



REPORT TO:	Governance and Audit
DATE:	Thursday 22 nd September 2022
SUBJECT:	Q1 Risk Report 22/23
PURPOSE:	To provide an update on the Councils strategic risks for the period 1st April 2022 to 30th June 2022
KEY DECISION:	<i>N/A</i>
PORTFOLIO HOLDER:	Portfolio Holder Corporate & Communications, Cllr Jim Astill
REPORT OF:	John Medler, Assistant Director - Governance
REPORT AUTHOR:	Corey Gooch, Senior Change, Improvement and Performance Business Partner
WARD(S) AFFECTED:	<i>N/A</i>
EXEMPT REPORT?	<i>NO</i>

SUMMARY

This report and detailed Appendix A seeks to present to Governance and Audit Committee an overview of the key risks that the council is exposed to, the action taking place to mitigate those risks, and an up to date assessment of their likelihood and impact.

RECOMMENDATIONS

That the panel gives consideration to both the covering report and Appendix A, which details the latest assessment of the council's strategic risks

REASONS FOR RECOMMENDATIONS

To ensure council risks and management of risks are communicated and detailed

OTHER OPTIONS CONSIDERED

Do Nothing

1. BACKGROUND

By their very nature, strategic risks are those that have been identified as having the potential to cause organizational wide impact and will often cover a number of key services and departments. Strategic risks are captured within the council’s risk management system, which is available to the council’s management team and is reviewed on a regular basis.

2. REPORT

As part of the annual risk register review alongside the formation of the South East Lincolnshire Partnership a complete review of South Holland District Councils strategic risk register has been undertaken, where appropriate certain risks have moved to registers monitored at an operational level and new risks have been added to the register to ensure the strategic risk register captures all of the organisations key risks/threats to achieving its strategic objectives.

An overview of key changes to the register when compared to Q4 (last period) are as follows

Risk	Change/Rationale
Parkwood Leisure provision	Has moved to the operational risk register (Monitored at service level meetings and escalated where appropriate)
Decision making	COVID focused risk and has now moved to the operational risk register
Waste Collections	There are currently no issues with waste collection that go beyond operational management, this risk will move up to the strategic risk register should a key issue arise.
Vulnerability Risk	COVID focused risk and has now moved to the operational risk register
Technology Infrastructure Failure	Has moved to the operational risk register (Monitored at service level meetings and escalated where appropriate)
Changes in legislation and policy in response to Covid19	COVID focused risk and has now moved to the operational risk register
Capacity to deal with more than one significant incident	COVID focused risk and has now moved to the operational risk register
COVID-19 Outbreak response	COVID focused risk and has now moved to the operational risk register
Safeguarding	Has moved to the operational risk register (Monitored at service level meetings and escalated where appropriate)
Internal Communications	Has moved to the operational risk register (Monitored at service level meetings and escalated where appropriate)
Towns Fund	NEW
Failure to meet statutory requirements in regard to general fund assets	NEW
Supporting recovery from Covid19 for the local economy – people and businesses	NEW
Failure to comply with Information Governance and Management requirements	NEW

Implementation of the Environment Act 2021	NEW
Local Plan not delivering economic growth & prosperity	NEW

In terms of methodology, the Council’s risk scoring mechanism remains a 5x5 matrix and is comparable with best practice in other similar organizations. The risk matrix provides a comprehensive assessment and understanding of risk likelihood and impact. The matrix results in a numerical score which combines the impact of the risk occurring with the likelihood of it happening. The rating for individual risks ranges from highest (red) to lowest (green) with categories in between, depending on their rating, details of likelihood and impact scoring criteria are based on the council’s risk management policy and can be found below

Risk Scoring Matrix						
Impact	Critical	5	10	15	20	25
	High	4	8	12	16	20
	Medium	3	6	9	12	15
	Low	2	4	6	6	10
	Minimal	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain	
	Likelihood					

The spread of risk across the 15 recorded in the council’s latest Strategic Risk Register, following mitigation by services and the council’s management team, is as follows.

Risk level	Number of strategic risks by current score
High level (Red)	3
High (Amber)	7
Medium (Yellow)	6
Low (Green)	1

Within the strategic risk register included in Appendix A, each risk is ascribed a short narrative which seeks to cover the following

- The risk title
- A description of what the risk council entail
- The approach to mitigation

- The current score of the risk

Risks are graded and scored based on the below criteria in order to assess Likelihood, Impact, and in turn the approach to management of such risks.

