

OPEN

Appendix B– Part 2 By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Audit and Governance Committee

30 May 2024

Risk Management Update - Q3 2023/24

**Report of: David Brown, Director of Governance and Compliance,
Monitoring Officer**

Report Reference No: AG/11/23-24

Ward(s) Affected: All

Purpose of Report

- 1 Effective risk management is central to good governance and supports the efficient delivery of the Council's corporate plan objectives. The Audit and Governance Committee provides an independent assurance to the Council on the adequacy of the risk management framework, and this report supports the Committee with this assurance.

Executive Summary

- 2 This report provides an update on risk management activity during Quarter 3 2023/24, including detail of the council's Strategic Risk Register in that period, ending December 2023. The Council's Strategic Risk Register is now complemented by the inclusion of the equivalent level risk registers for the Council's wholly owned companies; Orbitas, Tatton Park Enterprises and ANSA.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

- To note the update provided by this report to the Audit and Governance Committee.
- Identify any further assurance required by the Committee in relation to the management of risks included on the Council's Strategic Risk Register.

Background

- 3 Risks included on the Strategic Risk Register are those which materially threaten the organisation's ability to achieve its strategic goals, in this case our corporate objectives in the Corporate Plan. This could be in the form of an individual threat to a specific objective, or the compound effect of a threat across several areas.
- 4 Items on the Strategic Risk Register are "owned" by members of the Corporate Leadership Team (CLT) and are reviewed on a quarterly basis. Co-ordination and administration of the Strategic Risk Register and the Risk Management Framework is undertaken by the Head of Audit and Risk Management.
- 5 Updates on the Strategic Risk Register are provided on a quarterly basis to the Corporate Policy Committee, alongside the updates on the organisation's financial performance and performance against the Corporate Plan objectives, to provide a comprehensive review and understanding of the Council's position throughout the year.
- 6 Regular updates are also provided to the Audit and Governance Committee to support the committee in its assurance role on the adequacy of the risk management framework.
- 7 In receiving the last update to the Audit and Governance Committee on 7 March 2024, Committee Members asked for further information and assurance on the Council's plans on managing the Dedicated Schools Grant deficit (SR04); a report and briefing on this subject are included on this meeting's agenda. Further details were requested in relation to SR12, Stakeholder Expectation and Communication, this information has been circulated to Committee members.
- 8 A briefing has also been provided to the Committee on the Council's HR function, which included details relating to the management of SR09, Recruitment and Retention.

Risk Management Operations

- 9 We have finalised testing on a new approach for recording risks at an operational level, which began to be used across the organisation from Q4 23/24. This system utilises existing software, including SharePoint and PowerApps and has been developed in-house with ICT colleagues and resourced as part of the Council's Information Assurance and Data Management programme. Advantages of the new approach provide for much greater opportunity in interrogation and analysis of the data held within the system.

- 10 We are now working with senior leadership to identify regular reporting requirements from the data, which will include the ability to monitor the frequency of updates, areas for escalation and monitoring, and specific interrogation for emerging themes and areas of concern. Over the course of 2024/25 this approach will enable us to provide greater levels of assurance on the management of operational risk across the organisation to the Committee.

Business Continuity Operations

- 11 Business Continuity Impact Assessments continue to be carried out in 2023/24, with the aim of assisting the organisation in managing and prioritising the continuation of service delivery. These have been driven by potential warnings of severe weather and informed by emergency planning exercises.
- 12 After moving away from an external software solution for business continuity planning in Q4 2022/23, the Council has returned to an excel based approach, with plans available on a centralised store, and hard copies of plans available in our emergency planning locations.
- 13 Based on the progress made with the risk management app, internal development to use a similar application and approach has begun. The opportunity to work with colleagues in our shared Emergency Planning team will give us the opportunity to test “proof of concept” as this develops, as well as having valuable opportunities to ensure service level business continuity plans consider critical response scenarios.

Summary of Quarter 3 review

- 14 Since the last update, the quarterly review of the Strategic Risk Register for Quarter 3, ending December 2023 has been provided to the Corporate Policy Committee on 21 March 2024. The Quarter 4 update will be provided to the Corporate Policy Committee in June 2024.
- 15 Revisions to the register are made on an on-going basis to ensure that the scope and detail of the individual risks, and the overall coverage of the register is reflective of the current threats to the organisation achieving its strategic objectives and maintaining business as usual service delivery. Where items are removed from the Strategic Risk Register, they continue to be considered at operational levels, and can be escalated back for inclusion based on CLT’s judgement at that time.
- 16 Full details of the individual risks are provided in Appendix A. The content of this covering report relates to the key changes in risks from Quarter 2 to Quarter 3 and the inclusion of risk registers from wholly owned subsidiaries.

