

Somerset County Council

Audit Committee

23 September 2021

Strategic Risk Management Update

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Cabinet Member: Cllr Mandy Chilcott

Division and Local Member: All

1. Executive Summary

- 1.1.** Risk management within Somerset County Council is an integral part of good governance to which the Council is committed. The risk management policy pathway documents are supportive and in accordance with the Council's culture that we are continually managing and working to increase the recording and record keeping of Strategic and Operational Risk Management.
- 1.2** We are risk aware and record relevant strategic risks in JCAD Core. We mitigate, manage, and record risks and ensure that the risk owners are updating their risks in line with the policy.
- 1.3** The Insurance and Risk team have created a few new changes to the support that the Strategic Risk Management Group (SRMG) can support SLT on. SRMG now review at least two Strategic Risks at their monthly meetings and invite the risk owner to discuss. The group also forward plan due to LGR.
- 1.4** We are currently working with Zurich Municipal to understand the Council's risk appetite and create an effective tool for all risk owners to work within.
- 1.5** This report focus' on Strategic Risks only, each directorate has recorded and monitored operational risks we are currently working with SRMG to be able to declare to SLT when an operational risk becomes a risk that SLT need to be updated on and how operational risks have an impact on our strategic risk. We will be developing a chart or dashboard to give the overview of these risks.

2. Purpose of this report

- 2.1** The Audit Committee review and comment on the current Strategic Risk Report, Appendix A – Strategic Risk Report – 14 September 2021

3. Current Strategic Risks

3.1 Currently JCAD Core holds 8 strategic risks that pose a threat to the achievement of the priorities of the Council.

| Table 1 – Summary of Strategic Risks, current score with direction of travel | | | | |
|---|---|-------------------|----------------------|---------------------------------|
| Risk Ref | Summary of Risk Description | Apr L x I | Sept L x I | Live actions, % complete |
| Four risks are out of tolerance scoring 16 plus (very high) – reviewed monthly Red & Orange very high/high. Yellow = medium, green = Low risk | | | | |
| ORG0054 | Climate Change. Owner: Michele Cusack | 5x5(25) | 5x5(25) | 10% |
| ORG0053 | Organisational Resilience. Owner: Chris Squire | 4x5(20) | 4x5(20) | 66% |
| ORG0056 | Potential for significant supplier disruption. Owner: Paula Hewitt | 3x4(12) | 4x4(16) | 10% |
| ORG0057 | Sustainable MTFP. Owner: Jason Vaughan | 3x4(12) | 4x4(16) | 10% |
| Five risks assessed as high or medium | | | | |
| ORG0009 | Safeguarding Children | 3x5(15) | 3x5(15) | No live actions |
| ORG0002 | External Influences on commissioning | 5x3(15) | 3x3(9) | 10% |
| ORG0024 | Market management & development | 3x3(9) | 3x3(9) | 90% |
| ORG0055 | Partnership Working | 3x3(9) | 3x3(9) | 10% |
| Table 2 – Strategic risks by SCC Priorities from the current Business Plan | | | | |
| | Better Infrastructure | Safer Communities | Fairer Opportunities | Healthier Lives |
| Total risks by priority | 6 | 1 | 1 | 0 |
| Table 3 – Summary of risk management changes this quarter | | | | |
| New Risks | Local Government Reorganisation in Somerset does not deliver the single unitary authority as defined, for Vesting Day on 1st April 2023 | | | |
| Changes to current Risks | ORG0056 - Strategic Risk 2021: Potential for significant supplier disruption across all services but greatest risk to demand and sustainability of funding in the care provision | | | |

