

Meeting: Audit Committee

Date: 13th December 2023

Wards Affected: None

Report Title: Risk Management Update

Is the decision a key decision? No

When does the decision need to be implemented? N/A

Cabinet Member Contact Details: Councillor Tyerman, Cabinet Member for Finance and Corporate Services, alan.tyerman@torbay.gov.uk

Supporting Officer Contact Details: Eve Bates, Performance & Risk Manager, eve.bates@torbay.gov.uk

1. Introduction

- 1.1 This report is provided to members to update them on the council's current risk position and make them aware of any notable information with regards to the council's overall risk management arrangements. It is the 2nd of 3 risk reports that will be presented to Audit Committee during 2023/24.
- 1.2 The council has made very good progress in embedding its new risk management processes and implementing the actions as detailed in the Risk Management Improvement Plan. The plan was put together in conjunction with the Devon Audit Partnership Manager, Tony Rose.
- 1.3 Staff use the SPAR.net software to record, update and review the council's strategic, corporate and service risks. Programme and contract risks are held on separate registers.
- 1.4 A 5 x 5 risk matrix is used to score the risks, meaning the maximum score a risk could be is 25. All risks that have a mitigated risk score of 16 or above (therefore considered to be high or very high risk for the council) are detailed in the supporting appendices of this report – Appendix A shows the Council's strategic risks which are scoring 16 or above and Appendix B shows the Council's corporate risks which are scoring 16 or above.
- 1.5 The council's Risk Management Policy includes a description of the roles and responsibilities in relation to risk management. In respect of Cabinet and Audit Committee, the Policy says:
"The Cabinet members and members of Audit Committee are to ensure the council has risk management processes in place and these are carried out proportionately and effectively. They will review and challenge the information supplied on the risk reports."

In practical terms it is expected that Cabinet members would have oversight of the risks which are relevant to their areas, with Audit Committee focusing on overall processes and effectiveness of the council's risk management.

2. Risk Overview

- 2.1 The council currently has eight Strategic Risks and 59 Corporate Risks appearing on its risk registers.
- 2.2 The eight Strategic Risks all have **unmitigated** scores of 16 or above. As at the time of drafting this report, four have **mitigated** scores of 16 and above.
- 2.3 36 of the 59 Corporate Risks have **unmitigated** scores of 16 or above. 14 of these remain as having **mitigated** scores of 16 and above.
- 2.4 Risks that have scores of 16 or above highlight that there is a probability that it is likely/almost certain that the risk will have a major or critical impact on the business. Below are the risk matrixes for the council's strategic and corporate risk registers. They show the number of risks that appear for each score.

Risk Matrix - Mitigated Strategic Risks as at 29 November 2023

	1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost certain
5 - Critical	0	0	1	2	0
4 - Major	0	0	2	0	2
3 - Moderate	0	0	0	1	0
2 - Minor	0	0	0	0	0
1 - Insignificant	0	0	0	0	0

Risk Matrix - Mitigated Corporate Risks as at 30 November 2023

	1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost certain
5 - Critical	0	4	11	8	0
4 - Major	0	4	9	5	1
3 - Moderate	1	2	9	3	0
2 - Minor	1	0	1	0	0
1 - Insignificant	0	0	0	0	0

Strategic Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
ST01	Adult Services Delivery	20
ST02	Mitigating the local effects of climate change	20
ST03	Failure to have good economic growth that allows us to address the needs of the most vulnerable.	20
ST05	Failure to supply sufficient housing for Torbay's needs	20

Corporate Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
CP47	Effective delivery of Economic Growth Strategy	16
CP06	Failure for our wholly owned companies to comply with H&S legislation.	16
CP05	Failure to comply with Health and Safety legislation	16
CP52	Failure to effectively maintain the council's assets & estate	16
CP32	Increased homelessness and insufficient temporary accommodation	16
CP14	Delivery of SEND	20
CP18	Demand on services outstrips resource and budget	20
CP46	Effective Housing delivery	20
CP45	Failure to effectively and efficiently deliver the Capital Programme	20
CP56	Failure to meet Care Act 2014 section give (one)	20
CP50	Failure to meet Development Management national and local performance targets	20
CP15	Failure to stabilise the budget for the Higher Needs block	20
CP17	Placement sufficiency	20
CP19	Recruitment and retention Of Social Workers	20

3. Risk Reviews

- 3.1 At the time of writing this report, all risks appearing on the council's strategic and corporate risk registers have been reviewed (updated) in accordance with the timescales set out in our risk framework.

4. Emerging Risks

- 4.1 Directors are embedding risk conversations throughout our informal governance structures (i.e. meetings of Directors, Senior Leadership Team, and directorate management teams and appropriate one-to-ones). Since the last report, the below emerging risks have been highlighted and risk forms completed. These risks will shortly appear on the council's corporate risk register.

- Use of Artificial Intelligence
- Safe transfer of Torbay Economic Development Company (TEDC), a wholly owned company, to the council

5. Wholly Owned Companies Risk Registers

- 5.1 As part of the Audit Committee induction session, it was agreed by the Section 151 Officer that members would be updated on the risk position of our wholly owned companies once a year at the November meeting. The council has four wholly owned companies: SWISCo, Torbay Economic Development Company, TorVista and Torbay Education Company.
- 5.2 Included as Appendix C is SWISCo's complete strategic and corporate risk register. The company has two strategic risks and 17 corporate risks. Appendix D provides the details that relate to the three risks that are currently scoring 16 and above.

Strategic Risk (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
ST91	Failure to comply with current legislation in the delivery of our services	25

Corporate Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
CP104	Failure to comply with Occupational Health & Safety Legislation and Guidance	25
CP101	Health and wellbeing of staff	16

- 5.3 Since the last Audit Committee meeting, a decision has been taken to dissolve the Torbay Economic Development Company and transfer the functions of the Company to the Council. The Council is due to consider a report on the future of TorVista Homes at the meeting of the Council scheduled to be held in December 2023. To support the decision in respect of the Torbay Economic Development Company a risk form has been drafted and is attached as Appendix E.
- 5.4 The council is currently reviewing its position in relation to Torbay Education Company. Pending the review, an update will be provided at the next Audit Committee.

6. Changes To The Risk Probability and Impact Guide

- 6.1 Following a risk identification workshop with SWISCo, it was noted that there would be benefit in modifying the financial section of the Risk Probability and Impact Guide. The revised version is attached as Appendix F.
- 6.2 The Performance and Risk Manager has worked with the Section 151 Officer on including a percentage option in addition to the financial figure when scoring a risk three, four or five. This change will ensure that scores applied on a financial basis are proportionate when considering a council or a wholly owned company's financial risk position.

5. Recommendation(s) / Proposed Decision

- (i) That Audit Committee note the report and comment on any concerns relating to the risks in Appendix A, B, C and D.

Appendices

Appendix A: Torbay Council's Strategic Risks Report (risks scoring 16 and above)

Appendix B: Torbay Council's Corporate Risks Report (risks scoring 16 and above)

Appendix C: SWISCo's Strategic and Corporate Risk Registers

Appendix D: SWISCo's Strategic and Corporate Risks Report (risks scoring 16 and above)

Appendix E: Risk form - Safe transfer of Torbay Economic Development Company, a wholly owned company to the council

Appendix F: Updated - Risk Probability and Impact Guide

Background Documents

Report clearance:	This report has been reviewed and approved by:	Date:
Chief Executive	Anne-Marie Bond	
Monitoring Officer	Amanda Barlow	
Director Of Finance Officer	Malcolm Coe	
Director Of Corporate Services	Matthew Fairclough-Kay	