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Corporate Policy Committee

28 November 2024

**Strategic Risk Assurance Report
Quarter 2 2024/25**

Report of: Janet Witkowski – Acting Governance, Compliance and Monitoring Officer

Report Reference No: CP/39/24-25

Ward(s) Affected: All
For Decision or Scrutiny: Scrutiny

Purpose of Report

1   One of the responsibilities of the Corporate Policy Committee is to have a co-ordinating role across all other committees and exercise a corporate view of outcomes, performance, budget monitoring and risk management. Reporting on the Strategic Risk Register supports effective risk management, is central to good governance and supports the efficient delivery of the council's corporate plan objectives.

Executive Summary

2   This report provides an update on the activity of the council's Strategic Risk Register for Quarter 2 2024/25; July to September 2024. This report also includes the equivalent level risk registers for the Council's wholly owned companies; Orbitas, Tatton Park Enterprises and ANSA. The Council's Strategic Risk Register is set out in detail in Appendix A, and the equivalent risk registers of the Council's Wholly Owned Companies are included in the Part 2 appendices of this report (Appendix B).

RECOMMENDATIONS
The Corporate Policy Committee is recommended to: • Note the position of the Council's Strategic Risk Register and those of the wholly owned companies for Quarter 2 2024/25, in respect of the content, description, scoring and risk management activity outlined.

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, Risk and Assurance.

5   The content of the Strategic Risk Register has been updated in preparing this assurance report for the Corporate Policy Committee. Members of the Corporate Leadership Team have assessed their risks as at the end of Quarter 2 2024/25.

6   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. When 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 the risk owner's judgement as at that time.

7   Full details of the Council's individual strategic risks are provided in Appendix A. The content of this covering report relations to the key changes in risks from Quarter 1 to Quarter 2.

Summary of Quarter 2 Changes

8   The strategic register contains 20 risks with the directorate split shown in Table 1 below:

Table 1 – Strategic Risks by Directorate[1]

Directorate	Number of Risks	Average Net Score	Highest Net Score
Adult	2	11	12
Childrens	5	12	16
Corporate	9	11	16
Place	4	11	16

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[1] In future reports, the Corporate directorate will be shown as Resources and Chief Executive's Office separately.

9   Table 2 shows the position of the Strategic Risk Register after the Quarter 2 assessments: with the gross, net and target score for each risk. The table is organised by highest to lowest net risk for Q2.

10   Table 3 shows the position of the Strategic Risk Register in terms of net scores, based on the Q2 assessments, and showing any direction of travel against the net scores of the previous quarter.

11   The heat map below the tables (Chart 1) shows the concentration of critical and material rated risks. All strategic risks continue to sit in the top righthand of the quadrant.

12   As requested by Corporate Policy Committee the strategic risk registers of the Council's Wholly Owned Companies are included in this report. Full details are included in the Part 2 paper for Appendix B.

13   There are no additional items for inclusion in the Strategic Risk Register following the quarter 2 review, and the net scores of each of the 20 risks has not changed since quarter 1.

14   SR16, Failure of the Local Economy, is recommended for removal from the Strategic Register. The net score for this risk has been assessed at 2 for the last two quarters, with the target risk score having been 12. As set out in detail in the Economy and Growth Committee section of the report, the likelihood and impact of this risk have lowered as the UK economy has settled down after the general election and confidence in "UK plc" has returned.

15   There are a number of other risks where the net score is equivalent to the target score set out for the risk. In considering the risk appetite for each risk, which can also be thought of as the "acceptable" or "manageable" level of risk for the organisation, the net and target score being equal prompts consideration of whether further action to manage the risk is required, and indeed, whether the risk continues to be included on the strategic list.

16   The main underlying driver of uncertainty, and challenge to overall risk management, the financial position of the Council remains. The ability to effectively reduce risk scores for each strategic risk continues to be predicated on the availability of resources.

