



REPORT TO:	Governance and Audit
DATE:	Thursday 12th September 2024
SUBJECT:	Q1 Risk Report 24/25
PURPOSE:	To provide an update on the Council's current strategic risks
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, Business Intelligence and Change Manager
WARD(S) AFFECTED:	<i>N/A</i>
EXEMPT REPORT?	<i>NO</i>

SUMMARY

This report and detailed Appendices 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 Appendices, which details the latest assessment of the council's risks at a strategic level as well as within the councils HRA and the wider Partnership.

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 organisational wide impact and will often cover a number of key services and departments. All risks are captured within the council's risk management framework, which is available to the council's management team and is reviewed on a regular basis.

2. REPORT

Changes to risk scores/wording

The previous risk that detailed the local plan not delivering growth and prosperity has been reviewed and subsequently amended, the risk has been expanded to highlight the risk of a failure to deliver an up to date and effective local plan, with a failure to deliver economic growth and prosperity resulting as one of the impacts/consequences. As this risk also covers the wider housing delivery the previous risk that covered the housing delivery target has now been removed as it was felt this was already covered.

Members within the partnership also raised the need for a risk within the partnership risk register which highlights the councils relationship with PSPS, to ensure any risk of a breakdown in this relationship is guarded against, this risk can be found on the partnership risk register and details the Partnership's relationship with PSPS and how this could become strained due to demands being placed on the company to support organisational change.

Within the HRA risk register the risk covering the Management of Health and Safety Risk has been reduced by 2 points following recent verification work in relation to the Safety & Quality standard. Extensive testing has been carried out to determine that the Council has robust and up to date records relating to Health & Safety.

Additionally, the HRA risk for Qualification Requirements has also reduced by 2 points More than 50% of the management team have now commenced their qualifications. Therefore, they are considered to be 'working towards' a qualification.

Finally, the risk around the HRA business plan has increased from 2 (low) to 9 (medium), this is due to the HRA going through a significant period of financial flux due to the ongoing demands within the sector. Regulator discussions are taking place with the Housing Management Team, S151 and PFH. However, this will have a significant impact on the way future investment decisions are made and funded.

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 and HRA risk register following mitigation by services and the council's management team, is as follows.

Risk Score	Strategic Risk Register	HRA Risk Register	Partnership Risk Register
Minimal Risk			
Low Risk		1 Risk	1 Risk
Medium Risk	6 Risks	11 Risks	11 Risks
High Risk	3 Risks		8 Risks
Critical 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

Likelihood score	1	2	3	4	5
Definition	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 registers contained within the appendices demonstrate that risks are being proactively managed by the authority and across the partnership, 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: -

<i>APPENDIX A</i>	<i>SHDC Strategic Risk Register</i>
<i>APPENDIX B</i>	<i>SHDC HRA Risk Register</i>
<i>APPENDIX C</i>	<i>Partnership Risk Register</i>

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