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## **Audit and Governance Committee**

**27 July 2023**

### **Annual Risk Management Report 2022/23**

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

**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 the Audit and Governance Committee with an update on the Strategic Risk Register for the period Quarter 4 2022-23, and a reflection on the full year of 2022-23, supported by the detail provided in Appendix A and an update on risk management arrangements across the organisation.

### **RECOMMENDATIONS**

The Audit and Governance Committee is recommended to:

1. Consider and receive the Annual Risk Management Report 2022/23

### **Background**

Within the Council's Risk Management Framework, risks should be identified and recorded as follows,

<b>Risk Register</b>	<b>Risks relating to the achievement of</b>
Strategic Risk Register	Corporate Plan objectives or Council wide impact
Directorate Risk Register	Directorate plan objectives
Service Risk Register	Service plan objectives
Project Risk Register	Project outcome/delivery

- 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 objectives in the Corporate Plan 2021-25. 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 through out 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 Since the last update to the Audit and Governance Committee in March 2023, the quarterly reviews of the Strategic Risk Register for quarter 3 (ending December 2022) and quarter 4 (ending March 2023) have been undertaken and reported to the Corporate Policy Committee, in March 2023 and July 2023 respectively.
- 8 Table 1 below sets out the Strategic Risk Register content, gross, net and target ratings for Q4 2022/23. Table 2 shows the net ratings for the last year, with a direction of travel from the last quarter to Q4. The heat map below the tables (Chart 1) shows the continuing high concentration of critical and material rated risks.

**Table 1 – Strategic Risk Register Position Quarter 4 2022/23**

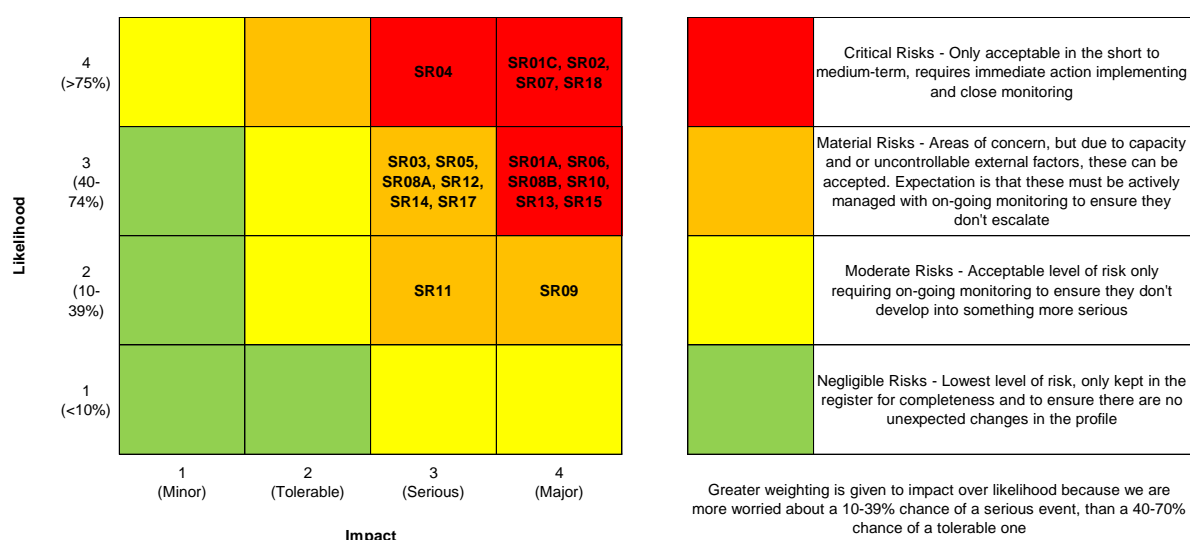
Ref	Risk	Gross Score	Net Score	Target Score
SR01A	Increased Demand for Adult's Services	16	12	9
SR01C	Increased Demand for Children's Services	16	16	12
SR02	NHS Funding	16	16	12
SR03	Failure of Financial Management and Control	16	9	9
SR04	Information Security and Cyber Threat	16	12	12
SR05	Business Continuity	12	9	9
SR06	Organisational Capacity and Demand	16	12	12
SR07	Failure of Council Funding	16	16	12
SR08A	Governance and Decision Making	16	9	4
SR08B	Political Uncertainty	12	12	6
SR09	Capital Projects - Place	16	8	8
SR10	HS2 Infrastructure Investment	16	12	6
SR11	Pandemic Virus	12	6	6
SR12	Fragility and Failure in the Social Care Market	16	9	9
SR13	Reputation	16	12	9
SR14	CEC Carbon Neutral Status	16	9	6
SR15	Failure of the Local Economy	16	12	12
SR17	Local Planning Authority Modernisation Plan	12	9	6
SR18	Delivery of the JTAI Improvement Plan	16	16	6