17   During the Quarter 3 assessments of risks there will be a focus and challenge through CLT on whether those risks which now net scores at their target level have can/should be further reduced, in terms of organisational risk appetite, and the most effective use of available resources or whether they remain at the same target and the risk is tolerated at that level.
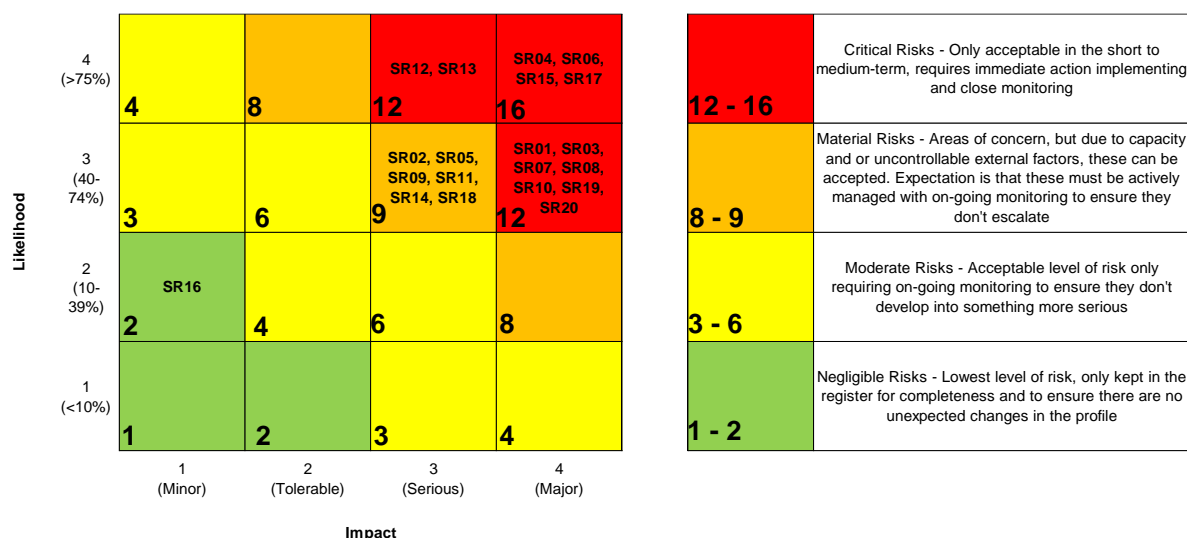
Table 2 – Strategic Risk Register, highest net score to lowest

Ref	Risk	Q2 Gross	Q2 Net	Q2 Target
SR04	Dedicated School Grant Deficit	16	16	16
SR17	CEC Carbon Neutral Status	16	16	16
SR15	Capital Projects – Place	16	16	12
SR06	Failure to Achieve the MTFS	16	16	9
SR03	Complexity and Demand for Children's Services	16	12	12
SR13	Information Security and Cyber Threat	16	12	12
SR19	Delivery of the ILAC Improvement Plan	16	12	12
SR01	Increased Demand for Adult's Services	16	12	9
SR07	Leadership Capacity	16	12	9
SR12	Stakeholder Expectation & Communication	16	12	9
SR08	Ability to Achieve Organisational Change	16	12	8
SR20	SEND Inspection	16	12	8
SR10	Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks	12	12	8
SR02	Fragility and failure in the Social Care Market	16	9	9
SR09	Recruitment & Retention	16	9	9
SR05	Failure to Protect Vulnerable Children	16	9	6
SR11	Failure to Adhere to Agreed Governance Processes	16	9	6
SR14	Business Continuity	12	9	6
SR18	Local Planning Authority Modernisation Plan	16	9	6
SR16	Failure of the Local Economy	4	2	12

Table 3 – Strategic Risks Direction of Travel

Ref	Risk	Q3 Net	Q4 Net	Q1 Net	Q2 Net	Direction of Travel (Q1 to Q2)
SR01	Increased Demand for Adult's Services	12	12	12	12	↔
SR02	Fragility and failure in the Social Care Market	9	9	9	9	↔
SR03	Complexity and Demand for Children's Services	12	12	12	12	↔
SR04	Dedicated School Grant Deficit	16	16	16	16	↔
SR05	Failure to Protect Vulnerable Children	N/A	9	9	9	↔
SR06	Failure to Achieve the MTFS	16	16	16	16	↔
SR07	Leadership Capacity	12	12	12	12	↔
SR08	Ability to Achieve Organisation Change	12	12	12	12	↔
SR09	Recruitment & Retention	9	9	9	9	↔
SR10	Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks	12	12	12	12	↔
SR11	Failure to Adhere to Agreed Governance Processes	9	9	9	9	↔
SR12	Stakeholder Expectation & Communication	12	12	12	12	↔
SR13	Information Security and Cyber Threat	12	12	12	12	↔
SR14	Business Continuity	9	9	9	9	↔
SR15	Capital Projects - Place	8	12	16	16	↔
SR16	Failure of the Local Economy	12	12	2	2	↔
SR17	CEC Carbon Neutral Status	12	16	16	16	↔
SR18	Local Planning Authority Modernisation Plan	9	9	9	9	↔
SR19	Delivery of the ILAC Improvement Plan	-	-	12	12	↔
SR20	SEND Inspection	-	-	12	12	↔