The appendices to this report provide the following detail

- Appendix A – Cheshire East Council Strategic Risk Register Q3 2023/24
- Appendix B – (Part 2) ANSA Risk Register Q3 2023/24
- Appendix C - Orbitas Risk Register Q3 2023/24
- Appendix D – Tatton Park Enterprises Ltd Risk Register Q3 23/24

- 17 An elevated level of risk remains across many parts of the organisation as the challenges of the current financial situation continue to unfold. This is reflected in the sensitivity and complexity of decisions being taken across the organisation and at all levels. Drivers of uncertainty remain much the same as Quarter 2 with no change in the two highest rated risk. Both of those risks directly relate to the funding, demand imbalance currently faced by the Council, and indeed all councils. Central government support is looked for in relation to this issue.
- 18 The on-going tight control of recruitment, with a material number of vacancies left unfulfilled, and spending restricted to essential expenditure only continues to impact our ability to deliver in all areas.
- 19 The impact of restricted recruitment and spending can be seen in both the Leadership Capacity and Ability to Achieve Organisational Change risks.
- 20 In positive news the JTAI improvement plan has been delivered and the protection of vulnerable children will be viewed through a “business as usual” lens moving forwards.
- 21 There is one increase in the net risk scores on the register arising from the Q3 review, which is the increase in the Climate Change risk.
- 22 Table 1 shows the position of the Strategic Risk Register after the Quarter 3 assessments: with the gross, net and target score for each risk. The table is organised by highest to lowest net risk for Q3.
- 23 Table 2 shows the position of the Strategic Risk Register based on the Q3 assessments against the previous quarter. Q1 scores have not been included where the risk has materially changed in description following the Q2 review.
- 24 The heat map below the tables (Chart 1) shows the concentration of critical and material rated risks.

- 25 As agreed by Corporate Policy Committee on 18 January 2024, the strategic risk registers of the Council's Wholly Owned Companies are now included to complement the Council's Strategic Risk Registers. These are included in detail in Appendix B, C and D and commentary about these risks, begins at paragraph 71.
- 26 It is important to note that the content of the registers, and the scoring methodology used by these organisations is slightly different to the Councils, reflecting proportionality and materiality relevant to them. The risks are also described from the perspective of the wholly owned companies, rather than the Council.

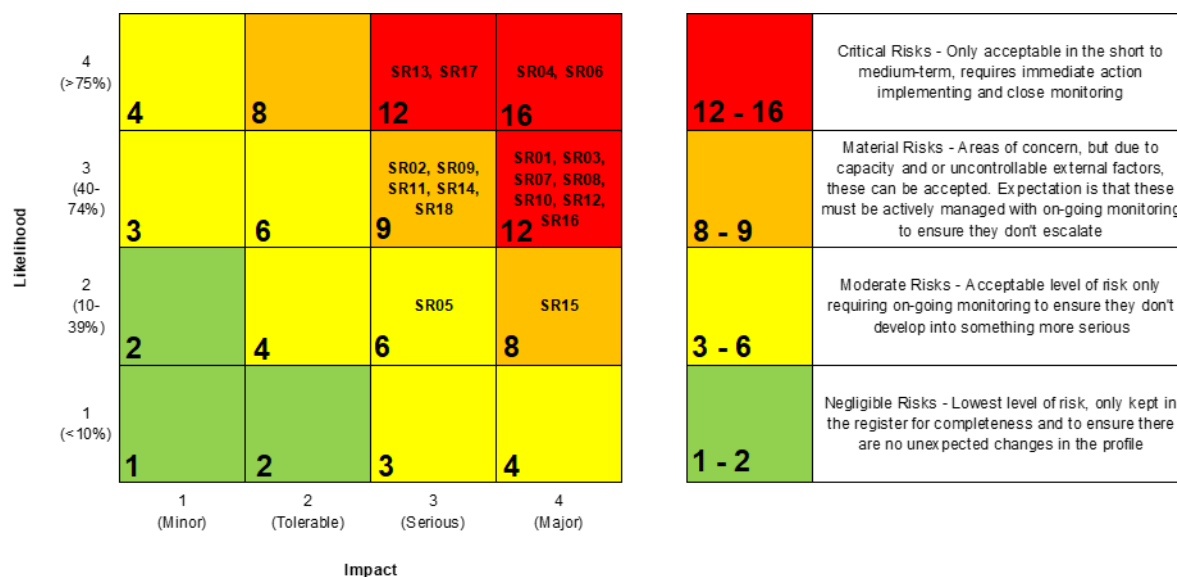
Table 1 – Strategic Risk Register, highest net score to lowest

