

**SUBJECT: STRATEGIC RISK REGISTER**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**REPORT AUTHOR: JACLYN GIBSON, CHIEF FINANCE OFFICER**

## **1. Purpose of Report**

- 1.1 To provide Members with a status report for the Council's Strategic Risk Register

## **2. Background**

- 2.1 An update of the Strategic Risk Register developed under the risk management approach of 'risk appetite', was last presented to this Committee in February 2020 and contained ten strategic risks.
- 2.2 Since reporting in February 2020, the COVID19 pandemic has fundamentally affected the environment in which the Council operates and as such the risks that it faces. Whilst the strategic risks that were previously included in the register remain valid, the level of assessed risk (likelihood and impact), target risk scores and mitigating actions now need to be reviewed and updated to reflect the new landscape, as well as identifying any new strategic risks.
- 2.3 In light of these circumstances the quarter four strategic risk register for 2019/20, which would ordinarily include an assessment of whether the target risk for the year has been met or not, has not been prepared. Instead set out in this report are what are now considered to be the strategic risks/opportunities facing the Council having taken into consideration the impact that the pandemic and lockdown arrangements have had, as well as the path to recovery.
- 2.4 Over the next month these risks will be assessed by the Corporate Leadership Team with appropriate actions plans/mitigating actions developed in order to; avoid, seek, modify, transfer or retain the risks. The outcome of this work will result in a refreshed Strategic Risk Register for 2020/21 which will be performance monitored on a quarterly basis, reported to both the Performance Scrutiny Committee and the Executive.

## **3. Strategic Risks**

- 3.1 Set out below are the ten existing strategic risks that are all still felt to be relevant, although re-framed to reflect the effects of the pandemic and focus of the Council in 2020/21:
- 1) **Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against e.g. Council's Vision 2025** – the emphasis of this risk will change to reflect the refocussing of Vision 2025 on the recovery of the City and the local economy. The engagement of others and the ability to influence partners will remain key to delivering this path to recovery.

- 2) Failure to deliver a sustainable Medium term Financial Strategy (that supports delivery of Vision 2025)** – the ongoing reductions in resources and increased service costs from the legacy of impacts arising from COVID will be felt across the MTFS for many years. As a result the level of assessed risk to the Council and threats to undermine it's financial sustainability have significantly increased.
- 3) Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council** – as a result of the financial challenges the Council is facing there will be a requirement to deliver an increased level of savings and with a short lead in time. Given the previous level of savings that the Council has delivered this will result in the Council needing to make some difficult decisions over the next 12 months as it prioritises which services it can afford to continue to deliver.
- 4) Failure to ensure compliance with statutory duties/functions and appropriate governance arrangements are in place** – with the reduction in resources the Council is set to face this will inevitably impact on the range of services that the Council delivers as well as on service standards and performance of the remaining services. However, it will be essential that the Council ensures it remains compliant in those services, that it delivers it's functions required under statute, and that it has robust governance arrangements in place.
- 5) Failure to protect the local authority's vision 2025 due to changing structures and relationships in local government and impact on size, scale and scope of the Council** – as a result of Lincolnshire County Council's recent approach to Government pursuing a devolution agreement with plans for local government re-organisation the level of this risk will increase and will require the Council to respond accordingly, at the same time as prioritising resources to the recovery of the Council and the City.
- 6) Unable to meet the emerging changes required in the Council's culture, behaviour and skills to support the delivery of the council's Vision 2020/2025 and the transformational journey to one Council approach** – the vast majority of Council officers have been able to work remotely in their own homes since the lockdown began. This move to a more agile and flexible workforce forms part of the Council's 'One Council' and has been accelerated by current circumstances. The Council now needs to use this learning and transformation to create a new normal for how it operates as a moving forward and how service delivery can be re-shaped.
- 7) Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council** – due to the financial constraints that the Council is facing it's overall capacity will ultimately need to reduce, it will be critical though that it's remaining resources are directed towards it's critical services, priority areas as determined by Vision 2025, and support the work on recovery.
- 8) Decline in the economic prosperity within the City Centre** – the impact of COVID19 on the City Centre has been profound. Despite a package of support from the Government to support businesses, through NNDR reliefs, grants for small business and effected industries, loans and the Coronavirus

Job Retention Scheme, it is likely that some businesses will continue to struggle and may be forced to close. The response of the Council, working with key partners, will be essential in order to support the City Centre and encourage visitors, residents and businesses back into the City.

**9) Failure to mitigate against the implications for the Council following the outcome of Brexit** – despite the current pandemic the Government remains committed to the end of the transition period on 31<sup>st</sup> December 2020. The Council must continue to take appropriate action to limit any implications arising.

**10) Failure to deliver key strategic projects** – with reduced resources the Council will need to identify innovative ways and alternative funding sources, e.g. working with partners, attracting grant funding, re-prioritising resources, etc in order to deliver it's key projects set out in Vision 2025.

3.2 In addition to the ten existing strategic risks, three new risks relating to the impact of the pandemic have emerged as follows:

- **Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money** – this could lead to further financial implications for the Council as well as limit the delivery of services and capital schemes.
- **Failure to work in partnership to sustain support to vulnerable residents post COVID19** - existing service provision may not meet need because of the increases in the range of vulnerabilities that people are experiencing as well as an increase in overall numbers requiring support.
- **Failure to put in place safe working practices and social distancing measures to protect officers and service users** – through risk assessments and method statements the Council will need to ensure appropriate measures are in place to restrict the risk of infection.

3.3 A full risk register for these thirteen risks, along with any others that may subsequently emerge, will be presented to Members at the next meeting of this committee in August 2020.

## **4. Strategic Priorities**

4.1 Sound risk management is one way in which the Council ensures that it discharges it's functions in accordance with its expressed priorities, as set out in the Vision 2025, and that it does so in accordance with statutory requirements and within a balanced and sustainable budget and MTFS.

## **5. Organisational Impacts**

5.1 Finance - There are no direct financial implications arising as a result of this report. The Council's Strategic Risk Register contains two specific risks in relation to the Medium Term Financial Strategy and the Towards Financial Sustainability Programme, the risk registers that support these are also being reviewed in light of the current financial challenges the Council is facing.

5.2 Legal Implications including Procurement Rules - The Council is required under the Accounts and Audit Regulations 2011 to have a sound system of Internal Control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance of a Strategic Risk Register and the control actions which the Council undertakes are part of the way in which the Council fulfils this duty.

### 5.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities.

## 6. Risk Implications

6.1 These are as set out in the report.

## 7. Recommendation

7.1 That Members note the status of the current Strategic Risk Register, and that a full register will be presented to this Committee in August 2020.

**Is this a key decision?** No

**Do the exempt information categories apply?** No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** None

**List of Background Papers:** None

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