Chart 1 – Strategic Risks Heat Map

Likelihood							
4 (>75%)	4	8	SR12, SR13 **12**	SR04, SR06, SR15, SR17 **16**		**12 - 16**	Critical Risks - Only acceptable in the short to medium-term, requires immediate action implementing and close monitoring
3 (40-74%)	3	6	SR02, SR05, SR09, SR11, SR14, SR18 **9**	SR01, SR03, SR07, SR08, SR10, SR19, SR20 **12**		**8 - 9**	Material Risks - Areas of concern, but due to capacity and or uncontrollable external factors, these can be accepted. Expectation is that these must be actively managed with on-going monitoring to ensure they don't escalate
2 (10-39%)	SR16 **2**	4	6	8		**3 - 6**	Moderate Risks - Acceptable level of risk only requiring on-going monitoring to ensure they don't develop into something more serious
1 (<10%)	1	2	3	4		**1 - 2**	Negligible Risks - Lowest level of risk, only kept in the register for completeness and to ensure there are no unexpected changes in the profile
	1 (Minor)	2 (Tolerable)	3 (Serious)	4 (Major)			

Impact

Risks Updates by Service Committee

Adults and Health Committee

18   **Increased Demand for Adults Services:** As predicted the reduction of agency staff within the service has resulted in increased waiting times for assessments, this reduction has been seen in the services provided during quarter two.

19   All waiting lists are monitored weekly to manage the risks. Providers of services continue to push for increased fees; however we have started to implement the care cubed model to scrutinise care costs, we are working through the analysis of the initial tranche of providers who have been through this process and will report in quarter three. We are seeing a rise in demand from self-funded residents where their funds have reduced to a level that makes them eligible for funded social care and this demand is expected to increase.

20   Scrutiny of cases continues at Quality, Performance and Authorisation Boards takes place three times a week. We are very aware of the risks of falling on the wrong side of the legislative framework where the council could be subject to legal challenge and therefore, we review our decision-making process to avoid this risk. The demand in terms of the numbers of residents requiring a service continues to be stable however the rise in the complexity of cases is seen in the scale of the assessment process and the financial costs of challenging cases.

21   We continue to meet weekly to discuss risks and budget pressures. The deficit within the Cheshire and Mersey ICB will increase pressure on the council to pick up funding for previously funded health patients and this will require robust challenge and discussion.

22 **Fragility and failure in the Social Care Market:** A revised Market Sustainability Delivery Plan for 2024/25 has been introduced which monitors the following domains:

- A sufficient supply of services to ensure continuity of care with minimal disruption in the event of provider exit from the market
- A range of high-quality services for people to choose from
- Sufficient investment in the workforce to attract and retain high-quality staff.
- Evidence of innovation and service diversity in order to evolve and meet changing user needs.
- Being attractive to new market entrants and able to manage the impact of future market changes.
- Regulatory Quality and Safety Oversight and compliance
- Provider emerging risks and trends across the provider market

23 There is currently only one care home that has been rated as inadequate by the Care Quality Commission, Riseley House. They have 10 service users in the home and 4 are CEC funded. The Quality Assurance Team visit the home fortnightly to review the action plan and progress made. The home is discussed in Contract and Quality governance oversight meeting, so system partners are aware of any risks and issues. The quality assurance officers will check on residents and report any concerns to Social Care, safeguarding etc. The current care at home waiting list remains at 12 people which equates to 90 hours per week. Operational colleagues continue to RAG rate individuals placed on the waiting list for care at home.

Children and Families Committee

24 **Complexity and Demand for Children's Services:** No change to the net rating, it remains 12, a material risk, equal to the target score. A new interim Executive Director of Children's Services, Thersa Leavy and interim Director of Improvement, Lisa Davies, are now in post. These two post holders have an established track record of transforming services to deliver better outcomes for children and young people and also achieving savings. New arrangements have been put in place to strengthen the oversight of children's outcomes and to review opportunities for developing services to deliver better for less. This work will be aligned with the council's transformation programme.