Ref	Risk	Q3 Gross	Q3 Net	Q3 Target
SR04	Dedicated School Grant Deficit	16	16	12
SR06	Failure to Achieve the MTF5	16	16	9
SR01	Increased Demand for Adult's Services	16	12	9
SR03	Complexity and Demand for Children's Services	16	12	12
SR07	Leadership Capacity	16	12	8
SR08	Ability to Achieve Organisation Change	16	12	8
SR10	Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks	12	12	8
SR12	Stakeholder Expectation & Communication	16	12	9
SR13	Information Security and Cyber Threat	16	12	12
SR16	Failure of the Local Economy	16	12	12
SR17	Climate Change (CEC Carbon Neutral Status 2025)	16	12	9
SR02	Fragility and failure in the Social Care Market	16	9	9
SR09	Recruitment & Retention	16	9	9
SR11	Failure to Adhere to Agreed Governance Processes	16	9	6
SR14	Business Continuity	12	9	6
SR18	Local Planning Authority Modernisation Plan	12	9	6
SR15	Capital Projects – Place	16	8	8
SR05	Delivery of the JTAI improvement plan	16	6	6

Table 2 – Strategic Risks Direction of Travel

Ref	Risk	Q1 Net	Q2 Net	Q3 Net	Direction of Travel (Q2-Q3)
SR01	Increased Demand for Adult's Services	12	12	12	↔
SR02	Fragility and failure in the Social Care Market	9	9	9	↔
SR03	Complexity and Demand for Children's Services	N/A	12	12	↔
SR04	Dedicated School Grant Deficit	N/A	16	16	↔
SR05	Delivery of the JTAI improvement plan	12	9	6	↓
SR06	Failure to Achieve the MTFS	N/A	16	16	↔
SR07	Leadership Capacity	N/A	12	12	↔
SR08	Ability to Achieve Organisation Change	N/A	12	12	↔
SR09	Recruitment & Retention	N/A	9	9	↔
SR10	Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks	12	12	12	↔
SR11	Failure to Adhere to Agreed Governance Processes	9	9	9	↔
SR12	Stakeholder Expectation & Communication	12	12	12	↔
SR13	Information Security and Cyber Threat	12	12	12	↔
SR14	Business Continuity	9	9	9	↔
SR15	Capital Projects - Place	8	8	8	↔
SR16	Failure of the Local Economy	12	12	12	↔
SR17	Climate Change (CEC Carbon Neutral Status 2025)	9	9	12	↑
SR18	Local Planning Authority Modernisation Plan	9	9	9	↔

Chart 1 – Strategic Risks Heat Map



Risks Updates by Service Committee

Adults and Health Committee

- 27 **Increased Demand for Adults Services:** There is no change to the risk rating or description. The implementation of the Quality, Performance and Authorisation Board ensures that every request for care is reviewed by Director and Senior Managers together with commissioners and brokerage staff. This has ensured that all care requests are effective and as efficient as possible and has also highlighted where providers appear to be charging for services not delivered.
- 28 During Q2 we have continued to see a high level of complexity, particularly for transition cases and mental health; we believe that this is due in part to the change in process from Health and the closure of Independent Hospitals. We are now providing care to a higher number of individuals who are in their late 90s and early 100's year old.
- 29 **Fragility and failure in the Social Care Market;** There is no change to the risk rating or description. Whilst overall capacity in the care market continues to be healthy, a major challenge to this arises from the planned 9.8% uplift in the National Living Wage from April 24. This is already leading to an increase in requests for fee uplifts from our care providers, on average around 10%.
- 30 During Q3, we have seen some quality challenges and an increase in whistleblowing resulting from care workers being added to the Shortage Occupation list for international recruitment. We also saw some market disruption including a non-commissioned care provider that folded prior

to Christmas and care businesses being sold to other providers. We are in the final stages of commissioning the “Care Cubed” tool which will enable us to undertake a comprehensive review of care fees.