**Table 2 – Strategic Risk Register Net Scores and Direction of Travel**

Ref	Risk	Q1 Net	Q2 Net	Q3 Net	Q4 Net	Travel
SR01A	Increased Demand for Adult's Services	16	16	16	12	↓
SR01C	Increased Demand for Children's Services	12	16	16	16	↔
SR02	NHS Funding	16	16	16	16	↔
SR03	Failure of Financial Management and Control	9	6	9	9	↔
SR04	Information Security and Cyber Threat	12	12	12	12	↔
SR05	Business Continuity	9	9	9	9	↔
SR06	Organisational Capacity and Demand	12	12	12	12	↔
SR07	Failure of Council Funding	12	16	16	16	↔

Ref	Risk	Q1 Net	Q2 Net	Q3 Net	Q4 Net	Travel
SR08A	Governance and Decision Making	9	9	9	9	↔
SR08B	Political Uncertainty	12	12	12	12	↔
SR09	Capital Projects - Place	6	6	8	8	↔
SR10	HS2 Infrastructure Investment	16	16	12	12	↔
SR11	Pandemic Virus	9	9	9	6	↓
SR12	Fragility and Failure in the Social Care Market	16	16	12	9	↓
SR13	Reputation	9	9	9	12	↑
SR14	CEC Carbon Neutral Status	9	9	9	9	↔
SR15	Failure of the Local Economy	9	12	12	12	↔
SR17	Local Planning Authority Modernisation Plan	-	6	9	9	↔
SR18	Delivery of the JTAI Improvement Plan	-	16	16	16	↔

**Chart 1 – Strategic Risk Heat Map Quarter 4 2022/23**



9 The descriptions to the right of the heat map have been developed to help provide better context to the ratings of risks.

10 Appendix A sets out the Strategic Risk Register in further detail, including the commentary provided as part of the 22/23 Quarter 4 review.

#### Q4 2022/23 Updates

11 Changes to ratings and comments from the Quarter 4 update are described in this section of the report.

#### SR01A Increased Demand for Adult's Services

- 12 Likelihood score has reduced from 4 to 3 due to a stabilising of referrals into the service, slowing down the rate of demand for the majority of areas. This is due to the work around prevention that is implemented at the 'front door' signposting individuals into community and voluntary services and away from traditional social care services.
- 13 However, we continue to experience higher demand for Mental Health Act Assessments and referrals for safeguarding investigations. We are undertaking work to better understand demand and trends for these complex referrals into the services.

#### SR01C Increased Demand for Children's Services

- 14 No change to the net rating this quarter, although the target score has been increased from a 9 to 12 due to an increase in the likelihood.
- 15 The service has received growth through the Medium Term Financial Strategy (MTFS) to help address the inflationary and demand pressures but the challenge to deliver to budget will remain present in 2023/24.
- 16 All indications are that demand, complexity and cost will continue to increase and therefore the directorate and the service committee must take action to address the financial challenges for 2023/24 and beyond. The directorate needs to save £3.5m within 2023/24 as part of the MTFS.
- 17 A fundamental review and realignment exercise for children's services will be carried out to future-proof services to deliver differently for less as part of our integrated children's services 4-year strategy, along with other projects to streamline services and reduce costs, such as a review of commissioned services and the development of family hubs.

