

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

2 August 2024

TITLE:	Risk Management
PORTFOLIO HOLDER:	Councillor Mike Gledhill - Portfolio Holder for Finance
CONTACT OFFICER:	Tanya Cooper- Head of OD & Transformation. Julie Nankivell – Information Business Partner
WARDS INVOLVED:	Non-Specific

Appendices Attached –

Appendix A: Strategic Risks (by exception)

Appendix B: Operational Risks (by exception)

Appendix C: Project Risks (by exception)

Appendix D: Opportunity Risks (all registers by exception)

1. Reason for the Report

- 1.1 The purpose of the report is to enable the Committee to seek assurance on the adequacy of the Council's Risk Management arrangements in accordance with accepted good practice.

2. Recommendation

- 2.1 That the Committee notes the Council's current risk position and the mitigation/ fruition plans summarised within Appendix A (strategic risks), Appendix B (operational risks), Appendix C (project risks) and Appendix D (opportunity risks).

3. Executive Summary

- 3.1 The Council's Strategic, Operational and Project Risk Registers are reviewed by the Audit and Accounts Committee on an exception basis. This report is based on the Council's position as at March 2024.
- 3.2 The latest analysis of the Strategic Risk Register reveals that the Council has identified and assessed 19 strategic risks, of which 8 (42%) are rated as 'high' and therefore above the Council's risk tolerance threshold. The eight 'high' rated risks are listed in full at Appendix A.

3.3 The Operational Risk Registers reveal that the Council has identified and assessed 40 operational risks in total, of which 13 (32%) are rated as 'high' and, therefore, above the Council's risk tolerance thresholds. The details of all the significant changes can be found at paragraph 9. The risks falling within the 'high' category are listed in full at Appendix B.

3.4 The project risk registers cover 7 projects, total risks have increased significantly following the inclusion of the three risk registers for the LUF project (Nicholson Institute, Brough Park Leisure Centre, Leek Market Hall) the project risk profile is bulleted below:

- 0% Critical
- 3% High – 3 risks
- 29% Medium – 34 risks
- 68% Low – 79 risks

4. **How this report links to Corporate Priorities**

4.1 Risk Management impacts on all service areas and therefore links to each of the Council's Corporate Plan aims.

5. **Alternative Options**

5.1 None

ANDREW P STOKES
Chief Executive

Web Links and Background Papers

Risk Registers March 2024

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6. Background and Introduction

- 6.1 The Council ensures that it undertakes a deliberate and systematic identification of the key risks that might prevent, degrade, delay or enhance the achievement of its objectives and priorities. The Council's Risk Management Strategy sets out the process for undertaking this on an ongoing basis.
- 6.2 In addition to the identification of risks, managers also quantify them in terms of likelihood and potential impact. The risks are then recorded in the Council's Risk Registers. These have three aspects – strategic, operational and project risks.
- 6.3 Under the Risk Management Strategy, the Council's 'risk tolerance' threshold is set along the border between 'medium' and 'high' rated residual risks (after taking mitigating measures). The Strategy stipulates that mitigating actions should be identified for all risks that exceed this threshold.
- 6.4 The Council's Strategic, Operational and Project Risk Registers are reviewed on a quarterly basis and reported into the Corporate Risk Management Group and the Audit and Accounts Committee (bi-annually) on an exception basis. The appendices provide details of all risks that have been rated as 'high' or above, and therefore beyond the Council's risk tolerance threshold.
- 6.5 As identified in the External Auditor's latest report and the Corporate Peer Challenge report, a review of council controlled companies will be undertaken. Whilst they are not considered a significant risk, as there are several means of assessment, measurement and governance of them in place, a review will be conducted that will factor in all the company risks.

7. Strategic Risks

- 7.1 The March 2024 review of the Strategic Risk Register reveals that the Council has identified and assessed 19 Strategic Risks, of which 8 (42%) are rated as 'high' and therefore above the Council's risk tolerance threshold.
- 7.2 The Council's risk profile is displayed below.

