

SUBJECT:	RISK MANAGEMENT – ANNUAL UPDATE
REPORT BY:	CHIEF EXECUTIVE AND TOWN CLERK
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1. Purpose of Report

- 1.1 This report details the risk management framework adopted by the Council and the risk management activity during the last 12 months.

2. Background

- 2.1 Risk management is about controlling, transferring and living with risks so the focus is on becoming risk aware, not risk averse. This puts the Council in an informed position to make the right decisions and enable us to manage risk.
- 2.2 Specific elements of Risk Management are outsourced to Lincolnshire County Council's (LCC) Assurance Lincolnshire service in order to provide the level of expertise that we require. This includes support in the development of risk management strategies and approaches along with access to the County Council's resources i.e. training, provision of documentation, toolkits. The development and monitoring of the Council's strategic, operational and project risk registers however remains a role that is undertaken by the Council through the Corporate Management Team and Directorate Management Teams.
- 2.3 As part of the reporting protocol within the current Risk Management Strategy both the Executive Committee and Performance Scrutiny Committee receive reports on the Strategic Risk Register to consider the status and movement of all strategic risks at that particular point in time.

3. Risk Management Strategy

- 3.1 The Council's Risk Management Strategy has recently been reviewed, with the latest version attached at Appendix A. There were no significant amendments made to the Strategy, there were a number of minor updates to ensure it reflected Vision 2030 and best practice guidance and clarification of roles and responsibilities. The changes made to the Strategy are as shown in the appendix.
- 3.2 The Strategy seeks to achieve a number of objectives included setting the "tone from the top" in terms of the Council's "Risk appetite", this can be defined as the amount of risk that an organisation is willing to take on in pursuit of value, or the total impact of risk an organisation is prepared to accept in its pursuit of its strategic objectives. Defining the Council's risk appetite provides the strategic guidance necessary for decision making. As part of the review of the Risk Management Strategy, the Council's risk appetite was also considered to ensure it remained relevant to the environment in which the Council now operates. This latest review concluded that the Council's risk appetite remains as "creative and aware", with the following statement:

*“The Council wishes to be **creative** and open to considering all potential delivery options with well measured risk taking whilst being **aware** of the impacts of its key decisions. The Council is prepared to 'take leaps of faith' on this basis, with an acceptance that it might not always work out as planned. As an authority it is prepared to take calculated risks to achieve its vision and strategic priorities”.*

- 3.3 Members, senior officers and officers with risk management roles and responsibilities have been provided with training and guidance on the 'risk appetite' approach. For officers this is supplemented by a Risk Management Toolkit which sits alongside the Strategy as a practical guide for officers undertaking their risk management responsibilities.

4. Formulation of the Strategic Risk Register

- 4.1 The Council's Strategic Risk Register is developed under the risk appetite methodology.

- 4.2 The Strategic Risk Register for 2024/25 was initially formulated by the Corporate Leadership Team and presented to the Executive and Performance Scrutiny Committee. This initial Register contained fifteen risks, which remained constant throughout 2024/25, as follows:

- 1) Failure to engage & influence effectively the Council's strategic partners, council staff and all stakeholders to deliver against the Council's new Vision 2030.
- 2) Failure to deliver a sustainable Medium-Term Financial Strategy that supports delivery of the Council's Vision (specifically in relation to the General Fund).
- 3) Failure to deliver the Towards Financial Sustainability Programme.
- 4) Failure to ensure compliance with existing and new statutory duties/functions.
- 5) Failure to protect the local authority's long term vision 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, transformational journey to one Council approach and service delivery.
- 7) Insufficient levels of resilience, capability 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 to the Council.

- 11) Failure to protect the vulnerable in relation to the Council's PREVENT and compliance with safeguarding and domestic abuse duties.
- 12) Failure to mitigate against the risk of a successful cyber-attack against the council
- 13) Impacts of the uncertainty of Government's and other public sector organisations policies on migration policy, asylum dispersal, early prison release etc on the Council's service delivery, capacity and MTFS as well as the impacts on housing, communities and the economic vitality of the City Centre.
- 14) Failure to deliver critical services in an emergency situation.
- 15) Failure of service delivery leading to reputational impacts on the Council and adverse financial implications.

A copy of the latest Strategic Risk Register is attached at Appendix B (Part B item only).

4.3 Each risk is scored based on likelihood and impact to allow prioritisation of the risks as High (Red), Medium (Amber), or Low (Green) with their ownership.

