

Crawley Borough Council

Report to the Audit Committee

5 September 2023

Risk Management Update

Report of the Head of Governance, People & Performance – LDS/206

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

- a) The Committee is requested to consider the contents of this report and confirm it is satisfied with risk management arrangements.
- b) 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.

4. Background

- 4.1. The Corporate Management team regularly review the Strategic Risks of the Council and look at the mitigations of those risks. This is a live document and updates on 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](#). 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.

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 a live document which is regularly 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.
- 6.3. 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.
- 6.4. 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 at future Audit Committees.

7. Updates since the last meeting

- 7.1 Risk 4: Delivering the Affordable Housing Programme has been amalgamated into one risk (previously 4 & 5). The risk description, mitigations and risk scores have been updated. The overall risk score is 16 (no controls) and 12 (post mitigation).
- 7.2 Risk 8: Disaster Recovery & Business Continuity has been amalgamated into one risk (previously 9 & 10) which covers data breaches and network compliance. The risk description remains unchanged, the mitigations and risk scores have been updated. The overall risk score is 16 (no controls) and 8 (post mitigation).
- 7.3 A recommendation from the last Audit Committee was to review the risk score for Risks 11 and 12 (previously Risks 13 & 14) in relation to Organisational Capacity: recruitment and retention and succession planning. These risks have been reviewed by the Head of Governance, People and Performance and agreed by the Chief Executive and CMT. Both risk scores have been increased. Risk 11 has increased from 12 to 16 (no controls) and 6 to 9 (post mitigation). Risk 12 has increased from 9 to 12 (no controls) and 6 to 8 (post

mitigation).

- 7.4 Risk 10: Maintaining a balanced budget (previously Risk 12), has been reviewed and the risk score increased from 9 to 12 (post mitigation) by the Head of Corporate Finance and agreed by the Chief Executive and CMT. Continuing pressure is being placed on the outturn against budget by the increased employers pay offer (not accepted); the continuing high number of homeless placements; and the challenging conditions for town hall lettings. The challenge of budget exercise has commenced with the aim of identifying savings, efficiencies, and increased income to mitigate future budget gaps.
- 7.5 Following a query at the last committee meeting regarding the potential risks and associated mitigations resulting from staff remote working, the Head of Digital & Transformation has provided assurance that risks relating to that matter have been considered and appropriate mitigations put in place. If staff have issues with their internet connection, then they would be expected to work in the office. For the last 12 months the VPN availability (barring scheduled maintenance downtime) has been 100%, with no downtime whatsoever.

Report author and contact officer: Anna Pedlow, Corporate Performance Manager