



**Governance and Audit
Committee**

21 January 2025

Subject: Quarter Three Review of Strategic Risks 2024/25

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| 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 December 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/128/25/GA/SL

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

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|------------------------------|
| Risk Assessment: None |
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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 December 2024

| Theme | Reference | Description | Owner |
|-------------|-----------|--|----------------------|
| Our Council | CO1 | Inability to set a sustainable balanced budget for 2025/26 | 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 |

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|--|-----|---|----------------|
| | 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 26 November 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 November 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:

| Ref: | Strategic Risk | Change | Owner |
|------|--|---------------------------|----------|
| CO1 | Inability to set a sustainable balanced budget for 2025/26 | New Score and now 2025/26 | Emma Foy |
| CO2 | Cost related to the proposed asylum centre at Scampton has an adverse impact on financial sustainability | To be deleted | Emma Foy |

- 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.

| | | | | | |
|--------|------------|-------------|----------|----------|----------------|
| 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 | | | | |

3.2 The following guidance is available to determine which classification 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: <ul style="list-style-type: none"> Minor service disruption Minor Injury Financial loss < £250k Isolated complaints | 2 = Minor Impact <ul style="list-style-type: none"> Service disruption Loss time injury Financial loss >£250k - £500k Adverse local media coverage 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 |

3.3 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 | CO1 PL3 OV2b OV2c OV2d OV3 OV4 | | |
| | 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 2.

| | |
|-------------------|----|
| ↑ Improved | 1 |
| = Stayed the same | 19 |
| ↓ Deteriorated | 0 |

4. Emerging Risks

4.1 As part of the development of the Strategic Risks, it is important to highlight what areas may need to be considered for future risks. These areas are highlighted below and will be discussed prior to the next reporting at Governance and Audit Committee.

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| Emerging areas for consideration: |
| Mayoral County Combined Authority |
| White Paper on re-organisation |
| Planning Reform |

5. Recommendation

5.1 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?