25 **Dedicated Schools Grant (DSG) Deficit:** The in-year forecast deficit is £42.9m, resulting in a forecast cumulative deficit of £121.6m at 31 March 25. The DSG management plan has been reprofiled to take in to account of the reduced growth of Education Health Care Plan (EHCP) numbers (13.5% EHCP growth - 5.5% lower than anticipated) and a

considerably lower deficit position than forecast on 31 March 2024 (£10 million reduction in the deficit position – giving a position of £79 million).

26   A report to demonstrate the impact of reprofiling the DSG management plan will be reported to Children and Families Committee on 11 November 2024. The unmitigated forecast deficit is £1.07 billion 2030/31 and the mitigated forecast deficit is £237 million, a reduction of £48 million.

27   The overall strategy remains the same, of "Right Support, Right Place, Right Time". Elements of the plan include increased specialist provision. The timely opening of the provisions is reliant on circumstances which maybe out of our control and therefore carry elements of uncertainty, such as delivering by the Department of Education (DfE), planning approvals and public consultations. Increased specialist provision includes a new free special school which will be delivered by the DfE, additional special school satellite sites and additional resource provisions/SEN units within mainstream schools. The newly created SEND Transformation Team, although not yet fully operational, is helping to drive forward key mitigations detailed in the DSG management plan.

28   **Failure to Protect Vulnerable Children:** A review and reflections session has taken place within the Strategic Contextual Safeguarding board and has evidenced that there are areas of practice, as recommended in the Joint Targeted Area Inspection (JTAI), that we are currently not meeting. There has been an increase in children being identified as at high risk of exploitation and there are a number of the cohort who are not in education. This is a significant risk regarding safeguarding. We are not able to provide evidence or data to demonstrate if we have safely reduced the number of children coming into care as a result of exploitation.

29   The Contextual Safeguarding strategy ends in January 2025 and a number of changes are proposed to how this risk is managed and monitored and therefore there is a lack of clarity around the expectations of the partnership. There is currently a single Team Manager leading the Contextual Safeguarding operational work and this seems a significant risk that this is a single point of failure. An increase in the net score is not recommended at this time. Whilst the review and reflections findings evidenced some gaps, this is broadly in line with expectations. These will be addressed through the strategy being updated and providing clear oversight to the partnership of the practice standards. This shows the oversight of this cohort through the Contextual Safeguarding and Serious Organised Crime Strategic Board and the Quality and Impact Executive Board is working as intended.

30 **Delivery of the ILAC Improvement Plan:** Our Improvement Plan was submitted to Ofsted within the required timescales and we received feedback from them on our improvement plan in September. Ofsted said "Your action plan is detailed and addresses the areas for improvement identified in the inspection. It also demonstrates engagement with partners and the wider council." To strengthen our plan, Ofsted suggested that we include specific actions in each area on how we will coproduce improvements with children and young people. We have included additional actions on coproduction in the plan in line with their feedback and have sent an updated version back to Ofsted.

31 The interim Director for Improvement joined Cheshire East on the 30 September and will be overseeing progress and updates against the improvement plan going forward. As part of this work, the process of scrutiny and challenge to the plan has been reviewed and strengthened. New governance arrangements are now in place to support this going forward. All new policies, procedures, and strategies developed as part of the plan will be quality assured and signed off by the Quality Assurance Service acting as independent scrutiny and challenge. This will give additional assurance that work evidenced as completed has had the right level of scrutiny prior to implementation and provides confidence to the service that they are delivering quality work.

32 Finally, to ensure we utilise our resources, time and efforts efficiently work is being undertaken to review interdependencies within the improvement plan and this will include those where we require corporate and partnership support. Actions identified from internal assessment activities will also be added to the plan.

33 **SEND Inspection:** In September 2024, Children and Families Committee approved a revised governance structure for the 0-25 Cheshire East SEND Partnership and also noted plans for a new, single SEND and Alternative Provision Strategy and Improvement Plan. Work was then undertaken on implementing the revised governance arrangements, including assigning initial delivery leads and improvement actions for the first set of task and finish groups, alongside pulling together all actions that may require inclusion in the new Improvement Plan.