Children and Families Committee

- 31 **Complexity and Demand for Children’s Services;** no change to the net rating, it remains 12, a material risk, equal to the target score. Additional growth to address budget pressures within services has been proposed in the MTFs consultation for 2024/25, including £10.8m to address placement costs for children.
- 32 Our first children’s home is due to open in early February 2024 - the home is awaiting its registration visit from Ofsted. We have recruited a full staff team and have built all the new systems, processes and training to enable us to grow our homes at pace moving forward. This will provide our cared for children with more opportunities to remain close to their communities and will provide better value for money against rising placement costs. A new sufficiency strategy on how we will develop placement options for children and young people will be received by the Children and Families Committee in February 2024.
- 33 Our new family group conferencing service will launch in February 2024. This service supports families and their wider support networks to create and deliver plans to support children and keep them safe, and will support families to sustain changes long-term, preventing children from needing a service in future. Where children can’t live with their parents, family group conferencing can support children to be cared for by a person they already know, which is better for children and young people, and avoids high-cost placements.
- 34 **Dedicated Schools Grant (DSG) Deficit:** There is no change to the risk rating or description; it remains at the highest net score of 16.
- 35 During Q3 a Safety Valve plan was developed, a significant piece of work, and on the 12th January 2024, it was submitted to Government, as part of the department for education’s (DfE) Safety Valve programme. The plans set out how the council proposed to reform services for children and young people with special educational needs and disabilities (SEND) and achieve a balanced and sustainable dedicated schools grant budget. The Safety Valve programme is in place to provide additional support, including financial support, to councils as they work to reform support and services for children with SEND, to improve sustainability and affordability. Subject to DfE approval, the plan will be published on the DfE website in March.

36 Additional growth was proposed in the MTFS budget consultation for 2024/25, including £0.5m to support transformation for SEND, and £0.9m for school transport, reflecting increased demand and increasing costs of fuel and contracts.

37 **Delivery of the JTAI Improvement Plan;** There was an 11- month JTAI Improvement plan review on 18th December 2023 and the outcome letter detailed as follows:

“Overall, the Council has made positive progress in improving the quality of multi-agency safeguarding practices since June 2023. The transformation required is now well understood and leadership teams have implemented many necessary changes to strengthen culture and performance. Focus groups, at all levels, reported that a culture of high-support-high-challenge is now embedded into practice, which has created a range of benefits including improved timeliness in responding to the needs of vulnerable children, improved information sharing and greater accountability across agencies.

We were impressed with the strides that the Council and partners have made in implementing a child-centred approach to safeguarding vulnerable children. Staff spoke confidently about creating a safe environment for vulnerable children by prioritising activities to build a trusted relationship and by working creatively with other practitioners to provide a wrap-around service. For example, social workers are now acknowledging a child’s friendship group and connecting with other relevant social workers to build a broader network of support for children.

The themes raised across all feedback groups were consistent and a sign of genuine change within Cheshire East’s children’s services. While it is recognised that there are still improvements to be made, the leadership team seem much clearer on the Council’s and partnership’s direction of travel than they were in the review in June 2023. Overall, we were presented with an improving picture of Cheshire East’s multi agency response to the criminal exploitation of children. It is clear that the local authority has, along with partners, undertaken a great deal of work to target those areas identified at the JTAI inspection and at the Department’s six-month review. The Department is satisfied that systems and processes are in place to protect children who are at risk of, or are victims of, criminal and sexual exploitation and leaders are clear on their priorities to ensure the service continues to build on these foundations. As such, we are content to step down the specific JTAI related monitoring, provided that the Council maintain a tight grip on services and maintain the progress made so far.”

- 38 Moving forward, we will be transferring to a more general risk of protecting vulnerable children. The scrutiny and monitoring will continue through the new partnership arrangements.