#### SR02 NHS Funding

- 18 No material changes to the risk score or description; Health and Council systems remain under severe financial pressure, staffing shortages within the Health system resulting in additional strain on the wider system and budgets. Jointly shared risks together with additional funding into BCF to fund community beds reducing slightly the risk to the council. Ongoing industrial action within the health system is a cause for some concern.

#### SR03 Failure of Financial Management and Control

- 19 No change to the risk at this time. Outturn for 2022/23 showed that expenditure exceeded income levels, though to a level anticipated in the Council's in-year reporting and reflected in the latest MTFS approved in February 2023. Whilst balancing the position did require utilisation of

£5.2m from the MTFS Reserve, the required transfer from the General Fund Balance was £0.8m, being some £1.7m less than planned for.

- 20 This is a helpful position, but the risks to financial management remain. Specifically, exceptional inflation and rising demand for services and levels of funding from or enabled by Government. There is a planned approach to the tracking and reporting of activities relating to delivery of the changes approved in the MTFS; that process has commenced, and further update will be provided at Q1 2023/24.

#### SR04 Information Security and Cyber Threat

- 21 No material changes to the risk in the quarter. The Council's Data Classification product has been updated to utilise the investment in Microsoft licensing. A number of key systems have been upgraded to use Single Sign-On which will support the principle and strategic direction of zero trust. A report into the global cyber-attacks in 2022 by Check Point Research (CPR) notes a 38% increase compared to 2021. Education, government and healthcare organisations were the most targeted.
- 22 CPR's report says that criminal groups instigating the attacks are now smaller and more agile and are using business collaboration tools and the rapid shift to online working and learning to provide opportunities for exploitation. Several sharing sessions have occurred with the Council, the Wider Leadership team and the Manager Share and Support sessions. Even though there are mitigation activities within the organisation which can limit the exposure of risk and minimise likelihood, with the rise of the sophistication of attacks it is felt that the Net Risk should remain constant.

#### SR05 Business Continuity

- 23 No change to the risk rating at this time, although there has been material activity during the period. During Q4, all Business Continuity plans were moved from the out-going system and on to an internal SharePoint site. The transfer went smoothly and also served to remind of the importance of BC planning. ICT are working with the Risk and Business Continuity function on developing bespoke SharePoint based solutions to streamline the current manual processes for both areas. The development and successful rollout of a user-friendly, self-service system is the key action identified to bring the net score down to the target rating.

#### SR06 Organisational Capacity

- 24 No changes to the rating, the labour market nationally remains challenging, and the cost-of-living crisis continues to impact on staff

financially and in terms of their wellbeing and resilience. This has not improved and will be impeded further by ongoing price increases and a reduction in government support. There has been increased uptake/use of the Employee Assistance Programme, following a series of publicity and communications promoting this resource to the workforce and specific sessions with managers. This work will continue and will be key to providing ongoing health and wellbeing support to the CEC workforce.

- 25 Work on recruitment and retention continues to improve the efficiency of the recruitment process and enhance the employee offer to potential recruits. This is supported by a range of initiatives to also support the retention of the workforce. An increase to the value of the Cycle to Work scheme has been implemented to encourage staff to buy cycles which in turn supports CEC's carbon neutral ambitions by encouraging active travel.

#### SR07 Council Funding

- 26 As with SR03, the outturn position for 2022/23 showed that expenditure exceeded income levels, though to a level anticipated in the Council's in-year reporting and reflected in the latest MTFS approved in February 2023. Whilst balancing the position did require utilisation of £5.2m from the MTFS Reserve, the required transfer from the General Fund Balance was £0.8m, being some £1.7m less than planned for. Whilst this is a helpful position, the risks to financial management from exceptional inflation and rising demand for services and levels of funding from or enabled by Government remain.
- 27 The budget for 2023/24 and MTFS 2023/24-2026/27 was approved by Council in February, based on the final settlement. It is still considered that grant allocations and 'flexibilities' afforded by government fall significantly short of the estimates of spending required (largely due to pay and cost inflation, and effects on demand for services), and long-term solutions continue to be needed, particularly in respect of social care (including the relationship with health services) and the funding of high needs children's services.