34 Alongside this, work has continued on logistical arrangements for the inspection. Colleagues across the partnership have also continued to update and scrutinise the evidence that will be submitted to inspectors under Annex A and have collated updates that will be required for the next iteration of our SEND self-evaluation (due end of Q3 2024/25).

Corporate Policy Committee

35 **Failure to achieve the MTFS:** No change to the risk ratings. The Council's Second Financial Review (FR2) shows a forecast £20.1m overspend for the current financial year, which is a reduction from FR1 by £6.5m. This was reported to Finance Sub-Committee on 7 November and will also be reported to service committees through the November cycle of meetings.

36 Whilst an improvement on the First Financial Review, the forecast overspend remains a significant financial challenge for the Council. After agreed movements, reserves are currently estimated to be £10m (£0.5m General Fund balance; £9.5m in earmarked reserves); clearly this is insufficient to cover the current forecast outturn and further action is required.

37 The forecast does not assume use of the £17.6m Exceptional Financial Support (EFS). If spending cannot be brought back into line with budget, it will be necessary to take up the EFS and plan for its financing. The Council faces a significant four-year funding gap, with the shortfall in 2025/26 identified in February 2024 MTFS estimated at £41.9m. More detailed papers on the MTFS latest position are on the same agenda of this committee.

38 There is a risk that pressures leading to the latest FR2 forecast position may increase that shortfall figure if further rapid action does not take place to stabilise our financial position. As noted in Q1, the Council's Transformation Programme is underway, and its outcomes will help to shape the development of the Council's updated MTFS for 2025-29.

39 **Leadership Capacity:** No change to the net risk in Q2 although expectations are that it will be reduced in Q3. A consultation process on a proposed new senior management structure has been conducted and the recruitment to the new senior management structure will increase leadership capacity across the organisation. The recruitment process will start in November.

40 Recruitment has taken place to the Executive Director, Place. The postholder will commence with the Council in November 2024. Senior interim arrangements will remain in place until recruitment has taken place and postholders take up their new positions. An Interim Executive Director of Children's Services and an interim Improvement Director joined CEC in September 2024.

41 **Ability to Achieve Organisational Change:** As Q1 there is no change to the overall risk rating, The Transformation Plan was submitted to MHCLG ahead of the required deadline and the council continues to be

supported by its delivery partner, Inner Circle. A great deal of work to mobilise the programme has taken place including:

- Establishment of a Programme Management Office (PMO)
- Standardised ways of working through programme and project delivery framework and associated tools
- Establishment of formalised reporting and governance
- Establishment of the six programme workstream and associated governance.
- Workforce, Social Care, Place, Early Intervention and Prevention, Digital and Special Projects
- Identification of CEC Sponsor, supported by Programme Directors from ICC

42   Further work to refine the more than 100 opportunities that were original identified is ongoing and will be concluded by early December, at which point the broad range of savings target (£59m to £91m) will be refined in more detail and built into the MTFS. In addition to this the independent assurance Board has met twice and several staff engagement session have taken place with more planned in Q3 and Q4.

43   **Recruitment and Retention:** No change to the risk ratings at this time. A consultation process on a proposed new senior management structure has been conducted and concluded and the recruitment to the new senior management structure will increase capacity across the organisation. The recruitment process will start in November.

44   The new benefits platform has been launched and introduces to the organisation a series of additional benefits for all employees, improving the employee value proposition and bring CEC in line with its competitors. A transformation skills audit has been completed providing further insight into transformation skills across all directorates.

45   A further review of the establishment in Children's Services has provided accurate data in relation to vacancies and the skills gap needed to be filled to support the improvement journey and recruitment to roles is being prioritised. An Interim Executive Director of Children's Services and an interim Improvement Director joined CEC in September. Cultural workshops have been held in Children's Services to support from an Organisational Development perspective the retention of employees.

46   Recent Government announcements about the proposed reforms to the apprenticeship levy will need to be considered in more detail in Q3 once further information is available post the Budget on 30th October 2024.

These may impact on the Council's ability to use the apprenticeship levy as it has up until now to recruit and retain staff in hard to fill areas such as Social Work.

47   **Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks:** No material changes to the risk, the impact of the new government's first budget and plans for local government are yet to be known during this quarter, but clarification will begin to emerge with the budget in October 2024. Oflog's long term role and remit are currently under review. The implementation of the Transformation Programme and the Corporate Peer Challenge actions are critical to ensuring that the organisation has the ability to further adapt in response to external policy changes.

