



**Governance & Audit
Committee**

15th October 2019

**Subject: WLDC Risk Strategy 2019-2023 and Six-Month Review of
Strategic Risks**

Report by:	Executive Director of Resources
Contact Officer:	Corporate Governance & Policy Manager/Deputy Monitoring Officer
Purpose / Summary:	<ol style="list-style-type: none">1. To present to Committee for consideration and approval, the Council's revised Risk Management Strategy 2019-2023.2. To present to Committee for review the strategic risks facing the Council as at October 2019.

RECOMMENDATION(S):

- 1. That Members approve the Council's Risk Management Strategy 2019-2023.**
- 2. Members obtain assurance that strategic risks are being captured, considered and managed effectively**

IMPLICATIONS

Legal: None

Financial: FIN/70/20/TJB

There are no specific financial implications of this report.

However, effective risk management ensures that there is a robust mechanism to identify, analyse and mitigate risks which may have an impact on delivery of our plans and finances.

Staffing: None

Equality and Diversity including Human Rights: None

Data Protection Implications: None

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report :

None.

Risk Assessment: None

1 Introduction

- 1.1 Risk management is a statutory requirement for local government to ensure business continuity and is an essential component of corporate governance.
- 1.2 By having effective risk management practices in place and embedded as part of everyday working and decision making, the Council can ensure that it is focusing on the right areas and can direct scarce resources at those issues most likely to have an adverse effect on the achievement of strategic aims.
- 1.3 This is particularly pertinent in the current economic and ever changing environment within which local government operates.
- 1.4 This report contains two sections. The first introduces the draft Council Risk Management Strategy 2019-2023 for approval, while the second section presents the Council's strategic risks for review.

2. Draft Risk Management Strategy 2019-2023

- 2.1 The previous Strategy covering the period 2016-2018 was produced and approved by Members in 2016. This has now been updated to take account of and complement the Council's new Corporate Plan (2019-2023); to reflect the current context within which the Council is operating and to bear relation to current internal structures and areas of responsibility.
- 2.2 The revised Strategy takes account of the very good work that has taken place in relation to risk management within the Council during the intervening period. This has been endorsed by the Head of Internal Audit
- 2.3 The Strategy sets out the Council's approach to managing risk and also details the authority's 'risk appetite' as being '**Creative and Aware**' in nature. This means that the Council is willing to take calculated risks to seize opportunities (innovation) and achieve success. The Council will consider all delivery options and choose the one that is most likely to result in successful delivery while also providing a good level of reward.
- 2.4 The Strategy is supported by a similarly reviewed Approved Code of Practice (ACoP). This is an internally focused piece of guidance which helps to ensure consistency in approach and sets out the appropriate roles and responsibilities across the Council in relation to risk management.
- 2.5 To support the delivery of the revised Strategy, externally facilitated risk management training has taken place for staff and Members. This work was positively received by all who took part. Part of this work determined the 'risk appetite' of the Council (as a collective body) referred to at 2.3 above.

- 2.6 One main amendment made from the previous Strategy is the introduction of consideration of inherent (current) risk levels and target (desired future or residual) risk levels against each risk. The Strategy sets out explanations of these concepts on pages six and seven.
- 2.7 The draft Strategy has been reviewed and is supported by the Council's Member Risk Champion, Mrs Alison Adams and also Assurance Lincolnshire.
- 2.8 The Committee is asked to review and approve the draft West Lindsey District Council Risk Management Strategy 2019-2023 which is presented in Appendix A.

3. Strategic Risks: Six Month Review

- 3.1 Following the production and adoption of the Council's new Corporate Plan 2019-2023, it has been necessary to revise the strategic risks facing the Council. This is because strategic risks are considered as being those faced by the Council that, if materialised, would affect the delivery of corporate priorities. This approach reflects the guidance provided by the Association of Local Authority Risk Managers (ALARM). This body advocates that strategic risks should focus on the long-term objectives of the organisation, which can be affected by areas such as financial concerns, political risks, legal and regulatory changes and changes in the physical environment.
- 3.2 The Council's Management Team review strategic risks quarterly and they are presented to Governance and Audit Committee on a six-monthly basis to provide assurance that such risks are being managed appropriately. .
- 3.3 In revising the strategic risks, the opportunity has been taken to review the means by which the level of risk is assessed. Using the correlation between **likelihood** and **impact** to calculate the severity of the risk (low, medium, high), risk managers are now asked to assess the **current** (inherent) level of risk. This is the level of risk taking into account existing mitigations (if any) and prevailing circumstances. A further assessment is then made to determine the **target** (residual) level of risk that would be desirable and what (further) mitigations are required to reach this level. Work is then progressed to implement such mitigating actions.
- 3.4 Based on the objectives of the new Corporate Plan the strategic risks have been identified as being:

Corporate Plan Theme	Strategic Risk
Our People	Health and wellbeing of the District's residents does not improve
	Inadequate support is provided for vulnerable groups and communities

	Inability to raise local educational attainment and skills levels
Our Place	The local economy does not grow sufficiently
	The local housing market and the Council's housing related services do not meet demand
	Insufficient action taken to create a cleaner and safer district
Our Council	Inability to set a sustainable balanced budget
	The quality of services do not meet customer expectations
	Inability for the Council's governance to support quality decision making
Overarching	Inability to maintain critical services and deal with emergency events
	Failure to comply with legislation including Health and Safety matters
	ICT Security and Information Governance arrangements are ineffective

3.5 The scoring matrix used to assess the severity of risks is illustrated below:

Impact	Critical	4	8	12	16
	Major	3	6	9	12
	Minor	2	4	6	8
	Negligible	1	2	3	4
		Hardly Ever	Possible	Probable	Almost Certain
		Likelihood			

3.6 The following guidance is available to determine which classification of likelihood and impact is applied:

You should assign a number in the range 1-4 as follows:	
Likelihood:	
1 = Hardly Ever (<5%)	
2= Possible (5-35%)	
3= Probable (35-75%)	
4= Almost Certain (>75%)	
1 = Negligible Impact:	2 = Minor Impact
<ul style="list-style-type: none"> • Minor service disruption • Minor Injury • Financial loss < £250k • Isolated complaints 	<ul style="list-style-type: none"> • Service disruption • Loss time injury • Financial loss >£250k - £500k • Adverse local media coverage

	<ul style="list-style-type: none"> • Failure to achieve a service plan objective
3 = Major Impact <ul style="list-style-type: none"> • Significant service disruption • Major/disabling injury • Financial loss >£500k - £1m • Adverse national media coverage • Failure to achieve Corporate Plan objective 	4 = Critical <ul style="list-style-type: none"> • Total service loss for a significant period • Fatality to employee, service user or other • Financial loss >£1m • Ministerial intervention in running service

3.7 This methodology enables each risk to be categorised as either low, medium or high in nature and prioritisation as regards mitigations can be applied in order to reduce the risk to target levels.

3.8 To identify the triggers; impacts; current controls and actions for improvement, discussions have been held with key officers. The strategic risk register is in Appendix B.

3.9 The Committee is asked to review the register:

- a. Review the current controls and actions for improvement for relevance and completeness
- b. Review the scoring applied to each risk and determine its appropriateness.