#### SR08A Governance & Decision Making

- 28 No material changes to the risk at this time; actions have been updated. The Public Interest Report on the council's culture and governance arrangements during 2014 – 2018 was presented and discussed by full Council on 1 February. While it was highly critical of the historic events, it did recognise the continuing improvements in governance undertaken. Work to improve consistency and minimum standards, with regards to governance arrangements, continues across all areas of the council.



- 29 As a result of economic pressures, services will be required to deliver reduced expenditure (in real terms), as per the latest MTFS which was approved by full Council 22 February. The scale of these reductions will impact the services that the council currently delivers, to implement changes service areas should undertake a robust decision-making process.
- 30 The Alternative Service Delivery Vehicle (ASDV) governance review, completed by a working group of the Finance Sub Committee, will be reported to that Committee in September 2023.

#### SR08B Political Uncertainty (local and national)

- 31 No material changes to the risk at this time. The action to review the new committee briefing process will be implemented after the local elections, their induction and on-going support is designed to support member decision making. Changes to the administration of the elections progressed as planned during the Q4 period.
- 32 During the Q4 period, full Council approved the latest iteration of the MTFS, it's focus being delivery of a balanced budget during the current economic pressures. However there remains the potential for political uncertainty to disrupt the realisation and achievement of the budgeted savings.

#### SR09 Capital Projects - Place

- 33 No material changes to the risk rating this quarter. The existing controls for effective governance and management of major capital investments, both at programme and individual project levels, as documented remain in place, and are subject to regular review. Inflationary effects continue to be monitored, with input from the supply chain where appropriate, with any variances reported via the relevant programme board forum.

#### SR10 HS2 Infrastructure Investment

- 34 No change to the risk rating at this time, although there has been a lot of activity in the quarter. On 9 March 2023, Government announced that the construction and opening of HS2 Phase 2a, between the West Midlands and Crewe, would be delayed by 2 years to manage the inflation pressures on the Phase 1 and Phase 2a schemes in construction.
- 35 The Council withdrew its petitions against the Phase 2b hybrid bill and AP1 on the 13 March 2023 after securing a package of assurances and commitments from both HS2 Ltd and Government. These included commitments to further investigation and design work on the Crewe Hub and commitment for Government to work more closely with the



Council to unlock the regeneration potential of HS2 to the Town via a Crewe Hub Taskforce. Membership of the Taskforce will be of senior ranking officials to provide the necessary drive and leadership required to bring the Crewe hub vision to reality.

#### SR11 Pandemic Virus

- 36 As per feedback from the Q4 CLT review of the register, the risk description has been updated to ensure the scope is sufficiently broad and forward looking, not focusing solely on COVID-19, although it should be noted the majority of controls and actions are likely to be mitigation of COVID-19 for a period. Likelihood for this risk has been reduced from a 3 to a 2. The national track and trace programmes have been ceased. A Spring COVID-19 Vaccination Booster programme began implementation in April 2023. It will target Care Home residents, people aged over 75 years and immune-compromised individuals.
- 37 The UK Health Security Agency (UKHSA) is currently monitoring the spread of the XBB and the CH1 variants and the number of cases within the UK as a potential source of a new wave of COVID-19. At present the level of the UK dominant strain (Omicron) is low. New guidance has been issued by the DHSC regarding the testing regimes for the health and social care sector. These have been circulated to provider agencies and appropriate Local Authority staff, though the overall number of cases of COVID-19 are much lower than the peaks of the pandemic.

#### SR12 Fragility and Failure in the Social Care Market

- 38 The net impact for this risk has been reduced from 4 to 3. While the care market is still fragile, it continues to show signs of recovery and stability particularly in domiciliary care. This is due to the development and publication of our Market Sustainability Plan which includes further investment within the Domiciliary Care Market and Complex Care for April 23 onwards. Further work continues in terms of the Commissioning of Domiciliary Care and Complex Care in partnership with the Market through the developments of Strategic Commissioning Plans.
- 39 However, the number of referrals for all types of care increased from 830 in Q3 to 1,011 in Q4. The number of care at home hand backs remains static at 28 (369.25 hours) in Q4 compared to 29 (362 hours) in Q3.
- 40 Due to the increase in referrals and short-term solutions awaiting placements during March 23 we have seen a 47.5% increase in the number of people awaiting a care home bed. However, we have also seen a reduction in short terms placements of 9.9% during March 23. The Market Sustainability Plan (MPS) was published and submitted to

the DHSC on the 27 March 23, Which includes a fee uplift for Care at Home and Complex Care.

