

Report title	Strategic Risk Register Update	
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Report to be/has been considered by	SEB	8 November 2022

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The latest summary of the Council's Strategic Risk Register.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key strategic risks faced by the Council and how it can gain assurance that these risks are being mitigated.

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The Cabinet remain the owners of the strategic risk register, with the Audit and Risk Committee maintaining oversight of, and providing an independent level of assurance on the adequacy of the risk management processes that underpin it.
- 2.3 The strategic risk register was last presented to the Committee on 26 September 2022. Since that time the risk register has been reviewed in conjunction with risk owners and reviewed by SEB.
- 2.4 The previous risk number 16 on Safeguarding Ukrainian refugees has been updated to reflect the wider risk of increased numbers of emergency placements made by the Home Office and the increased pressure this could place on services.
- 2.5 The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the Council's corporate priorities. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.6 A summary of the strategic risk register is included at Appendix A of this report which sets out the status of the risks as at November 2022.
- 2.7 These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time. They are scored by each risk owner using the scoring methodology from the Council's Risk Management Framework, the risk matrix below shows how risks are calculated based upon an assessment of Likelihood and Impact. The two ratings are then multiplied to give a final score for each risk. The scores are then plotted onto the risk matrix to identify whether risks are red, amber or green. The description in the second table provides the narrative for each of these scores.

The Council's Risk Scoring Matrix:

Impact	Descriptor
1	Minimal loss, delay inconvenience or interruption. Can be easily and quickly remedied
2	Minor loss, delay, inconvenience or interruption. Short to medium term effect.
3	Significant waste of time and resources. Impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover.
4	Major impact on costs and objectives. Serious impact on output / or quality. Medium to long-term effect and expensive to recover.
5	Critical impact on the achievement of objectives and overall performance. Critical impact on costs and / or reputation. Very difficult and possibly long-term to recover.

Likelihood	Descriptor	
1	Rare (0-5%)	This risk will only materialise in exceptional circumstances.
2	Unlikely (5-25%)	The risk will probably not materialise.
3	Possible (25-60%)	The risk may materialise at some point.
4	Likely (60-80%)	The risk will probably materialise.
5	Almost certain (80%+)	The risk will materialise in most circumstances.

Likelihood	5					
	4					
	3					
	2					
	1					
		1	2	3	4	5
	Impact					

2.8 At the meeting on 26 September 2022, the Committee requested further information on the following two risks, and the risk owners have provided the following further information on these risks and will also be attending the meeting to discuss the risks in more detail.

Risk 13 – Civic Halls

2.9 A separate report with a review of the Civic Halls risk has been prepared and is included as a separate agenda item on the Audit and Risk Committee meeting agenda.

Risk 14 – Climate Change

- 2.10 The Council declared a climate emergency in 2019. It committed to achieving Net Zero across its own activities by 2028 and across the wider City by 2041 in line with the regional strategy set by the West Midlands Combined Authority (WMCA).
- 2.11 The WMCA target of 2041 is a science-based target establishing emission threshold for the region in order to limit global warming to avoid the worst impacts of climate change. To Achieve this outcome, the region must stay within a set carbon budget. Wolverhampton's carbon budget, and its reasonable contribution to the national and regional targets has been calculated as 7 mega tonnes (million tonnes) of carbon dioxide equivalent (CO₂e) between 2020 and 2100. Our current emissions stand at approximately 950 MT CO₂e. To avoid using our entire carbon budget within the next six years, the city must undergo aggressive decarbonisation to and reduce its total emissions by between 65 and 80% between now and 2030, aiming for 95% reduction by 2041.
- 2.12 Climate change and global warming pose serious and catastrophic threats to the environment, people, and the economy. If climate change and global warming is not halted the met office project that the UK will see:
- Warmer and wetter winters
 - Hotter and drier summers
 - More frequent and intense weather extremes

In turn these changes will have significant impacts on the livelihood of British people, our natural environment and the economy, and the City of Wolverhampton will not be immune from these impacts.