Corporate Policy Committee

- 39 **Failure to achieve the MTFS;** No change to the risk ratings at this time. The MTFS on budget setting for 2024/25 has been published for the Corporate Policy Committee meeting on 13 February. With regard to the projected outturn for 2023/24, it reiterates the forecast deficit of £13m reported in the Third Financial Review, as noted below.
- 40 It also reports the potential for the need to write-off to revenue the capital expenditure of £8.7m relating to HS2; this will be necessary if the support from Government requested (either compensation by way of grant, or capitalisation direction) is not forthcoming. In addition to the significant use of reserves needed to balance off the 2023/24 revenue account, the report also highlights growth pressures of £34.3m for 2024/25, as against the availability of additional funding of £22.6m, creating a budget deficit of £11.7m – and this position assumes approval and then delivery of a number of challenging change/ savings items.
- 41 This would mean further use of reserves and – even subject to successful achievement of those plans – that the General Fund balance at 31 March 2025 would be just £2.1m, and a ring-fenced earmarked reserve of only £1.7m would exist at that point. This is clearly unsustainable; and consequently the MTFS also includes the S25 report from the Director of Finance and Customer Services (Chief Finance Officer) which sets out the planned response to the 2024/25 budget and reserves position and the transformational activity that needs to take place during 2024/25 to address the financial crisis the Council is facing.
- 42 **Leadership Capacity;** no change to the risk rating at this time. Recruitment processes for the appointment of a new Chief Executive were undertaken in the quarter – with the new Chief Executive being appointed at Full Council on 13th December.
- 43 The Executive Director of Place resigned from the organisation in October 2023; interim arrangements whereby the Director of Growth and Enterprise is also acting up to the Executive Director Place role continue. Corporate Leadership capacity is recognised as a significant governance issue in the 2022/23 draft Annual Governance Statement.
- 44 **Ability to Achieve Organisation Change;** no change to the risk rating at this time. Corporate Plan engagement and development activity

continued in the quarter, concluding in December 2023. The new Chief Executive has been recruited and appointed at Council in December 2023.

- 45 The Director of Policy and Change resigned during the quarter, so ownership of the risk has transferred to the incoming Chief Executive and will be subject to further development and review in Quarter 4.
- 46 **Recruitment and Retention;** No change to the risk ratings at this time. National labour market pressures still exist, particularly in the care, social work, planning and ICT sectors. Local authorities are competing for the same staff, with some offering higher salaries and other benefits not in place at Cheshire East Council.
- 47 As outlined above, a comprehensive programme of work is in place to address these pressures. Much of this work is now 'business as usual' activity, but additional initiatives have also been introduced.
- a) Work has begun to implement a range of additional staff benefits will support the recruitment and retention of staff, and most of this work should be completed during Quarters 3 and 4.
 - b) Work has continued on the promotion of the Employee Assistance Programme and usage continues to grow.
 - c) A process of office rationalisation has been agreed and these changes are likely to embed and develop the Council's agile working approach, although it may also affect the retention of existing staff, if their work base changes.
 - d) Ongoing work to improve the efficiency of the recruitment process is in place.
 - e) The MARS scheme has been offered again and any staff leaving the organisation, will leave by the end of May 2024. This will enable the Council to re-design services and management structures to improve efficiency, create career development opportunities and reduce costs.
- 48 **Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks;** No change to the net risk score at this time, as 2024 is an election year for the Policy and Crime Commissioner and likely a general election, although no specific date has been set for the latter. Awareness and concern about the levels of local government funding has growing nationally, with authorities indicating that they will have to make significant reductions to services to deliver a balanced budget for 2024/25. Together, these factors create political uncertainty at both the local and national levels.

- 49 The Department for Levelling Up, Housing and Communities (DLUHC) has created the Office for Local Government (Oflog) to provide authoritative and accessible data and analysis about the performance of local government, and support its improvement. CEC expect to be providing performance data for key metrics to Oflog once those metrics are confirmed.
- 50 Communities secretary Michael Gove has announced that local authorities will need to set out how they will “improve service performance and reduce wasteful expenditure” in productivity plans as part of an additional £500m in funding for 2024-25 that social care authorities will share. The Department for Levelling Up, Housing & Communities will establish an “expert panel” involving the Office for Local Government and the Local Government Association to review the productivity plans which could inform funding settlements in the future.
- 51 **Failure to Adhere to Agreed Governance Processes;** The recruitment of a new Chief Executive took place during Q3 with the appointment being announced in the first days of the 2024. During the period here have been positive examples of cross committee working to ensuring audit recommendations are implemented, with oversight and assurance being provided to the Audit & Governance committee. The risk rating remains the same, supported by the fact that issues are being identified and resolved.
- 52 **Stakeholder Expectation & Communication:** No change to the risk ratings at this time. Coverage and public/media interest in the council through Q3 was dominated by the council’s financial position and the potential impacts of the governments’ announcement of cancellation of HS2 North of Birmingham. Q3 saw a significant escalation in public interest in pressures on council finances and the impacts on residents, local economy and environment. This is ongoing at a local and national scale and is reflected in national polling regarding resident satisfaction and perception of local councils.
- 53 Interest in the council's financial position included in-year forecasting of budget gap, implementation of budget proposals from 2023/24 budget and looking ahead to future years. Key proposals attracting most interest included parking review, garden waste subscription scheme, strategic leisure review and green spaces maintenance. These were (and continue to be) supported with comprehensive communications plans, aligned to consultation activity, project plans and key decision-making. Despite this, when proposing or making significant cuts or changes to valued services, residents and other stakeholders will be concerned and will voice opposition.