48   **Failure to Adhere to Agreed Governance Processes:** There remains a high volume of change and decision making required during 2024/25 and ensuring our processes enable timely and lawful decision making, and there is compliance with them, is key to the future successful operations of the council and its ability to avoid a section 114 notice.

49   Quarter 2 has seen a number of key reports and decisions made to ensure the Council sets out its response to the Corporate Peer Challenge and has the necessary arrangements in place to deliver these, and to provide oversight on the implementation of the action plan. Details of some of these are highlighted below.

50   At the meeting of Council in July, the Cheshire East Plan 2024-25, as recommended by the Corporate Policy Committee in June was approved, as well as plans for the development of a new strategic plan. The adoption on the 24-25 plan provides a model for the development of the next strategic plan as well as a simpler view of the strategic vision, aims, priorities and associated actions of the Council, a key framework for decision-making, monitoring and performance and risk management.

51   This Council meeting also considered the Corporate Peer Challenge report issued by the Local Government Association and a draft of the action plan developed in response to the recommendations. The final version was brought to Corporate Policy Committee in August for agreement. Council also approved the establishment of an Assurance Panel to support the Council with the changes recommended by the Peer Review.

52   August's Corporate Policy Committee agenda included a number of key decisions to shape ongoing transformation and improvement, including the approval of the transformation plan, to ensure submission to central government by the deadline, the approval of the Corporate Peer

Challenge action plan, again, to ensure compliance with the required timescale, and the approval of the Senior Management Structure following the Decision-Making Accountability (DMA) review.

53   July's Audit and Governance Committee received the annual Head of Audit Opinion for 2023/24. As anticipated in a report to the Committee n May, whilst sufficient work had been undertaken to deliver the opinion, the Council's framework of risk management, governance, and internal control was assessed as "limited" for that period. In providing that opinion, it is recognised that the Council is in a period of significant financial pressure, and on a journey of transformation and change, and reports to the Committee on the 24/25 plan will provide an assessment of how the implementation of plans is delivering positive change to the framework.

54   As part of the Q3 review of this risk, the Notice of Motion in relation to the Council's Governance Arrangements approved by the October Council meeting will be considered; this may change the scope and nature of the existing risk.

55   **Stakeholder Expectation & Communication:** There have been a number of significant developments that have impacted on stakeholder perception of the organisation in Q2. These have included:

- Household Waste Recycling Centres review
- Parking review implementation
- Cllr Nick Mannion elected as Leader of the Council following Cllr Corcoran stepping down
- Crewe Bus Station and town centre car park open
- Transformation Plan published
- Corporate Peer Challenge action plan published
- Senior management restructuring and staff changes
- Libraries strategy proposals and consultation
- Council funding pressures
- Crewe fire major incident
- Devolution – talks with Government
- Armed Forces Covenant Gold Award

56   This period saw a number of decisions being taken that had been delayed due to the pre-election period. This condensed a period of decision-making and services changes, meaning that stakeholders had a lot of change to understand and respond and adapt to. This period also saw a change of national government, we continue to monitor the new Government's policy agenda to assess impact on local government.

57   Consultation during the period has continued to focus upon significant and high interest activities, such as food waste collection, library strategy development. There have been over 28,000 responses to consultation undertaken this financial year, illustrating the levels of engagement during the period.

58   Capacity within the team is still a challenge and needs to be addressed. There are likely to be several demanding consultations being undertaken in the next period as the Council seeks to undertake the MTFS consultation, develop a new Cheshire East Plan and Equality, Diversity and Inclusion strategy and support the actions from the Corporate Peer Challenge and transformation activities.

59   The development of a forward plan for consultation activity and an analysis of the validity of the Digital Influence Panel will ensure that the workload of the team can be prioritised, and that the robustness of the Panel can be reinforced. Both activities supporting key actions highlighted in the Corporate Peer Challenge.

60   **Information Security and Cyber Threat:** No change to the risk rating currently. There is continued heightened risk currently through state sponsored attacks and increased ransomware activity. There has been activity to minimise any increase in the risk rating such as.

