

# Crawley Borough Council

## Report to the Audit Committee

20 March 2023

### Risk Management Update

Report of the Head of Governance, People & Performance – LDS/198

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#### 1. Purpose

- 1.1 The Committee is asked to review the action taken by the Corporate Management Team and staff to mitigate Strategic Risks.

#### 2. Recommendations

- 2.1 The Committee is requested to consider the contents of this report and confirm it is satisfied with risk management arrangements.
- 2.2 Review the Strategic Risk register (Appendix A) and determine whether there are any matters that it wishes to draw to the attention of the Chief Executive or to Cabinet.

#### 3. Reasons for the Recommendations

- 3.1 The Committee has a responsibility to ensure that action has been taken by relevant Managers on risk-based issues identified by Internal Audit.

#### 4. Background

- 4.1 The Corporate Management team regularly review the Strategic Risks of the Council and look at the mitigations of those risks. The updated risks are presented to the Audit Committee at its meetings. The internal audit service (SIAP) will give an annual report and opinion on the organisation's framework of governance, risk management and contra based on the audit work conducted in the year. The Audit Plan looks at these Strategic risks.
- 4.2 The Corporate Management Team made a commitment to amend the strategic risks from a long list to one in tabular format; with risk scores without controls in place; what mitigations are in place which gives residual scores.
- 4.3 The focus of effective risk management is the identification and management of risks and opportunities. It increases the probability of success, reduces the likelihood of failure and the uncertainty of achieving objectives. Risk management should be a continuous and evolving process which runs throughout the Council's strategies and service delivery.
- 4.4 This enables the Audit Committee to meet its responsibilities to provide the Council with independent assurance of the adequacy of the risk management framework and associated control environment.

#### 5. Risk Management Arrangements

- 5.1 The Council's approach to risk management is set out in its [Risk Management Strategy](#) which has been updated. The final version was approved by the Cabinet Member for Resources on the 13 December 2022. The objectives of a risk management strategy are to:

- Integrate risk management into the culture of the Council by engendering a positive attitude and understanding to risk throughout service areas
  - Manage risk in accordance with best practice
  - Prevent injury, damage and financial loss to those connected with the Council's delivery of services.
- 5.2 Since the last Audit Committee, Zurich Municipal has provided risk management training to both managers and Members, which outlined our duties in relation to understanding and managing risks. Dedicated training on Accident and Investigation and Claims Defensibility has also been provided for relevant officers, with a particular focus on tree maintenance, trips and falls on our land and housing repairs.
- 5.3 Heads of Service are currently preparing and reviewing operational risks by Division. These will be regularly shared with Portfolio Holders at briefings from the start of the new municipal year.

## **6. Strategic Risk Register**

- 6.1 A strategic risk is defined as an event or action that will affect an organisation's overall ability to achieve its corporate objectives and execute strategies successfully. By their nature, strategic risks are generally not service or objective specific; they are areas of risk that cut across service and objective boundaries.
- 6.2 The Strategic Risk Register (Appendix A) is reviewed by the Corporate Management Team and it includes a summary of the current analysis of residual risk as well as detail on each Strategic Risk. One of the key risks is the New Town Hall.
- 6.3 Now that the project has moved onto the next stage, the risk register for the New Town Hall has been thoroughly reviewed and refreshed by the project board and is shown in Appendix B. Risks are beginning to be closed out and this will continue over the coming months as this stage of the project comes to an end.
- 6.4 Appendix A shows the remaining Strategic Risks, this includes a new risk regarding damp and mould which has been escalated to a Strategic Risk. Crawley Homes has received unprecedented demand from residents for advice, support, inspections and repairs relating to damp and mould following the death of Awaab Ishak in Rochdale. Workflows have been amended for call triage and inspections and additional sub-contractors have been taken on to reduce the wait times for damp and mould treatment. Inspections are being prioritised and pro-active work is underway to contact all tenants who have reported damp and mould issues in the last five years to make sure it hasn't re-emerged.
- 6.5 The risks regarding Organisational Capacity, Recruitment and Succession Planning have been consolidated into 2 risks, previously 4. One covers professional and manual / front facing roles, whilst the other covers retirement.
- 6.6 The risk tolerance of the Council is the threshold above which the level of risk is not acceptable and requires further action to reduce the risk. The level has been agreed by the Corporate Management Team to be any risk with a residual score of 15 or above (red risks). This is set out in the Risk Management Strategy.
- 6.7 Risks around the provision of affordable housing, cost of living, homelessness, water neutrality and climate change emergency are exceeding this score. In these cases, there are external factors that are affecting the score, these scores are being constantly reviewed and updates will be provided to future Audit Committees.

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