### SR13 Reputation

- 41 The likelihood for this risk increased from a 3 to a 4, reflecting an expected increase in resident dissatisfaction due to budget cuts impacting services.
- 42 Communication & Media: A revised media relations protocol was approved by Corporate Policy Committee at the 9 February meeting. During this period (Q4) we saw particular interest and activity in the following topics:
- Crewe regeneration
  - Council funding and financial forecasts
  - Elections 2023 and voter ID
  - Public interest report publication
  - Highways maintenance and winter preparations, inc severe weather alert, March 2023
  - Green spaces for wellbeing initiative
  - Carbon neutral initiatives
  - South Macclesfield Development Area
  - Poynton Pool flood mitigation plans
  - Homes for Ukraine scheme
  - Poynton Relief Road opening
  - Armed Forces Covenant Silver Award
  - GBR HQ announcement
- 43 Consultation: During consultation on the proposed budget a number of concerns were raised. These were considered and ultimately the MTFS was agreed and adopted by Council in February 2023, due to the statutory requirement for the Council to have a balanced budget. Some of the proposals are subject to more detailed consultation and engagement activities. As the initiatives identified in the MTFS are implemented, there still remains the possibility of material public objection to specific changes. If these arise they will be responded to through the relevant democratic processes.
- 44 Customer Experience: Further phases of technology to enhance the management, monitoring and analysis of customer contact progressing and due for implementation Q1 2023/24 including the delivery of live chat functionality and the management of e-mails. A new digital platform to improve online contact and the Cheshire East Account now live with full migration from existing platform progressed in the period. A trial of

revised processes for managing the quality of complaints and formal correspondence was successfully completed and options to widen scope across full council are under development. Customer Experience leadership sessions have now been delivered to all Heads of Service, Directors and Executive Directors and next steps agreed.

#### SR14 CEC Carbon Neutral Status

- 45 The project is on track but retains significant risks in time to deliver the transition to electric fleet, and in progressing the carbon inset through securing a second solar farm and planting sufficient natural inset in the remaining two planting seasons.
- 46 These actions were taken in this quarter to address these risks:
- Additional capital funding as part of the council's medium term financial strategy for 2023-25 will allow the speed up of transition of our small van fleet with associated additional electric charging over the coming two years. This is cost neutral to the council as the cost of capital will be paid through savings on lease costs through the capital purchase of vehicles and charging for electricity used at new electric vehicle charging stations installed at our depots.
  - Delegated authority granted through the March Economy and Growth Committee now gives all permissions to progress the allocated second solar farm site. The project will now prepare detailed design and seek planning permission over the course of this year.
  - Capacity issues associated with the Mersey Forest have meant that planned tree planting this quarter has been severely reduced. In mitigation the authority is advertising for a temporary post to complete more of the preparation work required in house to give greater certainty in achieving sufficient planting in the next two planting seasons available. The post will be funded as part of the capital allocation for natural inset within existing budgets.
- 47 The project retains sufficient funds to deliver Carbon Neutrality assisted by external grant funding and MTFS allocation.

#### SR15 Failure of the Local Economy

- 48 No substantive change to the risk. Interest rates and inflation continued to be of concern, both of which are remaining 'sticky' even with the Bank of England and the Government identifying actions to mitigate

inflation. There have also been four bank failures internationally in March/ April 2023, regulators are playing down the potential of a international financial crisis. The Bank of England intervened on one of these (SVB UK) and brokered its sale to the HSBC.

