

Crawley Borough Council

Report to the Audit Committee

21 November 2023

Risk Management Update

Report of the Head of Governance, People & Performance – **LDS/210**

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, climate change emergency and maintaining a balanced budget 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 Audit Committee meeting (5 September 2023)

- 7.1 Risk 1: New Town Hall has now been removed. The remaining strategic risks were in relation to the final account which has now been settled. Whilst work continues to close this project, the remaining risks are not sufficient to warrant future inclusion on the strategic risk register.
- 7.2 Risk 4: Homelessness. The post mitigation score has been increased from 15 to 20 due to the continued levels of demand coming into the service and the limited number of opportunities for pathways out of temporary accommodation. Efforts to mitigate the risk score are not keeping pace and temporary accommodation and nightly paid usage continues on an upward trajectory. Representation continues to be made to Government departments and opportunities for collaborative lobbying with other Local Authorities also facing significant challenges are being taken forward.

- 7.3 Risk 9: Maintaining a balanced budget. The risk score without controls has been increased from 16 to 25 and the post mitigation score has been increased from 12 to 16. This reflects the continuing pressure being placed on the outturn against budget, due to the increased spend on the homelessness budget, the increased employers pay offer and the challenging conditions for town hall lettings. The challenge of budget exercise is continuing to identify savings, efficiencies, and increased income. Further options are being considered as part of the Budget Strategy report which will be presented to Cabinet on the 29 November 2023.
- 7.4 Risk 10: Organisational Capacity: Recruitment, Retention & Succession Planning. This risk has now been combined into one risk (previously Risk 10 & 11). The risk scores without controls and post mitigation remain unchanged. The commentary within the mitigation column has also been updated.
- 7.5 Risk 18: Presence of RAAC (Reinforced autoclaved aerated concrete) in Council properties. This risk has been added to the strategic risk register as we have a responsibility to identify any council properties constructed using RAAC and validate the potential risk appropriately. We are currently undertaking the initial risk assessment and once completed we will confirm the risk scores and mitigations.
- 7.6 Risk 20: Digital Accessibility. This risk has been removed from the strategic risk register and will be monitored at an operational level as the overall risk scores were relatively low. Should the situation change, it may be added to the strategic risk register in future.
- 7.7 A recommendation from the last Audit Committee was a request for the Chief Executive and / or Cabinet to consider benchmarking strategic risk against other local authorities. A desk top benchmarking exercise was undertaken by the Corporate Performance Manager which included a combination of West Sussex and CIPFA (Chartered Institute of Public Finance and Accountability) nearest neighbour authorities. A total of 10 authorities' strategic risks were reviewed. This was shared and discussed with the Corporate Management Team. It was reassuring that Crawley's strategic risk register was comparable with other local authorities and as such CMT agreed that no further changes were required at this time.

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