| | | | | |
|---|--|---------|---------------|-----------------|
| | sector, transport services and Waste. – Increase in likelihood from 3 (feasible) to 4 (likely). The risk has increased due to rising covid rates and increasing staff shortages in key sectors. ORG0002 – Has been combined with ORG0056 ORG0057 - Strategic Risk 2020: Sustainable MTFP: The forecast costs of services in the form of the budget must match the financial resources available. There is a risk that the costs exceed the available resources. – Increase in likelihood from 3 (feasible) to 4 (likely). | | | |
| Emerging Risks | No emerging risks identified this quarter | | | |
| Closed Risks | ORG0043 – Balanced budget 2020/21 ORG0058 – LGR: Strategic Risk 2020: Uncertainty around Local Government Reorganisation | | | |
| ORG0058 | Uncertainty around Local Government Reorganisation | 3x5(15) | Closed | Complete |
| ORG0043 | Maintaining a balanced budget 2020/21 | 1x3(3) | Closed | complete |
| Change of owner | ORG0024 - Strategic Risk 2019: Market management and development: Failure to effectively monitor and manage our markets (and supply chains) to ensure we optimise value for money, income generation opportunities and protect ourselves against unsustainable suppliers / supply chains. – Formerly Simon Clifford now assigned to Jason Vaughan | | | |
| Table 4 - Changes to a risk's description made by the Risk Owner | | | | |
| | ORG0002 – Risk Owner: Paula Hewitt | | | |
| Previous wording | Strategic Risk 2020: External influences may impact on our commissioning and result of SCC not achieving the outcomes we seek e. g. Covid19, EU Transition and transition to Unitary uncertainty. | | | |
| Revised wording | Strategic Risk 2021: External influences and uncertainties, e.g. Covid19, the formation of an Integrated Care System & Local Government Reorganisation , may impact on our commissioning activity and result in SCC not achieving the outcomes it seeks. | | | |
| | ORG0055 – Risk Owner: Carlton Brand | | | |
| Previous wording | Strategic Risk 2021: Local Government Reorganisation negatively impacts: partnership working between the five Somerset councils; partnership working between SCC and Police, Fire, CCG, Acutes, ICS, and VCSE. Failure of working relationships; differing organisational priorities; different | | | |

| | |
|------------------------|---|
| | political priorities, time constraints; inadequate and miscommunication; financial constraints causing behaviours at odds with good cross system partnership; inability to influence and shape governance |
| Revised wording | Strategic Risk 2021: Partnership Working: Local Government Reorganisation negatively impacts: partnership working between the five Somerset councils; partnership working between SCC and Police, Fire, CCG, Acute, ICS, and VCSE. Failure of working relationships; differing organisational priorities; different political priorities, time constraints; inadequate and miscommunication; financial constraints causing behaviours at odds with good cross system partnership; inability to influence and shape governance. |

Table 5 – Change in Service for Strategic Risk Owner

| Service Area | Moved to | Previous owner | New owner |
|---|--------------------------------|-----------------------|------------------|
| <ul style="list-style-type: none"> • Business Change • CEO Responsibilities • Communications • Customers • ICT • Performance • PMIT • Programme Management Office | Customers, Digital & Workforce | Simon Clifford | Chris Squire |
| <ul style="list-style-type: none"> • Commercial & business Services • Commercial & Procurement • Democratic Services • Legal Services | Finance & Governance | Simon Clifford | Jason Vaughan |

4. Governance

- 4.1. The Accounts and Audit Regulations 2015 require the council to have in place effective arrangements for the management of risk. These arrangements are reviewed each year and reported as part of the Annual Governance Statement (AGS). The Council is required to comment on the effectiveness of its arrangements in this regard. The statement must also identify any significant governance issues that may have resulted from failures in governance and risk management.

- 4.2 Risk Management is an integral part of good governance to which the Council is committed. As part of the Councils Risk Management arrangements, the Strategic Risk Management Group (SRMG) have started the annual review of the Management of Risk Strategy and Policy Pathway documents. The Management of Risk provides the framework and processes that enables the Council to manage uncertainty in a systematic way whilst ensuring the achievement of the Councils priorities outlined in the Business Plan.
- 4.3 The use of JCAD Core to record the strategic risks to the Council, is an important tool in managing the performance of the Business Plan. It aims to provide an overview of the significant risks facing the council and how they are being managed. The CRR attached to this report at Appendix A and is the latest formal iteration following a review by members of the council's Corporate Leadership Board (CLB) in January 2021. The Q3 2020/21 risk review included managers from across the Council.
- 4.4 Risk has always been a consideration as part of Somerset County Council's decision-making process. We are currently working to improve the documentation as part of the procedure.

4. Risk Assessment

- 4.1 The Risk Management Pathway Policy will further develop risk management assessment within the Council and help the management of risk arrangements embed. [Strategic Risk Management - MOR Pathway - All Documents \(sharepoint.com\)](#)

5. Conclusion

- 5.1 All strategic Risks have been reviewed and a progress update provided. All strategic risks have been approved by SLT and are regularly monitored by the Strategic Risk Management Group (SRMG).