- 54 We also saw developments and interest in flood mitigation plans for Poynton Pool, the ongoing planning issues relating to a housing development in Crewe, and concerns about review of household waste recycling centres.
- 55 During this period the council also submitted plans to DfE as part of the safety valve programme, relating to high needs funding and SEND service reform. This is of key interest locally and nationally.
- 56 Ensuring that the council's messages, information for residents and opportunities to influence decision-making (and understand the impact of that input), amid heightened interest from a range of voices and stakeholders, remains a significant challenge.
- 57 The Equality Impact Assessment (EIA) training has now been approved and is available on learning lounge. Work is underway to explore if this package can be made mandatory for Heads of Service as they have final approval and sign-off EIA prior to publication. This will ensure assessment is undertaken at the right level and that any impacts are understood and mitigated where possible.
- 58 A residents' survey has been undertaken during the period. Results are being analysed and summary reports will be drafted ready for wider distribution. Discussions will be undertaken to assess the responses and work with services will be undertaken to address any areas identified where performance needs to be improved. A shift to digital has reduced costs. Issues around accessibility were addressed through targeted use of paper copies and responses rates have provided for a good level of confidence in the results at town and borough level.
- 59 Many significant consultations have been undertaken during this period, with some timescales for reporting being short in some instances. Efforts are being made to ensure that the outcomes of these consultations are taken into account prior to any decisions being made.
- 60 **Information Security and Cyber Threat;** no material change to the risk this quarter. Activity to manage this risk during the quarter has included:
- a) Identity Management – projects are continuing to ensure that identities are protected through increased monitoring and controls. These will ensure that correct level is applied to identities across the estate.
 - b) Application Management – review of current estate and alignment to the asset register.

- c) **Data Security** – continued enhancement of the existing security controls to ensure that the latest threats are mitigated and protected. Development of a remediation plan to ensure that vulnerabilities are proactively monitored and addressed. Work is continuing to strengthen the resilience capabilities of data storage and protection. Work is progressing on a refreshed Cyber Incident Response Plan to ensure that the Council is best equipped should an incident occur.
- d) **Data Quality** – Continuation of the MDM projects across several data fields to ensure that the councils' solutions have the correct data embedded with them, updated seamlessly across multiple systems. This is a key area to support any future drive to AI.
- e) **Information Management** – continuation of projects to deliver and improve the maturity of information both through its storage and use of information. This will enable both greater protection for that information but also enable efficiencies through accurate management information and improved compliance through controlled retention and ease and speed of access to critical information. This is a key area to support any future drive to AI.

61 **Business Continuity**; No material change to the risk, time with a system analyst has been booked in for January to develop the scope for the BCP SharePoint App. Emergency Planning exercise planned for February based around a cyber security breach, the learnings from which will feed into the app development and inform further development of the organisation's business continuity approach.

Economy and Growth

62 **Capital Projects – Place**; No change to the risk ratings this quarter, controls and action review, no material changes identified. The Middlewich eastern bypass full business case was submitted to the DfT for funding, with a decision anticipated in the spring.

63 The effects of inflation continue to be felt across the wider programme of capital projects in Place, larger capital investments are continually assessed to understand whether they remain viable and will deliver the required benefits.

64 **Failure of the Local Economy**; The national economic situation continues to be monitored by the Economic Development Service. There is no change in the economic position, with the economy flatlining. Locally, the cancellation of HS2 has impacted confidence.

