



**Governance and Audit  
Committee**

**26 November 2024**

**Subject: Quarter Two Review of Strategic Risks 2024/25**

Report by:	Assistant Director People & Democratic Services
Contact Officer:	Lisa Langdon Assistant Director People & Democratic Services
Purpose / Summary:	To present to Governance and Audit Committee for review, the strategic risks facing the Council as at September 2024

**RECOMMENDATION(S):**

Governance and Audit Committee are asked to review the register and to consider:

- Do any additional risks of a strategic nature exist?
- Are current controls and proposed actions sufficiently robust?

## IMPLICATIONS

**Legal: None**

(N.B.) Where there are legal implications the report **MUST** be seen by the MO

**Financial: FIN/102/25/VA**

There are no financial implications arising from this report.

(N.B.) All committee reports **MUST** have a Fin Ref

**Staffing: None**

(N.B.) Where there are staffing implications the report **MUST** have a HR Ref

**Equality and Diversity including Human Rights: None**

Any changes to projects/services/policies would require their own EIA to be carried out.

**Data Protection Implications: None**

**Climate Related Risks and Opportunities:**

The Strategic Risk register records, monitors and mitigates the risks of the Council not achieving its Corporate Plan and statutory objectives. This has been taken into account within these Strategic Risks in line with the Corporate Plan 2023-27.

**Section 17 Crime and Disorder Considerations: None**

**Health Implications: None**

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

<https://www.west-lindsey.gov.uk/my-council/how-the-council-works/key-plans-policies-and-strategies/risk-management/>

**Risk Management Strategy 2019-2023**

<b>Risk Assessment: None</b>

**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

*i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)*

**Yes**

**No**

**x**

**Key Decision:**

*A matter which affects two or more wards, or has significant financial implications*

**Yes**

**No**

**x**

## Summary of Strategic Risks – as at September 2024

Theme	Reference	Description	Owner
Our Council	CO1	Inability to set a sustainable balanced budget for 2024/25	Emma Foy
	CO2	Cost related to the proposed asylum centre at Scampton has an adverse impact on financial sustainability	Emma Foy
	CO3	The quality of services do not meet customer expectations	Nova Roberts
	CO4	The Council is underprepared for the impact of extreme weather due to the change in environmental conditions	Sally Grindrod-Smith
	CO5	Inability for the Council's governance to support quality decision making	Lisa Langdon
Our People	PE1	Inability to raise local educational attainment and skills levels	Sally Grindrod-Smith
	PE2	Inadequate support is provided for vulnerable groups and communities	Sally Grindrod-Smith
	PE3	Health and wellbeing of the District's residents does not improve.	Sally Grindrod-Smith
Our Place	PL1	The local housing market and the Council's housing related services do not meet demand	Sally Grindrod-Smith
	PL2	The local economy does not grow sufficiently	Sally Grindrod-Smith
	PL3	Insufficient action taken to create a cleaner and safer district	Nova Roberts
	PL4	Inability to deliver our Climate Change ambitions and not deliver net zero carbon emissions by 2050	Rachael Hughes
Overarching	OV1	Inability to maintain critical services and deal with emergency events	Ian Knowles
	OV2	ICT Security and Information Governance arrangements are ineffective (Parts A-D)	Nova Roberts
	OV3	Inability to maintain service delivery with the amount of change initiatives	Nova Roberts
	OV4	Failure to comply with legislation	Lisa Langdon

	OV5	Central Lincolnshire Local Plan does not deliver land required for sustainable development to meet the needs of residents, businesses and communities	Rachael Hughes
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## 1 Introduction

- 1.1 Strategic risks are considered as being those faced by the Council that, if materialised, would adversely impact the delivery of corporate priorities.
- 1.2 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.
- 1.3 The Governance and Audit Committee review the strategic risks on a quarterly basis. (Previously presented 16 July 2024)

## 2 Monitoring Arrangements

- 2.1 The strategic risks are presented to the Council's Management Team monthly for review. The risks now have an individual reference according to the Corporate Plan.
- 2.2 The Management Team review the risks, control measures and future actions to ensure that they remain sufficiently robust to mitigate the identified risks.
- 2.3 Where corrective action is required and/or additional risks are identified, the strategic risk register is updated accordingly.
- 2.5 Since the last report in July 2024 there has been a small number of changes. Most changes are to the commentary, current controls or actions needed. However, where changes have affected the score, ownership or it is a new risk these are noted below:

