

<b>SUBJECT:</b>	<b>STRATEGIC RISK REGISTER – QUARTERLY REVIEW</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>JACLYN GIBSON, CHIEF FINANCE OFFICER</b>

## **1. Purpose of Report**

- 1.1 To provide Members with a status report of the revised Strategic Risk Register as at the end of the second quarter 2022/23.

## **2. Background**

- 2.1 An update of the Strategic Risk Register, developed under the risk management approach of 'risk appetite,' was last presented Members in August 2022 and contained twelve strategic risks.
- 2.2 Since reporting to Members in August, the Strategic Risk Register has been refreshed and updated by the Risk Owners and Corporate Management Team and has identified that there have been some positive movement in the Risk Register.
- 2.3 This updated register is contained with Part B of this agenda, it contains twelve strategic risks which are listed below, along with details of relevant mitigations.

## **3. Strategic Risks**

- 3.1 The Strategic Risk Register 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 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 deliver key strategic projects.
- 10) Failure of the Council's key contractors and partners to remain sustainable and continue to deliver value for money
- 11) Failure to protect the vulnerable in relation to the Council's PREVENT and safeguarding duties.
- 12) Failure to mitigate against the risk of a successful cyber-attack against the council

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

- Risk No 2. Failure to deliver a sustainable Medium Term Financial Strategy – due to the unavoidable and unforeseen changes in the majority of the key assumptions underpinning the current MTFs, an assessment of the likely financial challenges the Council faces in the short and medium-term has been undertaken, this has identified significant financial pressures for the Council. All political parties have been briefed on the position. Work has now commenced on a financial recovery programme, alongside this the Council has commenced a lobbying campaign to seek additional financial support for local authorities from Central Government.
- Risk No 3. Failure to deliver the Towards Financial Sustainability Programme (TFS) – in light of the financial pressures the Council is facing, as part of the financial recovery programme, a new phase of TFS is currently being scoped. In addition, the existing programme of reviews are continuing to be delivered.
- Risk No 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 – following the staff survey that was undertaken earlier in the year, the results have now been assessed and an action plan developed to address areas for improvement. Leadership Development training for all Team Leaders and Service Managers is currently being delivered, with all officers due to have completed the training by early 2023.
- Risk No 7. Insufficient levels of resilience and capacity exist in order to deliver key strategic projects and services within the Council – this risk has been expanded to incorporate the impact of the cost-of-living crisis on the demands for council services. Both internally and externally, with partner organisations and other Lincolnshire Councils, working group have been

established to provide information and support to residents and businesses with officers allocated to support the work programmes. Service requests and performance indicators are being closely monitored to assess the increased demands on service provision.

- Risk No 8. Decline in the economic prosperity of the City Centre – work continues to progress with the range of Lincoln Towns Fund schemes, including the refurbishment of the Central Market, led by the Council. During August, a Levelling Up Fund 2 bid was submitted for £20m for the Tritton Rd Bridge to open up the WGC site, the outcome of this is currently awaited. In addition, Lincoln’s Investment Plan for the UK Shared Prosperity Fund was also submitted during the summer, again a response/feedback on this is currently awaited.
- Risk No 9. Failure to deliver key strategic projects – as per Risk No 8, the submission of the LUF2 bid is critical to opening up the Tritton Rd end of the WGC site and delivery of future phases. During September, the National Heritage Lottery Fund announced the approval of a £1.952m bid for the Re-imagining Greyfriars project, this alongside Towns Fund grant will see the heritage asset bought back into use. Works will begin on the project in late 2023.

3.3 The assessed level of each of these twelve risks is as follows:

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

Control actions continue to be implemented and risks managed accordingly.

3.4 The 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 have also been 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 Members are asked to note and comment on the Council's strategic risks as at the end of quarter 2 2022/23.

**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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