Environment and Communities Committee

65 **CEC's Carbon Neutral Status;** The council has projects in progress to achieve the target it has set itself to be carbon neutral by 2025, however this is now unlikely to be achievable based on time constraints for the following reasons;

- Due to the complexity of the projects required and how their practical delivery has been influenced by external market forces. These external factors are issues such as securing off takers for solar energy and an ability to acquire the necessary volume of small fleet vehicles over a restricted time period;
- The budget proposal to be considered in Quarter 4 at Full Council on 27th February 2024 to defer capital expenditure on the second larger solar farm and transition to EV fleet. This is proposed on the basis of the Council's very challenging financial position and the need to defer spend, in this case the cost of prudential borrowing, to future years wherever practicable.

If agreed at Full Council in Q4, this would revise the 2025 target for the Council to be Carbon Neutral to 1st April 2027.

66 Recognising the challenges described, the net score is increased from 9 to 12, target score also increased from 6 to 9.

67 **Local Planning Authority Modernisation;** There is no change to the risk ratings at this time and the desired reduction in net risk score is not yet possible. This is due to several on-going issues; one of which is the delayed the delivery of the ICT system project for which we have no solid timescale for implementation from our external supplier. Engagement with the external supplier is on-going and current expectations are tentatively for a Q1 2024/25 delivery.

68 Restructuring within the service has faced further delays due to job evaluation queries and HR resource. Further recruitment to key roles will be necessary before restructure is complete – which may now be pushed into Q1 24/25 and will also be impacted on by financial pressures.

69 Backlog of planning applications is reducing slowly but some sickness and further vacancies has impacted on progress. A backlog funding bid has been successful so additional Capita support should be secured for Q4. Engagement with consultees on applications and s106 is largely complete. Validation checklist work to go to consultation and forward to adoption in Q4. S106 audit work progressing well with several recommendations completed and further work to be largely completed by end of Q4. Further progression and timeframes on the remaining

Modernisation Plan recommendations are dependent on resolution of priorities described above.

Highways and Transport Committee

- 70 The Highways and Transport Committee have no strategic risks at this time but this remains under on-going review. The impact of the cancellation of the HS2 project has been picked up in the MTFS risk.

Wholly Owned Company Risk Registers

ANSA – See Part 2

Orbitas

- 71 Orbitas uses a similar scoring methodology for assessing their risks as the Council. With both impact and likelihood being scored from 1 to 4, giving a total score out of 16. Full details of the register and methodology as supplied by Orbitas can be found in Appendix C.
- 72 A summary table of the risks, including gross and net scores for each risk as at Q3 2024 is shown below.

Table 3

Risk Description	Q3 2023/24	Q3 2023/24
	Gross Score	Net Score
Pandemic Event	8	6
Financial Failure	8	4
General regional economic problems	4	4
Loss of core contracts	6	3
New competitors / options leading to reduced market share	9	6
Local Government spending constraints	12	9
Failure to attract investment for business development	9	6
Legislative change affecting Council-owned companies	6	3
Political change via general and local elections	4	4
Failure to meet political aspirations	12	8
Reputational damage for the Company or shareholder	6	3
Loss of confidence in the Company, Board or key Personnel	12	8
Industrial action	4	2
Failure to recognise and recruit the necessary skills	6	4
Major H&S issue	9	3
Quality issues	9	3

GDPR issues / data breach	6	3
---------------------------	---	---

Tatton Park Enterprises

- 73 Tatton Park Enterprises (TPE) uses an older CE scoring methodology for assessing their risks. As the methodology remains largely comparable the updating of this is not a priority. Full details of the register and methodology as supplied by TPE can be found in Appendix D.

A summary table of the risks, including gross and net scores for each risk as at Q3 2024 is shown below.

