

<b>Report to:</b>	<b>SHAREHOLDER COMMITTEE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Relevant Cabinet Member:</b>	Councillor Ivan Taylor, Deputy Leader of the Council and Cabinet Member for Partnerships and Performance
<b>Date of Meeting:</b>	18 January 2024

## WHOLLY OWNED COMPANY STRATEGIC RISK REGISTER 2023/2024

- 1.0 Purpose of the report:**
- 1.1 To present the Council’s Wholly Owned Company Strategic Risk Register to the Shareholder Committee for consideration.

Once considered by the Shareholder Committee the risk register will also form part of the Shareholder Committee’s Annual Report to the Council’s Audit Committee.

- 2.0 Recommendation(s):**
- 2.1 The Shareholder Committee is asked to consider the Wholly Owned Companies Strategic Risk Register for 2023/24.

- 3.0 Reasons for recommendation(s):**
- 3.1 To ensure that strategic risks relating to the Council’s companies are effectively managed. The Local Partnerships Guidance (subject to a separate item on this agenda) emphasises that consideration of risks relating to the companies should be included within the Council’s own risk management arrangements and financial planning.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council’s approved budget? Yes

- 4.0 Other alternative options to be considered:**
- 4.1 The Wholly Owned Companies Strategic Risk Register is a key component of the Council’s Risk Management Framework.

- 5.0 Council priority:**
- 5.1 The Wholly Owned Companies (WOC) Strategic Risk Register covers all Council priorities.

**6.0 Background information**

6.1 An internal audit regarding the Council’s Wholly Owned Subsidiaries Governance carried out by Mersey Internal Audit Agency (MIAA) in November 2021 recommended that:

*There should be a requirement for all WOCs to provide Risk Reporting and an Audit Committee annual report to their Boards and also to the Shareholder Committee.*

*The Shareholder Committee should also prepare a report to the Council’s Audit Committee.*

*In turn an overarching Strategic WOC Risk Register should be created, monitored and reported to the Shareholder Committee. Key risks should be escalated to the Councils Strategic Risk Register where appropriate.*

In order to address this during 2022/23 the Head of Audit and Risk worked with each of the Wholly Owned Companies Senior Management Team and Audit Committees in order to review and develop Strategic Risk Registers for all companies approved by their Boards. This exercise is now complete and progress is being made for each company to report their Strategic Risk Register and Annual Report from the Chair of Audit Committee to the Shareholder Committee.

Based on the information included in each of the company Strategic Risk Registers, previous internal audit reports on company governance and the Council’s Strategic Risk Register an overarching Wholly Owned Companies Strategic Risk Register has now been develop.

All identified risks are subject to being scored, and the risk matrix which is used to facilitate these discussions is as follows:

LIKELIHOOD (PROBABILITY)	IMPACT	IMPACT	IMPACT	IMPACT	IMPACT
<b>HIGH LEVEL OF CERTAINTY (5)</b> The event is expected to occur in most circumstances	5	10	15	20	25
<b>LIKELY (4)</b> The event will probably occur in most circumstances	4	8	12	16	20
<b>POSSIBLE (3)</b> The event is fairly likely to occur	3	6	9	12	15
<b>RARE (2)</b> The event could occur at some time	2	4	6	8	10
<b>UNLIKELY (1)</b> The event may occur only in exceptional circumstances	1	2	3	4	5
<b>IMPACT FINANCIAL</b>	<b>IN SIGNIFICANT (1)</b>	<b>MINOR (2)</b>	<b>MODERATE (3)</b>	<b>MAJOR (4)</b>	<b>CATASTROPHE (5)</b>
<b>IMPACT PERSONAL</b>	<b>NO INJURY (1)</b>	<b>MINOR INJURY (2)</b>	<b>5+ DAYS (3)</b>	<b>INCAPACITY (4)</b>	<b>DEATH (5)</b>

Target risk scores provide a means by which to measure the level of mitigation that the Council needs to take in order to reduce the risk to an acceptable level.

A risk appetite is also in place with a definition attached to each of the risk categories in the

Wholly Owned Companies’ Strategic Risk Register. The risk appetite definitions have been adopted from the Government’s Orange Book for the Management of Risk – Principles and Concepts. The definitions are as follows:

Risk Appetite	Description
<b>Averse</b>	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.
<b>Minimalist</b>	Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.
<b>Cautious</b>	Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
<b>Open</b>	Willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
<b>Eager</b>	Eager to be innovative and to choose options based on maximizing opportunities and potential higher benefit even if those activities carry a very high residual risk.

6.2 Does the information submitted include any exempt information? Yes

The appendix attached to this report contain commercially sensitive information which is exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**7.0 List of Appendices:**

7.1 Appendix 6(a): Wholly Owned Companies Strategic Risk Register 2023/24

**8.0 Financial considerations:**

8.1 Where possible, risks will be managed within current budgets. Where it is not feasible to do so, this will be escalated to the Relationship Meetings and Shareholder Committee where a decision will be made to accept the risk or identify additional funding to implement the required controls.

**9.0 Legal considerations:**

9.1 The Council needs to ensure that it effectively manages its risks to avoid the potential of legal challenge or prosecution.

**10.0 Risk management considerations:**

10.1 The Wholly Owned Companies Strategic Risk Register is a key component of the Council's overall Risk Management Framework.

**11.0 Equalities considerations and the impact of this decision for our children and young people:**

11.1 Equality issues will be considered as part of any decision making process.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Climate change and sustainability issues will be considered as part of any decision making process.

**13.0 Internal/external consultation undertaken:**

13.1 The Wholly Owned Companies Strategic Risk Register has been prepared based on the review of all company Strategic Risk Registers, previous internal audit reports and the Council's Strategic Risk Register.

**14.0 Background papers:**

14.1 N/a

**15.0 Key decision information**

15.1 Is this a key decision? No

15.2 If so, Forward Plan reference number:

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

**16.0 Call-in information**

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason: