



Purpose: For Decision

# Committee report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>28 NOVEMBER 2022</b>
Title	<b>THE COUNCIL'S RISK PROFILE</b>
Report of	<b>INTERIM 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

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| <ol style="list-style-type: none"><li>2. Option 1 – That the strategic risks of the council as set out in Appendix 1 of the report be approved.</li></ol> |
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## BACKGROUND

3. This is the third 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 and was granted an outcome of "Reasonable Assurance." The majority of actions identified as a result of that Audit have been completed. Regular meetings to discuss, update and monitor service risks are now being held across the service areas. Improvements to the council's risk management system do still remain outstanding with ICT until they have resources available to make the required changes. This does not affect the material use or functionality of the system for users.

6. 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) – cabinet dates not yet set

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

7. 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 Q1 report took place on 8 September 2022.

### Provision of affordable housing for Island Residents

8. 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

9. 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

### Economic Recovery and Reducing Poverty

10. 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.
11. A full impact analysis is taking place across all service areas. This will assess the likelihood and potential severity of the impact of cost-of-living pressures on both residents and service delivery. This feedback will help to inform a new Strategic Risk that will be reported to CMT and Audit Committee in December 2022

### Impact on Young People and Future Generations

12. 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.

13. 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.
14. Appendix 1 - Risks 5 and 6 contain information relating to this priority.

### Corporate Aims

15. 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

16. 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.
17. 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.
18. 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.
19. In order to see which information has been updated since the previous report in presented in October, any additional comments are shown in italics in Appendix 1.
20. The register was circulated to Corporate Management Team (CMT) in May, July and September and October 2022 and all risk owners provided additional content and verified the current risk ratings.

### CONSULTATION

21. 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

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

## LEGAL IMPLICATIONS

23. 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

24. 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.
25. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

## OPTIONS

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

## RISK MANAGEMENT

28. 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.
29. 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

30. 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

31. Appendix 1: Full Strategic Risk Register
32. Appendix 2: IWC Risk Scoring Matrix

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