Table 4

Risk Description	Q3 2023/24 Gross Score	Q3 2023/24 Net Score
Gradual decline in turnover results in failure to hit annual budget contribution to the Tatton Park revenue account affecting the Park's financial performance.	9	6
Factors affecting Front of House staff and poor operational Service delivery causing lack of repeat business from customers resulting in financial targets being missed.	6	3
Natural calamity affecting the Park being able to open, and therefore may be closed for a period exceeding a day, e.g. Foot and mouth epidemic resulting in financial targets being missed.	9	6
Temporary service closure through interruption to catering provision by external factors e.g. Power Failure resulting in financial targets being missed.	6	3
Lack of correct Insurance cover and limits placed on operational liabilities causing potential liability to both Tatton Park and Cheshire East Council resulting in financial targets being missed or additional contributions required from CEC	4	2
Physical operational risk and security of contents within both the Stables and Gardeners Cottage facilities resulting in loss of ability to provide an operation.	4	2
Poor food or service provision leading to potential closure of one or both outlets, or poor public reviews, leads to reputational damage to both TPE Ltd, Tatton Park and CEC with possible damage payments due.	9	6

Risk Description	Q3 2023/24 Gross Score	Q3 2023/24 Net Score
Bout of food poisoning (or similar) from one of the two catering outlets causing temporary closure leading to reputational damage to both TPE Ltd, Tatton Park and CEC with possible damage payments due.	12	8

Emerging Issues

- 74 Whilst the Corporate Policy Committee will receive the Quarter 4 update at the 13th of June 2024, meeting, there are emerging indications for that update.
- (a) An increase in the Local Planning Authority Modernisation Plan risk due to the loss of capacity caused by the Interim Director of Planning moving to a new role at another organisation and other issues referenced this quarter.
 - (b) The inclusion of a Protecting Vulnerable Children risk; there will also be a risk in relation to failing deliver the action plan required from the Council's recent inspection of Local Authority Children's Services (iLACS) from Ofsted.
 - (c) Clarification around the net zero target and its funding, possible decrease if the timescales are moved back but also a possible further increase if the target is kept the same.
 - (d) Possible inclusion of risks reflecting the remit of the Highways and Transport Committee and a more general review of the Place risks.
 - (e) Consideration of further senior leadership changes on Leadership Capacity and Ability to achieve Organisational Change.

Consultation and Engagement

- 75 Each risk included in on the Strategic Risk Register is "owned" by a member of the Council's Corporate Leadership Team. At each quarter, the risk detail is updated through managers in their areas of responsibility, and the updated register is reviewed collectively by the Corporate Leadership Team.

Reasons for Recommendations

76 Risk management is central to facilitating good governance and the achievement of corporate objectives. As a publicly accountable body, the Council must demonstrate effective identification and management of the risks that threaten the achievement of its corporate objectives and the effectiveness of its operations.

Other Options Considered

77 No alternative options considered; this is an assurance update report to support the Committee in meeting its responsibilities under its Terms of Reference.

Implications and Comments

78 Monitoring Officer/Legal

There are no direct legal implications arising from the recommendations of this report. This report provides assurance that the Council achieves its strategic aims and operates its business, under general principles of good governance, that it identifies risks which threaten its ability to be legally compliant and operates within the confines of the legislative framework.

79 Section 151 Officer/Finance

There is no direct impact upon the MTFs from the recommendations of this update report. Costs relating to implementing risk treatment plans are included within service budgets. The need to provide financial security against the impact of risks is considered on a case-by-case basis and either included within specific budgets within the MTFs or considered under the overall assessment of the required level of General Reserves as part of the Reserves Strategy. The risk to the Council of failing to achieve savings identified in the MTFs has been identified as an emerging risk.

80 Policy

Cheshire East Council has adopted the Risk Management Framework approved by Cabinet in June 2020. Risk management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

An open and enabling organisation	A council which empowers and cares about people	A thriving and sustainable place
--	--	---

81 Equality, Diversity and Inclusion

There are no direct implications arising from the recommendations of this update report.

82 Human Resources

There are no direct implications arising from the recommendations of this update report.

83 Risk Management

This report relates to overall risk management and provides the Committee with awareness of the most significant risks facing the Council, where strategic risks are emerging and assuring the Committee on how these are being managed.

84 Rural Communities

There are no direct implications arising from the recommendations of this update report.

85 Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

There are no direct implications arising from the recommendations of this update report.

86 Public Health

There are no direct implications arising from the recommendations of this update report.

87 Climate Change

There are no direct implications arising from the recommendations of this update report.

Access to Information	
Contact Officer:	Josie Griffiths, Head of Audit and Risk Management josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix A - A&G Q3 Strategic Risk Assurance Appendix B (Part 2) - A&G Q3 ANSA Risk Assurance Appendix C- A&G Q3 Orbitas Risk Assurance Appendix D - A&G Q3 TPE Ltd Risk Assurance

Background
Papers:

n/a