



# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>20 MARCH 2023</b>
Title	<b>THE COUNCIL'S RISK PROFILE</b>
Report of	<b>CHIEF EXECUTIVE</b>

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## EXECUTIVE SUMMARY

1. The purpose of this report is to give the committee an opportunity to review the current position with regard to the council's strategic risks. The committee's terms of reference include the provision for consideration of "the effectiveness of the council's risk management arrangements".

## RECOMMENDATION

2. Option 1 – That the strategic risks of the council as set out in Appendix 1 of the report be approved.

## BACKGROUND

3. This is the final update of the Strategic Risk Register within the 2022/23 financial year reporting period.
4. A revision of the Corporate Plan 2021-25 was approved by Full Council on 17 November 2021 and the Strategic Risk Register was reviewed to ensure it remained aligned to the new plan. Of key importance has been improving the way mitigation is presented in the report. Whilst general commentary provided by risk owners is usually detailed, and relevant the mitigations need to have clear timescales and lines of responsibility to enable the Audit Committee to track their delivery and be assured that the risks are being sufficiently managed.
5. The application of the Risk Management Framework within the Isle of Wight Council has been subject to an internal audit revisit and has now been granted an outcome of "Assurance." The majority of actions identified as a result of the initial audit had been completed. All policies that underpin the annual governance statement have been refreshed and reviewed, except for the finance policies which are currently being addressed. A refresh of the council's Policy Framework is underway which will provide an action plan to support the maintenance of all council policies including their effective and regular review.

6. Regular meetings to discuss, update and monitor service risks are now being held across all service areas.
7. Improvements to the council's risk management system are being implemented to enhance the functionality and to improve the reporting mechanisms.
8. Strategic risks are referred to within the Quarterly Performance Management Reports (QPMR) that are presented to Cabinet. The presentation of the Quarter 1 report took place on 8 September 2022. The dates for subsequent reports to be reported to **cabinet** are shown below:
  - Quarter 2 -2022/23 (July 22 – September 22) – 10 November 2022
  - Quarter 3 -2022/23 (October 22 – December 22) – 9 February 2023
  - Quarter 4 – 2022/23 (January 22 – March 23) – 12 May 2023
  - Quarter 1 – 2023/24 (April 23 to June 23) – 14 September 2023

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

9. Strategic risks are those that have the potential to prevent the council from achieving its strategic priorities. Senior managers 'own' strategic risks according to their particular responsibilities. Strategic risks are brought to the attention of Cabinet in that they are linked to the corporate priorities of the council in the Quarterly Performance Management Report (QPMR). The presentation of the Q3 QPMR report took place on 9 February 2023.

### Provision of affordable housing for Island Residents

10. Whilst this report has no direct impact on the provision of housing for Island Residents it will play an important part in reporting on the progress towards the delivery of key activities concerned with that outcome. The relevant mitigations around this theme can be viewed in Appendix 1 – Risk 13

### Responding to climate change and enhancing the biosphere

11. Whilst this report has no direct impact on the progress toward the delivery of the Council's Climate and Environment Strategy or direct impact on the decision on the Island's designation as a UNESCO Biosphere, it will play an important part in reporting on the progress towards the delivery of key activities from within the Corporate Plan that are being delivered in line with these matters. The relevant mitigations around this theme can be viewed in Appendix 1 – Risk 13 and Risk 17.

### Economic Recovery and Reducing Poverty

12. Progress towards Economic Recovery and the reduction of poverty is a key outcome for the Isle of Wight Council, and this is reflected in the Corporate Plan 2021-25. As such, Strategic Risks 1 and 2 as detailed in Appendix 1 relate to the ability of the Council to meet its statutory financial obligations as a Local Authority.
13. Strategic Risk 16 held in Appendix 1. reflects the work undertaken to understand the impact of cost-of-living pressures on both residents and service delivery. This new risk and the mitigations being delivered was shared with the Chair of Audit Committee and 16 February to allow full representation of the risks and support in place.

### Impact on Young People and Future Generations

14. The decisions the Council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations. These impacts may not immediately be apparent or may not emerge for a number of years or decades. Impacts will be interrelated across the various domains of young people's lives from housing, employment or training, health and the environment.
15. The United Nations Conventions on the Rights of the Child (UNCRC) in 1989, in particular article 12, places a duty for children and young people to have an active voice in decision making on matters that affect them. We value the views of our young people. Incorporating coproduction and consultation with young people into our decision making process is a robust way of ensuring young people's views are taken into consideration. Participation workers experienced in coproduction can support engagement with the Youth Council, our Island children, and wider groups of young people to ensure the voice of young people is sought, heard, and acted upon on important matters that will affect them.
16. Appendix 1 - Risks 5 and 6 contain information relating to this priority.

