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Audit Committee

Report for:	Audit Committee
Title of report:	2023 Strategic Risk Refresh and Quarter 3 Strategic Risk Report
Date:	8 th February 2023
Report on behalf of:	Cllr Graeme Elliot, Portfolio Holder Finance & Resources
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Strategic Risk Register Q3 2022/23 Appendix B Risk Management Strategy Appendix C Risk Management Guide
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	SRR –Strategic Risk Register

Report Author

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Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity
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	Providing good quality affordable homes, in particular for those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency
Wards affected	All
Purpose of the report:	<ol style="list-style-type: none"> 1. To provide the quarter 3 update on the Strategic Risk Register 2. To present revised Strategic Risks for the Council. Reporting against these revised risks will commence from quarter 4 2022/23.
Recommendation (s) to the decision maker (s):	<ol style="list-style-type: none"> 1. That the quarter 3 update on the Strategic Risk Register for 2022/23 be noted. 2. That Committee seek further assurance where required. 3. That Committee provide comments and feedback on the report for Cabinet to consider, including on the revised Strategic Risks.
Period for post policy/project review:	An update on the Council's strategic risks is reported to Audit Committee on a quarterly basis.

1 Background:

The purpose of this report is to present the Strategic Risk Register (SRR) as at quarter 3, 2022/23. This is the most up to date version of the SRR for 2022-23, as at 31st December 2022. The revised SRR showing the position at the end of Q3 2022/23 is attached at Appendix A.

A review of the significant risks affecting delivery of the Council's six key corporate priorities has been discussed with Members, the Senior Leadership Team (SLT), the Corporate Leadership Team (CLT) and the Council's internal auditors. The outcome of this review is a revised set of strategic risks for the Council, together with a revised risk management strategy and guide, attached at Appendix B and Appendix C.

The refreshed strategic risks are listed below. Once approved, reporting against these risks will commence from quarter 4 2022/23.

- The Council is subject to a successful cyber- attack and/or data breach.
- Failure to deliver Place Shaping and regeneration ambitions.
- Weakening of the Council's financial resilience.
- We do not plan in or deliver action early enough to ensure achievement of the Climate and Ecological Emergency (CEE) statement.
- Failure to ensure compliance with statutory and legislative requirements.

- Failure to work with strategic partners to deliver corporate priorities.
- We are unable to deliver effective services to residents due to an inability to retain and recruit sufficient competent and skilled resources.
- Inability to manage and deliver safe and good quality affordable homes.

2 Changes to the current Strategic Risk Register since the last update

SRR Q3 update (as at 31 December 2022)

Risk scores against the following strategic risks have changed since the SRR Q2 2022/23 was presented to Audit Committee in November 2022. The risk score as at Q3 2022/23 is presented below in **bold**; the risk score as at Q2 2022/23 in *italics*:

- The Council is unable to ensure that sufficient quality and affordable homes can be delivered - **9** (*12*)

3 Proposed Revised Strategic Risks

The Council's Corporate Plan was introduced in 2019/20. At that time a review of the Corporate Plan delivery, Strategic Risks and Risk Management processes were undertaken.

Since 2020 there have been and remain significant changes to the social, political and environmental landscape that means the risk management approach and strategic risks require reviewing.

There have been significant changes in the wider landscape that directly impact on Dacorum and these will often result in different risk impacts, the changes include:

- Conclusion of Brexit policies
- Global pandemic
- Onset of the climate change emergency and changes in political expectation and policies
- Development of a Commercial response to the financial pressures
- The development of a strategic Place Shaping agenda.

It is good practice to undertake periodic reviews of an organisation's risk management approach. A combination of the uncertain economic outlook and the significant changes in the organisations governance, structure and strategies during 2022 led to this being undertaken. The increased transformational work and enhanced commercial focus also requires adapting the approach to risk management, risk appetite and risk monitoring to support these decision making processes.

As part of this process a revised Risk Management Strategy and supporting Guide has been produced to support this changing agenda. See Appendix B and Appendix C for reference.

Review of the key six corporate priorities and the significant risks affecting delivery have been discussed with members, SLT, CLT and internal audit. Several themes emerged from this discussion:

- Recruitment and Retention impacting on delivery of strategic aims.
- Digital & ICT strategy key to support delivery and protect the council in regards to cyber security.
- Partnership delivery/Partnership working is key to delivery of key priorities to allow the council to enable, deliver or support ongoing delivery.
- Pressures of the wider economic downturn e.g. cost of living, cost pressures in construction.
- Government policy change such as regulatory changes in housing, waste, finance, climate change.

- Conflicting priorities - balance between financial sustainability and investment strategies – Place shaping/Climate Change/House building.

These themes formed the basis of the creation of the proposed Strategic Risks.

Subject to feedback from Audit Committee, the revised strategic risks will be presented to Cabinet on 14 February for approval.

Table 1: Revised Strategic Risks

Ref	Proposed Strategic Risk	Responsible Officer	Linked to Corporate Priority
1	The Council is subject to a successful cyber- attack and/ or data breach.	Strategic Director, People and Transformation	6. Ensuring efficient, effective and modern service delivery.
2	Failure to Deliver Place Shaping and Regeneration ambitions.	Strategic Director, Place	1. Clean Safe and Enjoyable environment. 3. Ensuring economic growth and prosperity. 2. Building Strong and Vibrant communities.
3	Weakening of the Council's Financial Resilience.	Chief Finance Officer/ Strategic Director Corporate and Commercial	6. Ensuring efficient, effective and modern service delivery.
4	We do not plan in or deliver action early enough to ensure achievement of the Climate and ecological emergency (CEE) statement.	Strategic Director Resident Services/ Strategic Director People and Transformation	1.A clean safe and enjoyable environment 5. Climate and Ecological Emergency.
5	Failure to ensure compliance with statutory and legislative requirements.	Chief Executive	1. A clean safe and enjoyable environment. 6. Ensuring efficient, effective and modern service delivery.
6	Failure to work with Strategic Partners to deliver Corporate priorities	Chief Executive	2.Building Strong and vibrant communities 3.Ensuring economic growth and prosperity 4.Providing good quality affordable homes, in particular for those most in need, 6.Ensuring efficient, effective and modern service delivery
7	We are unable to deliver effective services to residents due to an inability to retain and recruit sufficient competent and skilled resources.	Strategic Director People and Transformation	6. Ensuring efficient, effective and modern service delivery.

8	Inability to manage and deliver safe and good quality affordable homes	Strategic Director Resident Services	4. Providing good quality affordable home, in particular for those most in need.
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4 Financial and value for money implications:

Where relevant, financial and value for money implications associated with current strategic risks are set out within the SRR at Appendix A.

5 Legal Implications

Where relevant, legal implications associated with strategic risks are set out within the SRR at Appendix A.

6 Risk implications:

These are set out within the SRR at Appendix A.

7 Equalities, Community Impact and Human Rights

A Community Impact Assessment is not required for this report. There are no Human Rights Implications arising from this report.

8 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no direct sustainability implications arising from this report.

9 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no direct Council infrastructure implications arising from this report

10 Conclusions

The SRR identifies key strategic risks for the Council and assigns a risk score to each of these risks based on consequences and likelihood of occurrence. The SRR at Q3 2023-23 shows a reduction from 12 to 9 in the Affordable Homes risk score.

A revised set of strategic risks is proposed for the Council, to be reported against from quarter 4 2022/23.