

Meeting: Audit Committee

Date: 24 July 2024

Wards Affected: All

Report Title: Risk Management Update

Is the decision a key decision? No

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

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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 first of three risk reports that will be presented to Audit Committee for financial year 2024/25.
- 1.2 Following the last Audit Committee review of risk, direction of travel arrows have been added to the appended reports. These arrows show the previous and current direction of travel for each risk so that the Committee can take a view on any trends that present in the management of individual risks and overall trends across the risk portfolio
- 1.3 Since 1st April 2023, the Council has made very good progress in embedding its new risk management framework and implementing the actions as detailed in its initial Risk Management Improvement Plan. This was confirmed by an audit that took place during November and December 2023 by Devon Audit Partnership (DAP) who were "reasonably assured" by our Council's risk arrangements.
- 1.4 DAP made 21 observations where improvements could be made to the Council's risk management arrangements. A proportion of these have been implemented already. The remainder have been incorporated into a Phase 2 Improvement Plan as they will need consideration and take longer to embed.
- 1.5 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.

- 1.6 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 and approve the Risk Management Policy, with Audit Committee focusing on overall processes and effectiveness of the Council’s risk management arrangements.

2. Risk Overview

- 2.1 The Council currently has eight Strategic Risks and 62 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, three have **mitigated** scores of 16 and above.
- 2.3 38 of the 62 Corporate Risks have **unmitigated** scores of 16 or above. 12 risks have **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 should the risk occur, it would 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 09 July 2024

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

Total Risks = 8

Risk Matrix - Mitigated Corporate Risks as at 09 July 2024

	1 - Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost certain
5 - Critical	0	4	6	4	1
4 - Major	0	7	11	5	2
3 - Moderate	0	5	11	4	1
2 - Minor	0	0	1	0	0
1 - Insignificant	0	0	0	0	0

Total Risks = 62

Strategic Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
ST03	Failure to have good economic growth that allows us to address the needs of the most vulnerable	16
ST05	Failure to supply sufficient housing for Torbay’s needs	20
ST09	Failure to adapt to a changing climate	16

Corporate Risks (mitigated 16 or above)

Code	Risk Title	Last Mitigated Score
CP17	Placement sufficiency	25
CP04	Large scale cyber attack	20
CP06	Failure for our wholly owned companies to comply with H&S, fire, environmental legislation.	16
CP14	Delivery of SEND	20
CP15	Failure to stabilise the budget for the Higher Needs block	20
CP18	Demand on services outstrips resource and budget	20
CP19	Recruitment and retention of Social Workers	20
CP46	Effective Housing delivery	20
CP47	Effective delivery of Economic Growth Strategy	16
CP52	Failure to effectively maintain the council's assets & estate	16
CP56	Failure to meet Care Act 2014 section five (one)	16
CP63	Potential loss of data through cyber breach (Adult Social Care)	16

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 Management Framework.

4. Changes to our Strategic and Corporate Risk Registers

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). These conversations, quite rightly, lead to amendments to our Strategic and Corporate Risk Registers – as well as to Service Risk Registers which are managed by our Directors. Directors have also considered risks where mitigated scores haven't changed since their creation in 2023 to check and challenge whether the mitigation actions are having the desired effect or whether further mitigations are required.

4.2 Since the last report in March 2024, Directors have agreed that three new risks should be added to the Corporate Risk Register.

- CP61 - Failure to realise the benefits of devolution for Devon and Torbay
- CP62 - Deprivation of Liberty Safeguards waiting list (ICO under delegated tasks of Section 75 agreement)
- CP63 - Potential loss of data through cyber breach (Adult Social Care)

4.3 The risks where mitigated scores haven't changed since their creation in 2023 that the Directors have reviewed are:

- ST01 Adult Services Delivery
- ST03 Failure to have good economic growth that allows us to address the needs of the most vulnerable
- ST05 Failure to supply sufficient housing for Torbay's needs
- CP05 Failure to comply with Health & Safety legislation
- CP14 Delivery of SEND
- CP18 Demand on services outstrips resource and budget

- CP46 Effective Housing delivery
- CP50 Failure to meet Development Management national and local performance targets

4.4 Each risk has been reviewed in detail and in most cases resulted in mitigations being revised and/or new mitigations added. The only exceptions were CP14 and CP18 where the Directors agreed with the Director of Children’s Services view that the mitigations all remained current, and the scoring was accurate and a true reflection of the risk position.

5. Recommendation(s) / Proposed Decision

- (i) That the report be noted, and Audit Committee identify any issues it wishes to raise relating to the risks in Appendices A or B.

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)

Background Documents

Report clearance:	This report has been reviewed and approved by:	Date:
Chief Executive	Anne-Marie Bond	15/07/2024
Monitoring Officer	Amanda Barlow	15/07/2024
Director Of Finance Officer	Malcolm Coe	11/07/2024
Director Of Corporate Services	Matthew Fairclough-Kay	11/07/2024