61   Several communications have been given to the organisation, its staff, and members to raise awareness on good security practises and techniques as well as assurance on how prepared the councils technologies and tools are:

- Briefings and presentations were given to the Audit and Governance Committee on the Council's cyber initiatives and protections
- Several articles on cyber have been produced by the communication team as part of 'cyber security awareness' month
- A new Cyber learning experience (prepared by NCSC) has been made available on Learning Lounge

62   Work is progressing of requirements for a Security Operations Centre (SOC) that can provide round-the-clock monitoring and protection of the council's network and systems. Several sessions have been held to the wider leadership team as part of the Business Continuity Planning sessions, the sessions were scenario based with one of the themes being a cyber-attack. The scenario was preceded by a briefing describing similar attacks across the public and private sector. These sessions are invaluable to raise awareness and prepare services to reduce vulnerabilities.

63   **Business Continuity:** During Q2, Business Continuity Workshops were scheduled for October, which have now taken place. The workshops were attended by senior managers from across the organisation, and in addition to working through event scenarios which allowed attendees from teams such as ICT security, Communications, Audit and Risk and Emergency Planning, to answer questions and to take feedback; the output and outcomes from these sessions will be used to support the refresh of individual and organisational BC plans.

Economy and Growth

64   **Capital Projects – Place:** The Capital Projects risk (SR15) has seen no increase in its net score, because it is already at the highest possible rating. There are developments in relation to the Middlewich Eastern Bypass (MEB), which was highlighted as an emerging risk in the Q1 report. The Full Business case for MEB is scheduled to go to the DfT investment committee on 26 November. It is hoped a positive decision should be made by DfT by Feb 2025 to allow a 2025 start. Further delays will lead to increased costs and affordability / cancellation impacts. The recent service of a blight notice by a landowner on the council now raises the risk of the council having to purchase the land required for the scheme, whether the scheme goes ahead or not, which would obviously increase the financial risk further and add to current financial issues.

65   **Failure of the Local Economy:** The intention will be to remove this risk from the Strategic Risk Register at this point. The net score is significantly low in comparison with the other strategic risks. Until June we were still seeing a weakness in the economy due to political uncertainty across all indicators. Since the general election, national commentators and indicators are demonstrating that UK economy is settling down and has adapted to these exogenous shocks:

- The pound is increasing and is at highs compared to post Brexit periods
- FTSE performing strong
- Mortgages are being given out Nationwide for the first time is lending on 6 x income.
- Post general elections there seems to be political stability and faith from the markets

66   All this suggest that confidence in UK plc has returned. The markets are expecting that moral hazard is not an issue as the state has demonstrated twice this century it will step in to rescue the economy, (Financial Crash and COVID). Govt policy is about growth and investment not austerity:

- Set 1.5m target for house building and is putting in place planning reforms to achieve this, plus joint ventures with the private sector
- It is talking about industrial strategies
- Devolution for areas that want it
- Rhetoric such as NHS is the HR dept of UK plc – again provides confidence is about getting people back to work

67   All the above should provide stable investment which will provide multiplier effects on the national and local economies and reinforce confidence.

Environment and Communities Committee

68   **CEC's Carbon Neutral Status:** The ongoing review of the Council's capital programme which has halted further spend on carbon related projects now presents a significant risk to the ability to achieve the Council's commitment to be a carbon neutral organisation by 2027. This pause on spend has prevented the ordering of the next phase of EV vehicles and progression of the Council's second solar farm as the two key initiatives requiring delivery in order to meet the 2027 target. Net and target scores are therefore left at the highest possible rating as a result of this 6-month delay

69   **Local Planning Authority Modernisation:** Although this risk remains challenging until the IT system adoption is complete, positive and tangible progress across many aspects of the Service Improvement Plan has been made. The IT system has been further delayed until mid-October with Land Charges to go live 4-6 weeks afterwards. Some system workarounds will be required until future development and additional software likely to be procured to fill gaps not provided by the supplier in accordance with original specification. The staffing restructure in the area is now confirmed and staff have been slotted to posts where applicable. Recruitment to vacancies will commence as soon as possible.

70   The application backlog remains static at just above the normal level of live applications, albeit the caseload per officer remains high. S106 systems processes completed with adoption across services. There is ongoing refinement of system data to continue into Q3, but ward level reports for members are ready for October. Various other customer and communication improvements including website enhancements and briefings to staff and members have taken place during the period.

Highways and Transport Committee

71   The Highways and Transport Committee have no specific strategic risks at this time, but this remains under on-going review.

