



Report to:	Audit and Corporate Governance Committee 19 March 2024
Lead Officer:	Anne Ainsworth – Chief Operating Officer

Six-Monthly Strategic Risk Report

Executive Summary

1. This report provides details of the Council's current strategic risks, in the form of the Strategic Risk Register.

Recommendations

2. It is recommended that Audit and Corporate Governance Committee:
 - a) Review the current Strategic Risk Register at **Appendix A** and make any comments and suggestions as appropriate for future reporting on risk.

Details

3. Strategic Risks were previously reported to Audit and Corporate Governance Committee in October 2023. Since this time, the following activity has taken place to ensure that the Council's Strategic Risk Register remains an accurate and current reflection with regard to our strategic risks and control measures:
 - November 2023 - Strategic Risk log circulated to Corporate Management Team (CMT) for review. Feedback requested from CMT members.
 - December 2023 - Leadership Team discussed the Strategic Risk Register, including feedback from Audit and Corporate Governance Committee and CMT, agreeing a number of updates to risks and control measures (as detailed at paragraph 5).
 - January/February 2024 – the Strategic Risk Register was updated with the changes agreed at Leadership Team and circulated to members of Leadership Team, who fed back with further minor changes.
 - March 2024 – a further review of the Strategic Risk Register was undertaken by Leadership Team, with some additional changes agree (detailed at paragraph 5).
4. Ongoing review of service level risk registers has also been undertaken, with the help of risk leads identified in each area. Regular review of risk at this level is important to ensure effective management of risk within services, and escalation of high scoring or cross cutting risks to Leadership Team to consider addition to the Strategic Risk Register.

5. A summary of changes to the Strategic Risk Register since previous review at Audit and Corporate Governance Committee is as follows:

- SR34 – new risk added relating to increased frequency of extreme weather events as a result of climate change.
- SR21 – increase in residual risk score from 3x4 to 4x4 to account for latest situation relating to delivery of key infrastructure.
- SR15 – update to control measures to account for latest information regarding the Fair Funding Review.
- SR32 – new risk added relating to increased need for temporary accommodation.
- SR33 – new risk added relating to constrained resources and uncertainty within the Housing sector.
- SR23 – control measures update to refer to Cambridge Water Scarcity Group.
- SR35 – new risk added relating to MRF procurement exercise.
- SR22 – updated inherent likelihood score re delivery of 5 year housing supply from 3 to 4, and residual likelihood score from 2 to 3.
- SR18 – control measures updated to account for drafting of People Strategy and refresh and launch of staff values. Residual likelihood score reduced from 3 to 2 accordingly.
- SR36 – new risk drafted relating to Modern Slavery in response to recommendation from internal audit report relating to Modern Slavery prevention.
- SR21 and SR23 – updates made to account for recent publication of statements by government on water in Cambridge and joint position statement between Environment Agency, DLUHC and GCSP.
- SR14 – updates made to account for recent central government announcement on final accounts catch up process for local authorities.
- SR30 – updated to incorporate risk of financial penalties within ‘risk event’ description.

Risk Scoring and Categorisation Approach

6. In line with the Council’s Risk Strategy, the risks detailed at **Appendix A** have been scored using the following approach.

An impact score has been assigned using the following categorisation:

Score	Impact
5	Critical
4	Significant disruption and/or damage
3	Noticeable effect
2	Some limited disruption
1	Virtually no impact

A likelihood score has been assigned using the following categorisation:

Score	Likelihood
5	Dead cert
4	Probable
3	Strong possibility
2	Some possibility
1	Little chance

These two scores have been multiplied to obtain a total score. For example:

Impact score 3 x Likelihood score 3 = Total risk score 9.

7. For each risk on the risk log, this approach has been undertaken to obtain both an 'Inherent Risk' score (the score prior to control measures being taken), and a 'Residual Risk' score (the score that is anticipated once control measures have been completed).
8. The risks at **Appendix A** are displayed in order of residual risk score, from high to low. In addition, a colour-coding system has been used to provide a visual indication of Inherent and Residual risk scores, as detailed below:
 - Red is any strategic risk with a rating of 16-25 high risk
 - Amber is any strategic risk with a rating of 12-15 significant risk
 - Yellow is any strategic risk with a rating of 5-10 medium risk
 - Green is any strategic risk with a rating of 1-4 low risk
9. Since the previous report to Audit and Corporate Governance Committee, a new column has been added to the log called 'Risk Event Category (PESTLED)'. This is to allow categorisation of the risk event using the following broad headings, for the purpose of analysis and review:

Political / Partnerships
Economic
Social (including staffing and communities)
Technological
Legal
Environmental
Delivery

Reasons for Recommendations

10. To ensure that the approach to managing, reporting and mitigation of strategic risks is appropriate across the Council.

Implications

11. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

Financial and Fraud Risk

12. Some of the strategic risks contained within the Strategic Risk Register are Financial in nature, for example SR15, which relates to the impacts of the current economic climate. As such, the strategic risk log is an important mechanism for the logging and consideration of control measures that are required to manage financial risks.

Legal

13. Some of the strategic risks contained within the Strategic Risk Register relate to legal obligations of the Council. For example, SR24 relates to non-compliance with council housing legislation and the control measures for this risk detail the action that is being undertaken to ensure that the Council remains compliant.

Staffing

14. Some of the strategic risks contained within the Strategic Risk Register relate to Council staffing. For example, SR03 relates to technical skill shortages and the highly competitive employment market and high cost of living in the region. As such, the strategic risk log is an important mechanism for the logging and consideration of control measures that are required to manage staffing risks.

Climate Change

15. Some of the strategic risks contained within the Strategic Risk Register relate to the impacts or mitigation of climate change, as well as other environmental issues. For example, SR34 relates to the increased frequency of extreme weather events within the district as a result of climate change. SR12 relates to the delivery of the programme of work to reduce SCDC carbon emissions. As such, the strategic risk log is an important mechanism for the logging and consideration of control measures that are required to manage both the impacts of climate change and to ensure delivery of works to reduce carbon emissions in the district.

Health and Wellbeing

16. Some of the strategic risks contained within the Strategic Risk Register have the potential to impact on health and wellbeing. For example, SR16 relates to demand for housing outstripping supply, leading to an increased risk of homelessness. As such, the strategic risk log is an important mechanism for the logging and consideration of control measures to manage the impacts of risk on health and wellbeing.

Consultation responses

17. The contents of the Strategic Risk Register at Appendix A is informed through a process of ongoing internal engagement with service areas and Council leadership.

Alignment with Council Priority Areas

18. The management of risks affects all areas of the Council's business and inherently aims to support achievement of all priorities.

Background Papers

None.

Appendices

Appendix A: Strategic Risk Register

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