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| 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 Members with a status report of the revised Strategic Risk Register as at the end of the third 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 November 2022 and contained twelve strategic risks.
- 2.2 Since reporting to Members in November, 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 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 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 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 – following development of the Medium Term Financial Strategy and confirmation of available resources, along with funding announcements from Central Government, work on the 2023/24 priorities and projects is now been finalised and will be subject to communication and engagement during quarter 4.
- Risk No 2. Failure to deliver a sustainable Medium Term Financial Strategy – following the announcements of; the Autumn Statement; a Local Government Finance Policy Statement; and the Provisional Local Government Finance Settlement, a draft 23/24 budget and MTFS 2023-28 has now been prepared. In addition, a number of actions as part of a financial recovery programme have been implemented. The resulting draft MTFS presents a balanced financial position in the medium. This will now be subject to the scrutiny and consultation process ahead of final approval in Quarter 4.
- Risk No 3. Failure to deliver the Towards Financial Sustainability Programme (TFS) – in light of the revised MTFS revised savings targets, to be delivered through TFS, have been proposed. This will require a new programme of reviews to be developed for 2024/25. The existing programme of reviews continues to be delivered to achieve the current year and 2023/24 targets.
- Risk No 7. Insufficient levels of resilience and capacity exist in order to deliver key strategic projects & services within the Council – the Council, along with many other local authorities, is currently experiencing recruitment and retention challenges, along with increased demands due to the current cost-of-living crisis. In response to the recruitment challenges, a range of attraction strategies continue to be reviewed and the Organisational Development Pillar

of One Council continue to look at a range of areas to encourage staff retention (lined to Risk No. 6). In addition, the projects and initiatives under Vision 2025, to be delivered in 2023/24, are being programmed taking overall capacity into consideration (linked to Risk No. 1.).

- 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 and City Square, led by the Council and other completed schemes delivered externally including The Drill and Lincoln Community Grocery. In addition, Lincoln’s Investment Plan for the UK Shared Prosperity Fund has now been agreed and work to identify and agree the initial schemes to be funded under the programme is under way. The outcome of the Levelling Up Fund 2 bid (submitted for the Tritton Rd Bridge to open up the eastern side of the WGC site) has also recently been announced with an award of £20m. Work will now commence on assessing the award and the updated implications in light of the current economic conditions.
- Risk No 9. Failure to deliver key strategic projects – a revised financial plan for Phase 1a of the WGC development, along with an agreed procurement approach will be presented to the Executive in quarter 4, with works also due to commence in the quarter. 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. The Rookery Lane new council home scheme is due for completion in quarter four.

3.3 The above movement in control actions has resulted in a change to the assessed levels of likelihood and impact of one risks identified on the risk register:

- Risk 1 has been decreased from Amber: Possible/Major to Amber: Possible/Minor

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

| Risk No. | Risk Rating | Likelihood | Impact |
|-----------------|--------------------|-------------------|---------------|
| 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 |
| 4 & 6 | Amber/Medium | Possible | Major |
| 1 | Amber/Medium | Possible | Minor |

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 a specific risk in relation to the Medium-Term Financial Strategy. The Strategy itself has its own risk register that supports it, this has been reviewed as part of the refresh of the Strategy.

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 quarter 3 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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