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| REPORT TO: | Governance and Audit |
| DATE: | Thursday 29th June 2023 |
| SUBJECT: | Risk Report 23/24 |
| PURPOSE: | To provide an update on the Council's current strategic risks |
| KEY DECISION: | N/A |
| 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: | N/A |
| EXEMPT REPORT? | NO |

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 Committee 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

Changes to risk scores

The only significant change to scoring to note for this reporting period is the risk to the councils strategic partnership arrangements, the senior leadership team feel it is prudent to increase the likelihood score at this time given there have been changes to leadership and the councils political structure (cabinet, portfolio holders etc.) which naturally could bring in changes to strategic priorities. Raising the risk profile ensures mitigations are given full priority and attention, with any issues managed via the Leadership Team, Close working between Portfolio Holders Partnership-wide as well as Partnership Stakeholder Board meetings quarterly to discuss matters of importance.

Overall Risk Spread

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

| Risk level | Number of Strategic risks by current score |
|-----------------|--|
| Critical (Red) | 0 |
| High (Amber) | 11 |
| Medium (Yellow) | 7 |
| Low (Green) | 1 |

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 |

| Likelihood score | 1 | 2 | 3 | 4 | 5 |
|--------------------|---|--|--|---|--|
| <i>Definition</i> | Rare | Unlikely | Possible | Likely | Almost certain |
| <i>Description</i> | 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 |
| <i>Timeframe</i> | 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 |
| <i>Probability</i> | 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 A 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

SHDC Strategic Risk Register

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

REPORT APPROVAL

Report author:

Corey Gooch – Business Intelligence and Change Manager

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|---------------------------|---|
| Signed off by: | John Medler - Assistant Director - Governance |
| Approved for publication: | Councillor Jim Astill – Portfolio Holder (Corporate and Communications) |