Emerging Risks

72   The Strategic Risk Register will be reviewed by the Corporate Leadership Team in a workshop at the end of Q3, which will review the existing content of the register in the context of the Council's current corporate plan, the development of the next Corporate Plan, utilise the content of operational risk registers from across the organisation, as well as horizon scanning. This is likely to result in further changes to the Strategic Risk Register, in terms of content, risk descriptions and provides an opportunity to ensure the organisation's risk appetite and treatment of risk are clearly being articulated and presented to through the strategic risk register updates.

73   An assessment has also been carried out against the Institute of Internal Auditors (IIA)'s Risk in Focus 2025 report; this annual report identifies the top risks that organisations currently face globally, in both the public and private sectors. The report presents the feedback of 985 respondents on their Top 5 risk areas, and although the specific risk descriptions on the Council's register are naturally more localised to CEC, there is significant correlation between the topics covered in the IIA 2025 report and the Council's own Strategic Risk Register.

74   Over 80% of respondents identified cybersecurity and data security as the most pressing risk for organisations in the survey, which is recognised in our register under SR13 Information Security and Cyber Threat.

75   The second highest risk on the IIA report is Human Capital, Diversity, Talent Management and Retention, with 52% of respondents identifying it as a Top 5 risk. This particularly aligns with strategic risks SR07 Leadership Capacity and SR09 Recruitment and Retention.

76   One area identified in the IIA report which isn't currently captured on the Strategic Risk Register is Digital disruption, new technology and AI. Respondents to the survey identified this as the fastest rising risk from the previous two surveys, recognising the challenges of keeping pace with utilising AI technology; having sufficient numbers of suitably skilled staff available to deliver digital transformation, and balancing the threat of technological advancement at speed whilst regulation and governance develops at a slower rate. This is an area which will be examined in the horizon scanning with CLT during Q3.

77   The table below summarises the comparison of the themes highlighted in the IIA Risk in Focus 2025 survey with the CEC Strategic Risk Register.

IIA Risk in Focus 2025		CEC Strategic Risks
Cybersecurity and Data Security	83%	SR13 Information Security and Cyber Threat.
Human Capital	52%	SR07 Leadership Capacity SR09 Recruitment and Retention
Changes in laws and regulation	46%	SR10 Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks
Digital disruption, new technology and AI	40%	No current equivalent
Macroeconomic and geopolitical uncertainty	38%	SR10 Failure to Manage the Consequences of Policy Uncertainty and National Policy Frameworks
Climate change, biodiversity and environmental sustainability	33%	SR17 CEC Carbon Neutral Status
Business continuity, operational resilience, crisis management and disaster response	32%	SR14 Business Continuity
Market changes, competition and changing consumer behaviour	32%	Aspects of the risks on complexity and demand for services (SR01 and SR03)
Supply chain, outsourcing and 'nth' party risk	28%	SR02 Fragility and failure in the Social Care Market
Financial, liquidity and insolvency risks	26%	SR06 Failure to Achieve the MTFS
Organisational culture	21%	SR08 – Ability to Achieve Organisational Change
Organisational governance and corporate reporting	19%	SR11 Failure to Adhere to Agreed Governance Processes
Fraud, bribery and the criminal exploitation of disruption	14%	No current equivalent on the strategic risk register – recognised in operational and fraud risk register.
Communications, reputation and stakeholder relationships	14%	SR12 Stakeholder Expectation & Communication
Health, safety and security	12%	No current equivalent on the strategic risk register – recognised in operational risk registers.
Mergers and acquisitions	8%	No current equivalent – unlikely to be relevant to a local authority

Consultation and Engagement

78   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

79   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

80   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

Monitoring Officer/Legal

81   There are no direct legal implications arising from the recommendations of this report. This report to 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

82   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

83   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

Equality, Diversity and Inclusion

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

Human Resources

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

Risk Management

86   This report relates to overall risk management and provides the Corporate Policy 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

87   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)

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

Public Health

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

Climate Change

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

Access to Information	
Contact Officer:	Josie Griffiths, Head of Audit, Risk and Assurance josie.griffiths@cheshireeast.gov.uk
Appendices:	CPC Q2 Strategic Risk Register (Detailed) - Appendix A CPC Q2 Strategic Risk Assurance – Appendix B ANSA, Orbitas and Tatton Park Enterprises Ltd.

Background Papers:	CPC Q1 Strategic Risk Assurance Report 3 October 2024