

**SUBJECT: STRATEGIC RISK REGISTER – QUARTERLY REVIEW**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

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

## **1. Purpose of Report**

- 1.1 To provide the Executive with a status report of the revised Strategic Risk Register as at the end of the second quarter 2020/21.

## **2. Background**

- 2.1 An update of the Strategic Risk Register was developed under the risk management approach of 'risk appetite', was last presented the Executive in August 2020 and contained thirteen strategic risks.
- 2.2 Since reporting the Executive in August 2020, the Strategic Risk Register has been refreshed and updated by the Corporate Leadership Team. The Strategic Risk Register reflects the significant change in circumstances in which the Council is now operating and the different challenges and opportunities it faces. This review has identified that there have been some positive movement in the register along with the addition of two new, emerging, risks.
- 2.3 The updated Register is contained with Part B of this agenda, it contains fifteen strategic risks which are listed below, along with details of relevant mitigations.

## **3. Strategic Risks**

- 3.1 The Strategic Risk Register currently contains thirteen existing risks, as follows:
- 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.
  - 2) Failure to deliver a sustainable Medium Term Financial Strategy (that supports delivery of Vision 2025).
  - 3) Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council.
  - 4) Failure to ensure compliance with statutory duties/functions and appropriate governance arrangements are 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.
- 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.
- 7) Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council.
- 8) Decline in the economic prosperity within the City Centre.
- 9) Failure to mitigate against the implications for the Council following the outcome of Brexit.
- 10) Failure to deliver key strategic projects.
- 11) Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money
- 12) Failure to work in partnership to sustain support to vulnerable residents post COVID19.
- 13) Failure to put in place safe working practices and social distancing measures to protect officers and service users.

3.2 A number of control actions have now been progressed or completed and the key movements are outlined as follows:

- Risk 2. Failure to deliver a sustainable Medium Term Financial Strategy that supports delivery of Vision 2025 – as a result of the significant financial implications of Covid19 the Council has implemented a number of short term measures, which along with a package of funding from government will ensure the Council maintains a balanced budget in 2020/21. These budget revisions were agreed by the Executive in September 2020.
- Risk 3. Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council – Development of a new phase of TFS programme, required to meet an increased savings target, from 2021/22 onwards, following Covid-19 outbreak has now been undertaken. Detailed business cases will start to be developed in quarter three.
- Risk 4. Failure to ensure compliance with statutory duties / functions and appropriate governance arrangements are in place – The Council's Annual Governance Statement has now been agreed which concludes that the overall level of assurance provided in 2019/20 was substantial (green) and is in line with the Code of Corporate Governance. However, it did identify three defined significant issues, for which action plans will now be developed.

- Risk 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 – During quarter two work commenced on a high business case to support options for local government re-organisation in Greater Lincolnshire. Following notification from the Secretary of State as to which areas will move forward in this first phase of re-organisation, work on this has now paused.
- Risk 6. Unable to meet the emerging changes required in the Council's culture, behavior and skills to support the delivery of the council's future Vision and the transformational journey to one Council approach – Whilst the refresh of recruitment process is currently on hold, work is underway to review flexible working options (during and post Covid-19) with policy and development plan to support managers working in a remote working environment, with the Lincoln Way being finalised and adopted in quarter three. Revision of workstyles has progressed alongside Office 365 rollout commencing to enhance new ways of working.
- Risk 8. Decline in the economic prosperity within the City Centre – Whilst we continue to work with businesses and partnership working to share intelligence and enable effective response e.g. Lincoln BIG, High Streets, Town Board we are offering immediate support to businesses via grant distribution (£22.5m of grants distributed), providing advice and guidance via our business cell and through our Environmental Health Officers during the pandemic. During quarter two the High Street Heritage Action Zone contract with Historic England was entered into for c£1.6m of intervention in the City, in addition £1m was awarded through the Accelerated Towns Fund to regenerate the Cornhill.
- Risk 10. Failure to deliver key strategic projects – following the ceasing of the majority of key projects during quarter one due to closing down of construction sites and the redeployment of officers in response to the pandemic, quarter two has seen all key projects recommence, although it is accepted that revised timescales will now be in place and in some instances additional costs are being incurred.
- Risk 13. Failure to put in place safe working practices and social distancing measures to protect officers and service users – The Council continues to review and follow government guidance on working practices to allow staff to come into work safely where required. An appointments system is in place to control customers coming into the buildings with regular monitoring of City Hall and Hamilton House occupancy.

3.3 In addition to the thirteen existing risks, two new risks have emerged, as follows:

- Risk 14. Failure to comply with current safeguarding legislation and procedures – Red (Critical/Probable)
- Risk 15. Failure to Meet the councils PREVENT duties – Amber (Critical/Possible)

- 3.4 The above movement in control actions has resulted in a change to the assessed levels of likelihood and impact of one risk identified on the risk register:
- Risk 5 has been decreased from Red: Almost Certain/Major to Amber: Probable/major.

The levels of assessed risks for all risks are summarised as follows:

<b>Risk No.</b>	<b>Risk Rating</b>	<b>Likelihood</b>	<b>Impact</b>
8	Red/High	Almost Certain	Critical
2, 3, 11 &14	Red/High	Probable	Critical
7	Red/High	Almost Certain	Major
1, 5, & 10	Amber/Medium	Probable	Major
4, 6, 9, 12 &13	Amber/Medium	Possible	Major
15	Amber/Medium	Possible	Critical

Control actions continue to be implemented and risks managed accordingly.

- 3.5 The revised Strategic Risk Register is contained within Part B of this agenda.

#### **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 The Strategic Risk Register contains the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that is being taken to manage these risks would undermine the Council's governance arrangements.

## **7. Recommendation**

- 7.1 The Executive are asked to note and comment on the Council's strategic risks as at the end of the second quarter 2020/21.

**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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