



|   |
|---|
| <b>Committee: Governance &amp; Audit</b>  |
| <b>Date: 7<sup>th</sup> November 2017</b> |

**Subject: Review of Strategic Risks (Nov 2017)**

|                    |  |
|--------------------|--|
| Report by:         | Director of Resources: Ian Knowles   |
| Contact Officer:   | James O'Shaughnessy<br>Business Improvement & Corporate Governance<br>Team Manager<br>01427 676537 |
| Purpose / Summary: | To present Members with the strategic risks facing the Council as at November 2017                 |

**RECOMMENDATION(S): To note and review the strategic risks as presented.**

## IMPLICATIONS

Legal: None

Financial: None FIN/MT/45/18

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: None

Climate Related Risks and Opportunities: None

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

### 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

### Key Decision:

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

Yes

No

## **1 Introduction**

1.1 Strategic Risks are considered as being those faced by the Council that if materialised, would affect the delivery of corporate plan priorities.

1.2 Governance and Audit Committee review the strategic risks on a six-monthly basis.

## **2 Monitoring Arrangements**

2.1 The strategic risks are presented to the Council's Management Team on a quarterly basis for review.

2.2 The Management Team are requested to 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.

## **3 Identification of Strategic Risks and Population of Risk Register**

3.1 Following the production of the Council's new Corporate Plan covering the period 2016-2020 and the revision of the Council's Risk Strategy, work was undertaken to assess the risks to the achievement of the Corporate Plan priorities and to identify current mitigations and/or further required action to strengthen the mitigating position.

3.2 This work produced a strategic risk register based upon the following priorities:

- Open for Business
- Asset Management
- People First
- Partnerships/Devolution
- Local Plan
- Excellent Value for Money Services

3.3 A number of additional risks were identified which focus on elements that underpin our workings e.g. compliance and business continuity.

3.4 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.

## 4. Risk Matrix

4.1 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<br>m<br>p<br>a<br>c<br>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 |             |          |          |                |

4.2 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><br>1 = Hardly Ever (<5%)<br>2= Possible (5-35%)<br>3= Probable (35-75%)<br>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> <li>• Financial loss &gt;£500k - £1m</li> <li>• Adverse national media coverage</li> <li>• Failure to achieve Corporate Plan objective</li> </ul> | <b>4 = Critical</b> <ul style="list-style-type: none"> <li>• Total service loss for a significant period</li> <li>• Fatality to employee, service user or other</li> <li>• Financial loss &gt;£1m</li> <li>• Ministerial intervention in running service</li> </ul>   |

4.2 This methodology enables each risk to be categorised as either low, medium or high in nature and prioritisation as regards mitigations can be applied.

## 5. Management Team Review

5.1 Since the formation of the risk register based on the methodology set out above, progress has been made against the delivery of the Corporate Plan, specifically in respect of the creation and adoption of the Central Lincolnshire Local Plan. This work has been completed with arrangements now in place to monitor delivery. Hence reference to this matter has been removed from the strategic risk register.

5.2 Reference was previously made to Devolution (and Partnerships) within the risk register. Members will be aware that work to progress this concept across Lincolnshire has terminated and consequently reference has been removed from the register.

5.3 Additionally, since the register was last presented to Members, the Chief Executive has left the Authority. Risks for which this officer was assigned as owner have been redistributed across the remaining members of the Management Team.

## **6. Risk Management Audit**

6.1 To remind Members, Internal Audit have recently completed an audit into the Council's risk management arrangements. This report provided a 'substantial assurance' rating.

## **7. Recommendation**

7.1 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?