Impact score	1	2	3	4	5
Title	Minimal	Low	Medium	High	Critical
<i>Political risk</i>	Residents unaware of authority's actions	Residents' access to oppose actions limited	Residents' access to oppose actions process blocked	Authority fails to effectively scrutinise its actions	No scrutiny of actions takes place
<i>Reputation risk</i>	Increased complaints for less than one week	Increased complaints for more than one week	Negative local press coverage for one day, increased complaints for more than one week	Negative national press coverage for one day, ongoing negative local coverage	Negative national press coverage over several days. Public criticism from MP, LGA, County Council or national service body
<i>Financial risk</i>	Up to 1% of project budget	Up to 5% of project budget	Up to 10% of project budget	Up to 15% of project budget	Over 15% of project budget
<i>Legal risk</i>	Delays due to legal clarifications being sought (<1 month)	Delays due to legal clarifications being sought (1-6 months)	Delays due to legal clarifications being sought (>6 months)	Project operations potentially subject to legal challenge, project on hold until resolved	Project operations potentially in breach of legislation, project terminated
<i>Disruption risk</i>	Individual members of staff having work disrupted	Multiple members of staff unable to work	Total service outage for one day or less	Total service outage for several days	Total service outage for more than a week
<i>Environmental risk</i>	Immediately remedied damage in an isolated area	Easily remedied damage in an isolated area	Short term damage in an isolated area requiring partners assistance	Damage requiring special budget provision to rectify	Major or widespread damage requiring central government assistance
<i>Contractual risk</i>	Negative impact on key partner relationship	Minor contract renegotiation required	Major contract renegotiation required	Project aims or goal significantly altered or sanction clauses invoked	Project failure and/or termination of contract
<i>Asset & Infrastructure risk</i>	Individual pieces of equipment damaged or needing replacement	Isolated network issues, multiple pieces of equipment needing replacement	Widespread network issues, vehicle damaged	Council properties inaccessible, vehicle need replacing	Council properties damaged, multiple vehicles need replacing, key infrastructure outage

<i>Health and Safety risk</i>	People engaging in hazardous activities without awareness	Individual receives minor injuries	Multiple people receive minor injuries	Individual serious injury	Multiple people seriously injured, individual loss of life
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Likelihood score	1	2	3	4	5
Definition	Rare	Unlikely	Possible	Likely	Almost certain
Description	The likelihood of the risk has been minimised to a negligible possibility	The risk is technically possible, but an occurrence is not foreseeable in the medium-long term	The risk is a real possibility but the likelihood of an occurrence in the short-medium term is small	The risk is probably going to occur at some point in the medium term, possibly sooner	The risk is probably going to occur imminently
Timeframe	Will occur at some point in next 50 years	Will occur at some point in the next 25 years	Will occur at some point in the next 10 years	Will occur at some point in the next 5 years	Will occur at some point in the next year
Probability	10% or less	Between 10-30%	Between 30-50%	Between 50-85%	85% or more

3. CONCLUSION

3.1 Overall, the register contained within Appendix 1 demonstrates that strategic risks are being proactively managed by the authority, with a series of mitigations in place to reduce and mitigate impact and likelihood across a number of key areas.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

4.1 N/A

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

N/A

5.2 CORPORATE PRIORITIES

The report presents risk management of key areas relating to the corporate priorities which highlight the areas of focus in council delivery of services.

5.3 STAFFING

The report contains information on Council risk which does convey some information relating to staffing.

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

5.5 DATA PROTECTION

None

5.6 FINANCIAL

None

5.7 RISK MANAGEMENT

Issues may be subject to risk management measures to protect Council interests.

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

N/A

5.9 REPUTATION

Risk issues can cause some reputational consequence. It is the purpose of this report to highlight issues at an early stage.

5.10 CONTRACTS

The report contains information on Council risk which does convey some information relating to contract matters.

5.11 CRIME AND DISORDER

The report contains information on Council risk which does convey some information relating to crime.

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

5.13 HEALTH AND WELL BEING

The report contains information on Council risk which does convey some information relating to health and wellbeing.

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The report contains information on Council risk which does convey some information relating to environmental matters.

6. ACRONYMS

6.1 PSPS – Public Sector Partnerships Ltd

LCC – Lincolnshire County Council

CTS – Council Tax Support

ICO – Information Commissioner’s Office

LGO - Local Government & Social Care Ombudsman

APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A

Q1 SHDC Risk Register 22/23

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report

CHRONOLOGICAL HISTORY OF THIS REPORT

Name of body	Date
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REPORT APPROVAL

Report author:	Corey Gooch - Senior Change, Improvement and Performance Business Partner
Signed off by:	John Medler - Assistant Director - Governance
Approved for publication:	Councillor Jim Astill – Portfolio Holder (Corporate and Communications)