#### SR17 Local Planning Authority Modernisation plan

- 49 The Modernisation Plan is now in place with regular meetings to monitor progress including monthly updates to the action log. The key priorities remain identified as the new ICT system, reducing the application backlog, staffing/restructure and communications / customer service.
- 50 Escalation of issues with the ICT supplier has resulted in better engagement and resource commitment from them with clearer timeframes for implementation which will help manage future risk. The application backlog is slowly reducing. Detailed work on the restructure is underway, including dialogue with key stakeholders and an indicative timeframe for formal consultation. Various updates to websites / letter templates and a draft Communications Strategy have been completed.
- 51 Resources to deliver the Plan priorities remain stretched as it is the Planning Service, including at management level itself, that is undertaking many of these actions, alongside significant budget pressures causing the risk to stay high.

#### SR18 Delivery of the JTAI Improvement Plan

- 52 No change to the net risk rating although the target rating has been reduced from a 12 to 6 after reflection in the CLT review session as to what an “acceptable” target should be. Services are making good progress in delivering the improvement plan and there are robust arrangements in place to ensure key members of the partnership are sighted on progress and are held to account. External support and challenge is in place through the Department for Education Children’s Improvement Advisor, who is the independent chair of our partnership Improvement Board. The Improvement Advisor is conducting visits to services to evaluate the impact of changes and is supporting and advising senior leaders.
- 53 The independent scrutineer completed an in-depth review of the partnership’s arrangements, which included the effectiveness of the structure and function, overall approach to quality assurance and learning, listening to and acting on the voice of children and young people, the impact of the three priority sub-groups, communication, and training.
- 54 A significant amount of awareness raising has taken place across the partnership on exploitation, including a partnership Exploitation

Conference with national key note speaker, and training sessions delivered over a partnership learning week in January 2023. These were positively received by practitioners. We have launched an Exploitation Strategy, practice guidance, and training for frontline practitioners. This all ensures there is a clear partnership approach to supporting children and young people at risk of exploitation.

- 55 The net risk score has not changed since Q2 as it is still early in our improvement journey and we want to be able to demonstrate sustained impact of changes before reducing the net risk score.

### The Strategic Risk Register over 2022/23

- 56 In Q1 2022/23 the Integrated Care System (ICS) Integration risk was added. In Q2 the Local Planning Authority Modernisation Plan and Delivery of the JTAI Improvement Plan risks were added. During Q3 and Q4 no additional risks were added.
- 57 During Q1 and Q2 2022/23, no risks were removed from the Strategic Risk Register. In Q3 the Integrated Care System (ICS) Integration risk was removed. In Q4 no risks were removed.
- 58 The Strategic Risk Register content and updates have been reviewed each quarter by senior managers with the results of that assessment being subject to further review, discussion and challenge by the Corporate Leadership Team, alongside performance and finance. These updates are then reported onto the Corporate Policy Committee and the Audit and Governance Committee.
- 59 There were two main themes identified during the year; the first was the impact of funding not keeping pace with inflation. This was shown by increases in the following risks net scores;
- Increased Demand for Children's Services
  - Failure of Council Funding
  - Reputation
  - Failure of the Local Economy
- 60 However Adult Services has bucked this trend, with reductions in both of its risks, Increased Demand for Adult's Services and Fragility and Failure in the Social Care Market.
- 61 The second more subtle trend has been the recognition of the need to improve in key operational areas, and the risk to the organisation of failure to implement the associated learning and actions needed. This has been demonstrated by the addition of the following risks, Local

## Planning Authority Modernisation Plan and Delivery of the JTAI Improvement Plan.

- 62 The content of the Strategic Risk Register is aligned with content of the 2021/22 Annual Governance Statement (AGS) and the draft 2022/23 AGS.

### Emerging Issues

- 63 The local elections took place on Thursday 4 May with no single party gaining overall control of Cheshire East Council, and almost half of councillors (38 out of 82) being newly elected. Risks around political uncertainty (locally and nationally) on the organisation's achievement of corporate objectives have been recognised with the inclusion of SR08a & b on the register during 2022/23.
- 64 A Labour and Independent Group joint administration is now in place, and elsewhere on this committee's agenda is a report on the development of a new corporate plan. Identification and recognition of risks associated with the current and future corporate plan will continue to be critical in promoting good governance and effective delivery of those objectives.
- 65 CLT have identified two emerging strategic risks, Failure to Deliver MTFS Savings and the Legacy Impact of COVID-19. These will be assessed during Q1 and detailed in the next report.