<b>Ref:</b>	<b>Strategic Risk</b>	<b>Change</b>	<b>Owner</b>
CO2	Cost related to the proposed asylum centre at Scampton has an adverse impact on financial sustainability	New Score	Emma Foy
CO3	The quality of services do not meet customer expectations	Change of ownership	Nova Roberts
CO4	The Council is underprepared for the impact of extreme weather due to the change in environmental conditions	Change of ownership and new score	Sally Grindrod-Smith

OV1	Inability to maintain critical services and deal with emergency events	Change of ownership	Ian Knowles
OV6	Increased Cyber threat to the General Election' and 'threat to the UK democratic organisations and processes'	Deleted Risk	Nova Roberts

2.6 The full detailed list of strategic risks are presented in Appendix One.

### 3. Risk Matrix

3.1 To assess the severity of potential risks, the Council uses the following matrix based on the relationship between the likelihood and impact of risks arising.

I m p a c t	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				

3.2 The following guidance is available to determine which classification is applied:

You should assign a number in the range 1-4 as follows:	
<b>Likelihood:</b> 1 = Hardly Ever (<5%) 2= Possible (5-35%) 3= Probable (35-75%) 4= Almost Certain (>75%)	
<b>1 = Negligible Impact:</b> <ul style="list-style-type: none"> <li>Minor service disruption</li> <li>Minor Injury</li> <li>Financial loss &lt; £250k</li> <li>Isolated complaints</li> </ul>	<b>2 = Minor Impact</b> <ul style="list-style-type: none"> <li>Service disruption</li> <li>Loss time injury</li> <li>Financial loss &gt;£250k - £500k</li> <li>Adverse local media coverage</li> <li>Failure to achieve a service plan objective</li> </ul>
<b>3 = Major Impact</b> <ul style="list-style-type: none"> <li>Significant service disruption</li> <li>Major/disabling injury</li> </ul>	<b>4 = Critical</b> <ul style="list-style-type: none"> <li>Total service loss for a significant period</li> </ul>

<ul style="list-style-type: none"> <li>• Financial loss &gt;£500k - £1m</li> <li>• Adverse national media coverage</li> <li>• Failure to achieve Corporate Plan objective</li> </ul>	<ul style="list-style-type: none"> <li>• Fatality to employee, service user or other</li> <li>• Financial loss &gt;£1m</li> <li>• Ministerial intervention in running service</li> </ul>
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- 3.3 This methodology enables each risk to be categorised as either low, medium or high in nature and prioritisation as regards mitigations can be applied.
- 3.4 Using the methodology, the Council’s Risk Management Strategy (2019-2023) sets out the requirement for risk owners to score the current (residual) risk and the target risk once mitigations have been applied.
- 3.5 According to the risk matrix the current risks have been mapped to allow for an insight into how our Strategic Risks are positioned against the risk matrix. From the table below, the Strategic Risks have all been referenced according to how they appear in the Strategic Risk Register. The below table allows us to holistically review our risks and easily identify risks outside tolerance.

		Likelihood			
		Hardly Ever - 1	Possible - 2	Probable - 3	Almost Certain - 4
Impact	Critical - 4	PL4 OV2a	PL3 OV2b OV2c OV2d OV3 OV4	CO1	
	Major - 3	CO2	CO3 CO4 CO5 OV1 OV5	PE1 PE2 PE3 PL1 PL2	
	Minor - 2				
	Negligible - 1				

- 3.6 To show how mitigations and controls are impacting the scores of risks, the direction of travel is included in Appendix A for each Strategic Risk compared to the last quarter. As a summary the following table highlights how many residual risk scores have improved, stayed the same or deteriorated since quarter 1.

↑	2
=	18
↓	0



#### **4. Recommendation**

4.1 Members are asked to review the register and to consider:

- Do any additional risks of a strategic nature exist?
- Are current controls and proposed actions sufficiently robust?