4.4 The status of the fifteen strategic risks currently identified is as follows:

Risk No.	Risk Rating	Likelihood	Impact
1.	Medium	Probable	Major
2.	High	Almost Certain	Critical
3.	Medium	Almost Certain	Major
4.	Medium	Probable	Major
5.	High	Almost Certain	Critical
6.	Medium	Possible	Major
7.	High	Almost Certain	Critical
8.	High	Almost Certain	Critical
9.	Medium	Probable	Major
10.	High	Almost Certain	Major
11.	Medium	Possible	Critical
12.	High	Probable	Critical
13.	Medium	Probable	Major
14.	Medium	Probable	Major
15.	High	Almost Certain	Critical

4.5 The application of risk appetite to each of the risks has also been undertaken, this determines the level and nature of controls that are either in place or need to be implemented. This ensures that the controls in place are proportionate to the risk itself and the Council's appetite for risk within that area. As at quarter 4, there had been a reduction in the level of risk in one risk identified following mitigations that had been put in place, but for 3 risks had increased in terms of their likelihood and impact as a result of external factors i.e. local government reorganisation.

4.6 As the Strategic Risk Register is a live document it is subject to continuous review and any risks identified i.e. from Directorates may receive consideration for inclusion

accordingly. There were no new strategic risks identified for inclusion in the Strategic Risk Register during 2024/25.

5. Formulation of the Directorate (Operational) Risk Registers

- 5.1 Each Directorate identify the key risks within their service areas resulting in the formulation of a Directorate Risk Register. These registers contain those risks that are mainly of an operational nature and may only concern one particular directorate or department.
- 5.2 Regular review of the Register and respective mitigation/action plans are then undertaken at the Directorate Management Team meetings. Any major risks identified by Directorates can also be elevated for consideration to be added to the Strategic Risk Register as required.
- 5.3 Assurance has been given by Directorates that the Risk Registers and mitigation/actions plans have been reviewed at their Directorate Management Team meetings and are up to date.
- 5.4 In addition to the Directorate Risk Registers individual projects and new policies, either of a service or strategic nature are required to develop and monitor a project risk register. These registers are overseen by the relevant operational boards, e.g. Charterholme, new Ground, Street Cleansing & Waste contracts etc.

6. Training

- 6.1 Risk Management training is made available to the City of Lincoln Council via Lincolnshire County Council. Training was provided in June 2023 for the Services Managers Team, this focussed on key elements of the Risk Management Toolkit and the development and monitoring of risk registers. Training was also provided to the Corporate Leadership Team in June 2023, focussing on the Strategic Risk Register and controls/mitigations. An all-Member training session was also provided in August 2023.

7. East Midlands Risk Management Groups

- 7.1 The Principal Risk Officer from Lincolnshire County Council (LCC) and an officer from the City Council represent the Council at the East Midlands Risk Management Group and provide updates back to the Council of the activity undertaken. Reflecting the reduction of dedicated risk management resources with the local authorities and a move to joint support through LCC and embedment of working practices in the day to day work of all officers, meetings occur on 'as and when' basis. The purpose of such a meeting being to share best practice, co-ordinate approaches and maximise the use of resources.

8. Internal Audit

- 8.1 The latest internal audit of the Council's risk management arrangements was undertaken in 2024/25, with an overall assurance level opinion of substantial. The scope of the audit included:
 - To ensure there is a risk management strategy in place which is up to date and embedded and;

- that Risk Registers are complete, reviewed and contain appropriate mitigating actions.
- 8.2 There were four recommendations made, two of which were medium (amber) and two were low (green). The recommendations made were primarily in relation to operational (directorate) risk registers with improvement required to ensure they were fully completed and independently reviewed on a quarterly basis.
- 8.3 Of the four recommendations made, three have now been implemented with the fourth (green) recommendation not agreed for implementation due to the impact on resources.

9. Work Programme for 2025/26

- 9.1 The work programme for risk management activity for 2025/26 includes the following actions:
- Refresh and update of E-learning on the Hub.
 - Quarterly monitoring and review of Strategic Risk Register, Directorate Risk Registers, and Project Risk Registers.
 - Engagement and participation with EMRMG, including potential for a benchmarking exercise (although this is currently only being undertake at a county level).

Monitoring and reporting into Performance Scrutiny and Executive committee will continue to be undertaken quarterly and annually to Audit Committee.

10. Strategic Priorities

- 10.1 Sound risk management is one way in which the Council ensures that it discharges its functions in accordance with its expressed priorities, as set out in the Strategic Plan/Vision 2030, and that it does so in accordance with statutory requirements.

11. Organisational Impacts

- 11.1 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.
- 11.2 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 and considerations about risk, such as provided in this report, is part of the way in which the Council fulfils this duty.
- 11.3 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.

12. Risk Implications

- 12.1 This report relates to overall risk management, the Audit Committee should know about the most significant risks facing the Council and be assured that the risk management framework is operating effectively.

13. Recommendation

- 13.1 Members consider and comment upon the Risk Management Framework adopted by the Council and also the Risk Management activity undertaken during the year.

Key Decision

No

**Do the Exempt
Information Categories
Apply?**

No

**Call in and Urgency: Is
the decision one to
which Rule 15 of the
Scrutiny Procedure
Rules apply?**

No

**How many appendices
does the report
contain?**

Two
Appendix B Part B only

**List of Background
Papers:**

N/A

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