- 2.13 The Council is undertaking a commission to develop a formal city-wide net zero strategy to outline the requirements for decarbonisation, whilst demonstrating the positive contribution that decarbonisation can have towards other strategic priorities through the realisation of co-benefits
- 2.14 Whilst this action plan will focus on mitigation (reducing carbon emissions) it is crucial for members to note that global efforts to reduce carbon will still not be sufficient enough to limit global warming to 1.5oC. Thus, the Council needs to plan for adaptation to the impacts of climate change as a city but also operationally. Building in resilience and adaption into 2041 net zero strategy will help to outline key activities such as including but not limited to:
- Delivering energy efficiency retrofits such as through the 3 Cities programme and the sustainable warmth funding, will improve the thermal efficiency of inefficient properties, which will also help to reduce fuel poverty in the city, building skills and market capacity within the region whilst stimulating demand for skilled jobs.
 - Delivery of widespread roof top solar panels (domestic and commercial) will increase energy security for the City and protect against any future shocks such that as experienced through the recent energy crisis, help to reduce energy costs

for residents and for businesses and will also generate skilled jobs such as solar engineers and technicians

- Tree planting and urban trees to reduce urban heat island effect which will also help to reduce flood risk and surface water run off
- Begin utilising temperature resilient asphalt and tarmac that can withstand high temperatures to avoid the longer term temperature impacts of using traditional methods.

- 2.15 Nevertheless a full adaptation and resilience study is required to fully understand the broad implications of climate change impacts and any mitigations, including the considerations of the Council towards future provision of public services under different climate change scenarios, which is currently not understood.
- 2.16 In summary, the long-term risk of inaction for reducing carbon emissions, vastly outweighs the cost of decarbonisation over the short and medium-term. Early mitigation also enables more effective control of carbon budgets to ensure that localities are able to stay within their thresholds.
- 2.17 Balancing short term financial risk with longer term environmental, social and economic benefits is required, otherwise it's likely the longer-term financial risk will become problematic. Thus, focusing on low-cost high impact solutions in the short term will bare the greatest benefits in the long term.
- 2.18 It is understood that legal entities exist who have been holding government and local government to account over environmental targets. Client Earth have litigated against the UK government on several occasions and won due to green washing and unlawful climate commitments. There is concern that local authorities may also come under scrutiny of such entities should efforts to decarbonise be deemed insufficient. Any changes in government legislation which makes it a legal requirement for Local Governments to decarbonise, would see this risk increase and thus the local authority should be prepared for all eventualities, including reviewing insurable risk.
- 2.19 Lastly, it is also important to note that mitigating climate change is dependent on international efforts. Recent UN reports suggest that global emissions policies and progress are well off target of limiting global warming to 1.5oC, thus failure of the international community to achieve their own targets, is the greatest external risk to the Council and City, even if our best efforts to decarbonise were made. Therefore, adaptation and resilience must also be brought to the forefront of the climate change discussion along-side mitigation.
- 2.20 At the meeting on 26 September 2022, the Committee also requested further information on the risks associated with Adult Social Care at a later meeting. Therefore, this this will be subject to a more detailed review at the Committee meeting on 6 March 2023.

3.0 Progress, options, discussion

- 3.1 The strategic risk register will be updated as required and presented at approximately quarterly intervals to the Committee. The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. As stated above, other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.

4.0 Financial implications

- 4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the risk register summaries. Financial implications may arise from the implementation of strategies employed to mitigate individual risks, but these will be evaluated and reported separately if required.

[GE/14112022/R]

5.0 Legal implications

- 5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct legal implications arising from this report.

[DP/18112022/C]

6.0 Equalities implications

- 6.1 There will be equalities implications arising from the implementation of a number of the strategies employed to mitigate individual risks. These equalities implications will be addressed, where appropriate, through the various mechanisms taken to manage each risk.

7.0 All other implications

- 7.1 Although there may be implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct implications arising from this report.

8.0 Schedule of background papers

- 8.1 Appendix A – Strategic Risk Register.