact to give them an overall score. This allows the risks to be shown as 'high, medium or low' which enables a prioritised action plan to be set for managing risks. A high score does not mean that a risk has, or will definitely, occur.
- 5.4 In many cases the causes of risks are outside of the Council's control, such as general economic issues. The Council cannot stop these risks from occurring (the probability score) but can put plans in place to mitigate against their effect if they occur (the impact score). Likewise, there are occasions that risks can be reduced with preventative actions but there is not much that can be done to mitigate their effect if they do occur, such as a failure to protect public resources. Therefore, some risks will tend to maintain the same score, regardless of the controls that the Council puts in place.

6 Work undertaken during the 2022/23

- 6.1 There were no fundamental changes to the risk management function, or the processes used to identify and control risk, during 2022/23.
- 6.2 In response to the recommendations of the Local Government Association Peer Challenge and the independent reviews of the Council's subsidiary companies, support has been provided to the Council's interim shareholder team, and Colchester Commercial (Holdings) Limited, to develop risk and governance processes between the organisations and within the company.

- 6.3 During the year a comprehensive management system was developed, encompassing all aspects of Health and Safety, including reporting dashboards and indicators. This is currently being rolled out across the organisation and will be reported in further detail as part of the annual Health and Safety update to Governance and Audit Committee later in the year.
- 6.4 Work has continued to develop the insurance programmes for Colchester Borough Homes Limited and Colchester Commercial (Holdings) Limited, to ensure that emerging risks are appropriately managed.
- 6.5 Support continues to be provided, reviewing the risk elements of event plans to the Colchester Safety Advisory Group.
- 6.6 The risk registers, and strategies, for the Colchester and Ipswich Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

7 Strategic Risk Register

- 7.1 During 2022/23 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance and Audit Committee every six months.
- 7.2 For the majority of 2022/23 the Council's strategic risks were consistent and were mainly around the impacts of the economic climate, data security and recovery from the pandemic.
- 7.3 A fundamental review of the strategic risk register was undertaken with the Senior Leadership Board in July 2023, to ensure that the captured risks were still appropriate.
- 7.4 As a result of the review the risks have been amended to reflect the significant challenges the Council faces, and are concentrated on the key concerns, to ensure that mitigating actions are focused on delivering the changes required.
- 7.5 It is recognised that several of the risks are impacted by rapidly changing wider socio-economic factors, therefore the strategic risks and mitigating actions, will be considered monthly as part of the Senior Leadership Board meetings, to ensure that the Council is agile in responding to the changing environment.
- 7.6 The current register is shown at Appendix 1. These risks have been mapped onto a risk matrix, shown at Appendix 2, that shows the risk profile before, and after, mitigating actions.

8. Risk Management Strategy for 2023/24

- 8.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.
- 8.2 Therefore a review has been undertaken and the strategy has been updated for 2023/24. The revised strategy is attached at Appendix 3. There are no changes proposed to the risk process, with amendments only to external review comments and the updating of responsibilities, to reflect the revised management structure.

9. Equality, Diversity and Human Rights implications

9.1 There are no equality, diversity or Human Rights implications as a result of this report.

10. Strategic Plan References

10.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore, the risk process supports the achievement of the strategic objectives.

11. Risk Management Implications

11.1 The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

12. Environmental and Sustainability Implications

12.1 There are no environmental or sustainability implications as a result of this report.

13. Other Standard References

13.1 There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

Appendices

Appendix 1 – Strategic Risk Register

Appendix 2 – Risk Matrix

Appendix 3 – Risk Management Strategy for 2023/24

Appendix 4 – Minutes from the Governance and Audit Committee meeting of 1 August 2023