

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 fourth quarter 2021/22.

2. Background

- 2.1 An update of the Strategic Risk Register developed under the risk management approach of 'risk appetite', was last presented to the Executive in February 2022 and contained thirteen strategic risks.
- 2.2 Since reporting to the Executive in February, 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 has been operating since the onset of Covid19 and the different challenges and opportunities it now faces. This review has identified that there have been some positive movements in the register.
- 2.3 The updated Register is contained with Part B of this agenda, it contains thirteen strategic risks which are listed below, along with details of relevant mitigations.

3. Strategic Risks

- 3.1 The Strategic Risk Register now contains twelve existing risks, as follows:
- 1) Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against the 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 deliver key strategic projects.
- 10) Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money
- 12) Failure to protect the vulnerable in relation to the Council's PREVENT and safeguarding duties.
- 13) Failure to mitigate against the risk of a successful cyber-attack against the council

Risk No 11. Failure to put in place safe working practices and social distancing measures to protect officers and service users, has now been removed from the register as it has been at Green status for over 6 months.

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

- Risk No 1. Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against the Council's Vision 2025 – The refreshed and refocused interim review of Vision 2025, with a greater focus on health inequalities, has now been approved by Full Council and published on the Council's website. This followed internal scrutiny with members and consultation with stakeholders. Work on delivering the year 3-5 delivery plans is now underway.
- Risk No 2. Failure to deliver a sustainable Medium-Term Financial Strategy (that supports delivery of Vision 2025) – following public consultation, alongside the review of Vision 2025, and after member scrutiny, the MTF5 2022-27 was approved by Full Council in March 2022. This demonstrated a sustainable financial position over the medium term. However, the current economic climate and escalating inflation rates are likely to bring additional financial pressures.
- Risk No 3. Failure to deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council – the target saving of £850,000 for 2021/22 was overachieved, savings of £877,060 being delivered in year. Significant progress has already been made towards achieving the 2022/23 target, however inflationary pressures may require additional savings.
- Risk No 8. Decline in the economic prosperity of the City Centre – Utilising the Government's Welcome Back Fund a range of successful events and

initiatives, working alongside Lincoln BIG and Visit Lincoln, have now been delivered. The Safer Streets funding has also enabled the completion of new CCTV cameras and app, designed to support the night-time economy. Towns Deal schemes continue to be delivered e.g., the reopening of The Drill. Work is now focussing on funding bids/investment plans to seek funding under Levelling Up 2 and the UK Shared Prosperity Fund.

- Risk No 13. Failure to mitigate against the risk of a successful cyber-attack against the council with significant / critical impact – work continues to deliver improvements, with new back up arrangements implemented, training completed in ICT/DR Plans and a suite of new ICT Policies have been considered by Scrutiny and approved by the Executive. Work is also in progress in replacing unsupported legacy systems with the focus on housing IT systems.

3.3 Despite the positive movement in control actions this hasn't resulted in a change to the assessed levels of likelihood and impact of the risks.

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

| Risk No. | Risk Rating | Likelihood | Impact |
|-----------------|--------------------|-------------------|---------------|
| 8 | Red/High | Almost Certain | Critical |
| 2, 5, 10 & 13 | Red/High | Probable | Critical |
| 7 | Red/High | Almost Certain | Major |
| 3 & 9 | Amber/Medium | Probable | Major |
| 12 | Amber/Medium | Possible | Critical |
| 1, 4, & 6 | Amber/Medium | Possible | Major |

Control actions continue to be implemented and risks managed accordingly.

3.4 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.

Due to the nature of the report, no specific Equality Impact Analysis is required.

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 Executive are asked to note and comment on the Council's strategic risks as at the end of Quarter 4 2021/22.

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

Lead Officer: Jaclyn Gibson, Chief Finance Officer
Telephone (01522) 873258