Residual Risk Rating	Staffs Moorlands Risks	Alliance Risks	Total Risks
Critical	-	-	-
High	-	8	8
Medium	1	8	9
Low	-	2	2
Total Risks			19

- 7.3 The eight high rated risks are mapped on Matrix 1 below and the four high rated opportunity risks are shown on Matrix 2. The graphic below illustrates the risk profile across both threats and opportunities and also across our Corporate Plan aims.

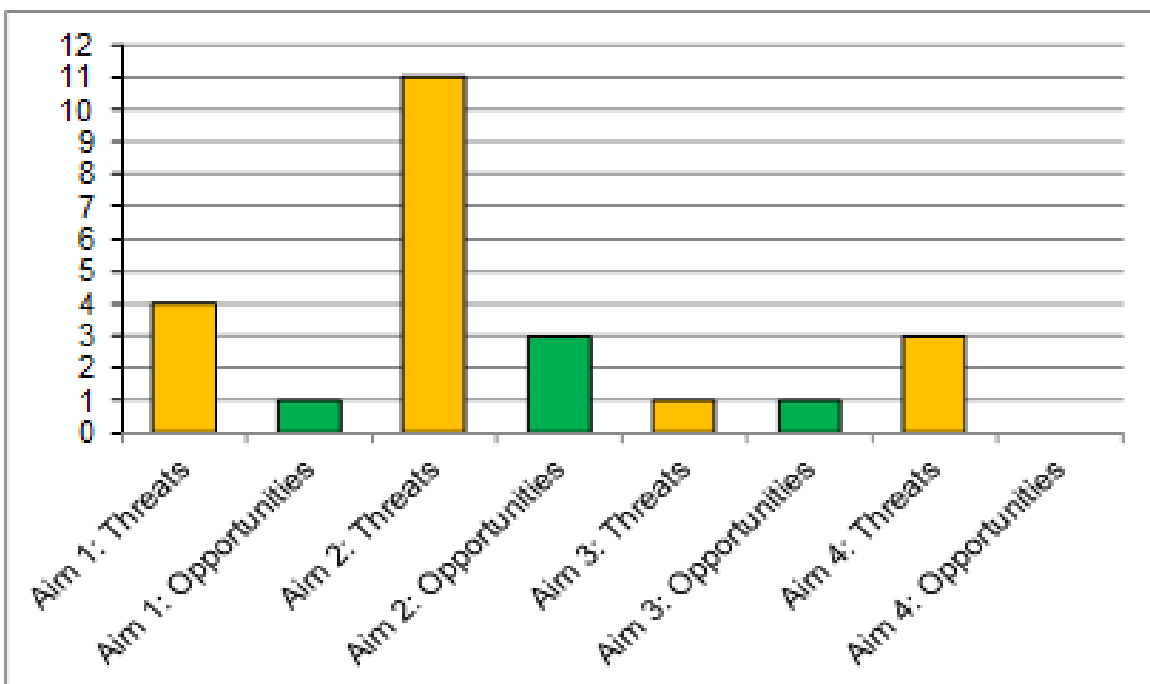
Matrix 1: Risk Threats

		Impact				
		1	2	3	4	5
Likelihood	5					
	4				- MTFP - World Events	
	3				- IT Security - Employees - Env Regs	- Contract Mngt - Investment into assets
	2					- Safeguarding duty
	1					

Matrix 2: Risk Opportunities

		Impact				
		5	4	3	2	1
Likelihood	5					
	4			-Effective contractor relations -Delivery of LUF schemes		
	3	-Housing & Business Growth				