### 2022/23 Annual Review of Risk Management arrangements

- 66 The production of the 2022/23 Service Plans included the completion of a service level risk register, requiring services to capture what they considered to be the key risks to their areas of operation. These were reviewed by the risk management function, providing insight to challenges faced by service areas, cross-cutting themes and identified the maturity of risk reporting.
- 67 A total of 297 risks were reviewed across the service level registers from all four directorates and engagement was generally high.
- 68 The majority of services identified risks that focused on emerging or on-going issues, rather than identifying risks to the achievement of existing service delivery responsibilities and objectives.
- 69 Where service risks registers focused on objectives, the coverage and number of risks captured was significantly more by comparison to those that focused more so on specific issues. The majority of registers included detailed information on controls. As part of this analysis, the causes of risks were reviewed. This was reported upon in detail to the



November 2022 Committee, but the most frequently identified causes of risks identified related to staff resource and being able to maintain business as usual delivery. This is recognised at the organisational wide level in the Organisational Capacity and Demand Strategic Risk.

- 70 The analysis of risk registers provided in the 2023/24 service plans will be completed during quarter 2, and comparison of themes from the 2022/23 plan will be an important part of the analysis.
- 71 Services have been supported with reviewing their service risk registers during the 2022/23 year, advice and guidance has been provided on individual queries, and we have supported an in-depth review of the approach to risk identification, recording and reporting within ICT services.
- 72 One of the areas of improvement we had recognised was the need to develop more efficient and effective ways of recording risk across the organisation. We had reviewed external products but having been made aware of an in-house approach utilised at another local authority, and shared with us, we have been working with our colleagues in ICT to develop an approach using existing technology solutions within the organisation. This should be ready for first round of testing towards the end of summer, and further roll-out will follow from the results of the acceptance testing, but the objective is to provide an approach which will allow the risk management function a better quality of management information, and the users to have a more stream-lined approach to recording and updating risk registers at each level; operational through to strategic.
- 73 Business Continuity Impact Assessments have been carried out ahead of a number of events in 2022/23 so far, in order to assist the organisation in managing and prioritising the continuation of service delivery wherever possible. These have included railway strike action, the bank holiday announced for the State Funeral of Her Majesty Queen Elizabeth II and potential power outages during winter.
- 74 The contract for software currently used for business continuity plans expired in Q4 2022/23. Consideration was given to the on-going use of software to support the organisation's administration of business continuity plans with alternative approaches being explored, but an in-house option was decided upon. During Q4, all Business Continuity plans were moved from the out-going system and on to an internal SharePoint site. The solution being developed for risk management will then be adapted for business continuity planning.

## **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, the effectiveness of its operations, and reliable financial reporting.
- 77 The Audit and Governance Committee have responsibility for monitoring the effective development and operation of risk management across the Council.

### **Other Options Considered**

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

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 79 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.

#### *Section 151 Officer/Finance*

- 80 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.

#### *Policy*

- 81 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.

<b>An open and enabling organisation</b>  <b>Support a sustainable financial future for the council, through service development, improvement and transformation</b>	<b>A council which empowers and cares about people</b>  <b>Work together with residents and partners to support people and communities to be strong and resilient</b>	<b>A thriving and sustainable place</b>  <b>A great place for people to live, work and visit</b>
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#### *Equality, Diversity and Inclusion*

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

#### *Human Resources*

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

#### *Risk Management*

- 84 This report relates to overall risk management and provides the Audit and Governance 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.

#### *Rural Communities*

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

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

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

#### *Public Health*

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

*Climate Change*

- 88 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 Email: <a href="mailto:Josie.Griffiths@cheshireeast.gov.uk">Josie.Griffiths@cheshireeast.gov.uk</a>
Appendices:	Strategic Risks Q4 2022-23 - AG - Appendix A
Background Papers:	None