### Corporate Aims

17. The Strategic Risk Register is comprised of the key risks to the delivery of the IWC Corporate Plan as identified by the Isle of Wight Council's Corporate Management Team.

### REPORTING METHODS AND RISK CHANGES

18. Updates are requested from all mitigation owners at the beginning of each month. These updates are then added to the risk register and included in this report.
19. All risk scoring is decided by Corporate Management Team which reviews the Strategic Risk Register each month as the Chief Executive Officer and the Directors have the statutory responsibility for managing the risks. The risk scoring matrix from which these scores are derived is shown in Appendix 2.
20. Risk owners have been requested to provide timescales for the mitigating actions associated with each risk where it is possible and appropriate to do so.
21. Updates made since the previous report are shown in italics in Appendix 1.
22. The strategic risk register was most recently circulated to Corporate Management Team (CMT) in February 2023 and all risk owners provided additional content and verified the current risk ratings.
23. Two new strategic risks have been identified and are presented at the end of Appendix 1.
24. Risk 16 The ability to manage the impact of the cost-of-living crisis (CoLC) on the council's activities and sustain service delivery:

25. An impact assessment has been undertaken by all services areas within the council to ensure a coordinated understanding and response to the cost-of-living crisis. This intelligence has been collated and forms the new strategic risk presented in Appendix1B. Individual service areas will manage the service risks relevant to their areas and the strategic risk ensures visibility at the corporate management team and audit committee.
26. Risk 17 Failure of coastal defences (where the policy is to “hold the line”) resulting in high risk to people, property, infrastructure and land, significant impact on communities and the council finances. The Isle of Wight Council has a vested responsibility for controlling coastal erosion under the Coast Protection Act 1949.
27. Routine maintenance of coastal defences is also regarded as a local function for districts in a two-tier authority, so as a unitary the council carries this responsibility as well.
28. In 2022 a full coastal defence asset condition survey was undertaken to establish the basis of future planned maintenance and urgent capital works/repairs. This survey concluded 16% of the council’s coastal defence assets were in a poor or very poor condition where there was a potentially significant risk of failure which could impact on communities, infrastructure, and the council’s finances. This risk was underlined by the failure of part of the Ventnor Eastern Cliffs Esplanade coastal defence in November 2022 and has been escalated to a strategic risk to ensure close monitoring at Corporate Management Team and Audit Committee.

## CONSULTATION

29. The review of each strategic risk has been undertaken by senior managers according to their particular responsibilities. Members of the Corporate Management Team have reviewed the strategic risk register, provided additional input and verified the current risk ratings. Cabinet members are also given the opportunity to review risks as part of the QPMR.

## FINANCIAL / BUDGET IMPLICATIONS

30. There are no direct financial implications of approving the Strategic Risk Register.

## LEGAL IMPLICATIONS

31. The Accounts and Audit Regulations 2015 require that the council reviews its system of internal control including its risk management arrangements. This report is therefore concerned in part with improving the way the council manages risk and also in giving the committee the opportunity to play its part in overseeing risk management arrangements. These are important features in the council’s governance arrangements.

## EQUALITY AND DIVERSITY

32. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and

civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

33. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

### OPTIONS

34. Option 1: That the strategic risks of the council as set out in Appendix 1 of the report be approved.
35. Option 2: That the strategic risks of the council as set out in Appendix 1 of the report are not approved.

### RISK MANAGEMENT

36. While this report is concerned with the subject of strategic risk itself, the key risk is that the council fails to recognise the importance of identifying, assessing, and managing strategic risk. The result would mean that risks are more likely to occur or that the council will fail to plan for their impact.
37. This risk is mitigated by a monthly review of the Strategic Risk Register by Corporate Management Team who also formally approve the register before it's submission to the IWC Audit Committee.

### EVALUATION

38. Option 1 is recommended in that from the information provided in the report and appendices is based on the views of the IWC Corporate Management Team.

### APPENDICES ATTACHED

39. Appendix 1: Full Strategic Risk Register
40. Appendix 2: IWC Risk Scoring Matrix

Contact Point: Debbie Downer – Strategic Manager – Organisational Intelligence,  
☎ 821000 e-mail [debbie.downer@iow.gov.uk](mailto:debbie.downer@iow.gov.uk)

WENDY PERERA  
*Chief Executive*

COUNCILLOR CHRIS JARMAN  
*Cabinet Member for Strategic Finance,  
Transformational Change and Corporate Resources*