2	2					
	1					



8. Operational Risks

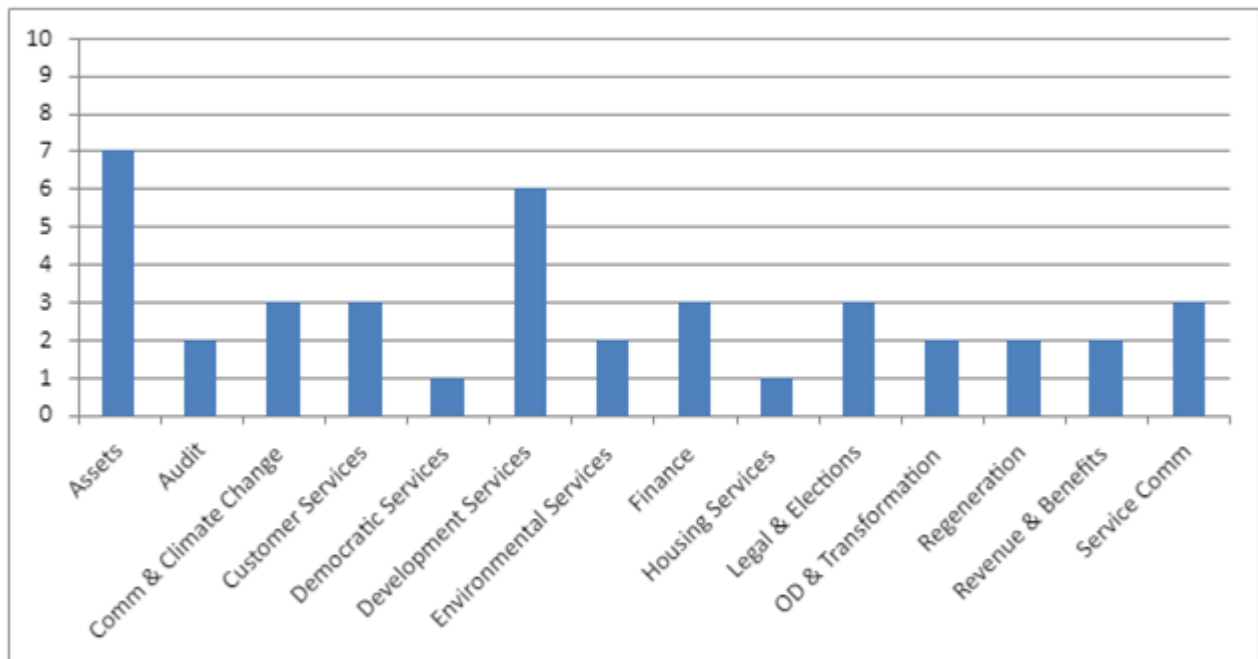
8.1 The March 2024 analysis of the Operational Risk Registers reveals that the Council has identified and assessed 40 operational risks in total, of which 13 (32%) are rated as 'high' and therefore above the Council's risk tolerance threshold. Changes made to the risk registers since the last report are bulleted below:

- ❖ Customer Services: New register created including 2 medium and 1 high rated risk around customer dissatisfaction, information systems and safeguarding (specific to frontline staff).
- ❖ Assets: Recruitment and Retention risk increased from medium to high; Availability of Materials risk increased from low to medium.

8.2 The 13 risks falling within the 'high' category are listed in full at Appendix B. A full breakdown of the Council's operational risk profile is given below:

Residual Risk Rating	Staffs Moorlands Risks	Alliance Risks	Total Risks
Critical	-	-	-
High	-	13	13
Medium	1	15	15
Low	-	11	12
		Total Risks	40

8.3 The greatest number of operational risks still sits within Assets. An analysis of the alignment of risk to our corporate objectives shows that most operational risks relate to the Use of Resources in Order to Achieve Value for Money.



9. Project Risks

9.1 The Alliance's project management methodology requires all projects to present an assessment of associated risks at Stage Two of the decision-making process for project approval.

9.2 Existing project risk registers are detailed below:

- Cheadle Town Centre
- Brough Park Leisure Centre
- Tunstall Road area
- Procurement Workflow

- Developer Contributions
- Nicholson Institute
- Leek Market Hall

9.3 The profile of project risk threats overall is bulleted below:

- 0% Critical
- 3% High – 3 risks
- 29% Medium – 34 risks
- 68% Low – 79 risks

9.4 In addition, a total of 2 opportunity risks have been identified across 2 of the above projects and all above tolerance positive risks are reported in Appendix D.