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| REPORT TO: | AUDIT AND GOVERNANCE COMMITTEE |
| DATE: | 5 JULY 2023 |
| SUBJECT: | RISK MANAGEMENT REPORT |
| PURPOSE: | TO PROVIDE AN UPDATE ON RISK MANAGEMENT |
| KEY DECISION: | NO |
| PORTFOLIO HOLDER: | COUNCILLOR FRY, PORTFOLIO HOLDER FOR FINANCE |
| REPORT OF: | JOHN MEDLER, ASSISTANT DIRECTOR – GOVERNANCE |
| REPORT AUTHOR: | SUZANNE ROLFE, GROUP MANAGER - INSIGHTS & TRANSFORMATION |
| WARD(S) AFFECTED: | ALL |
| EXEMPT REPORT? | NO |

SUMMARY

This report provides an overview of risk management in the authority.

RECOMMENDATIONS

That the Committee considers and notes the report.

REASONS FOR RECOMMENDATIONS

The Audit and Governance Committee is responsible for overseeing the effectiveness of the Council's risk management arrangements.

OTHER OPTIONS CONSIDERED

N/A

1. BACKGROUND

- 1.1. The Council's Constitution details that the Audit and Governance Committee is responsible for overseeing the Council's risk management arrangements. Under its Terms of Reference the Committee is required to:
 - consider the adequacy and effectiveness of the Council's risk management arrangements;
 - seek assurances that appropriate action is being taken on risk-related issues identified by auditors and inspectors;
 - assess whether the Council's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it
- 1.2. To support the Committee in discharging its responsibilities, this report sets out the Quarter 4 position for risk management as at the end of March 2023.
- 1.3. A draft Risk Management Framework for the Partnership is currently in development and will come to Committee for discussion and review following input from internal audit. This will set out arrangements for risk appetite and changes to reporting such as heat maps and direction of travel. A partnership risk register is also currently in development.

2. STRATEGIC RISK REGISTER

- 2.1. The Strategic Risk Register has been reviewed at the quarterly risk clinic and by Senior Leadership Team to provide this Quarter 4 position statement.
- 2.2. Summary of changes since last report:
 - 2.2.1 CORP001 - Reduction in government funding to deliver Council services and local priorities. Mitigation wording amended to remove specific reference to Covid19.
 - 2.2.2 CORP001(a) – Budget. Risk re-worded to remove specific reference to Covid19 and reflect current risk to budgets; previously headed 'Reduction in council income'; likelihood score reduced from 5 (almost certain) to 3 (possible)
 - 2.2.3 CORP001(b) – Economic Growth. Risk re-worded to remove specific reference to pandemic and reflect current risk to economic growth; previously headed 'Supporting recovery from Covid19 for the local economy – people and businesses'; likelihood score reduced from 4 (likely) to 3 (possible); impact score reduced from 5 (critical) to 3 (medium)
 - 2.2.4 CORP002 - Uncertainty of future Lincshire flood defence scheme. Likelihood has been reviewed by the Assistant Director as requested by Committee. This has been noted but the likelihood score has not changed at this time. It is a future increasing risk and we have no evidence to demonstrate the risk profile has changed significantly but this will be kept under review.
 - 2.2.5 CORP003 – Business continuity and recovery in the event of a major incident or event; Wording amended to remove specific reference to Covid19

- 2.2.6 CORP010 – Resilience and quality of service delivery arrangements with third parties; Risk re-worded to remove specific reference to Covid19 and reflect current risk to service delivery arrangements with third parties
 - 2.2.7 Externally Funded Schemes; combined with Capital Programme risk as similar impacts and mitigations
 - 2.2.8 Economic hardship; newly identified strategic risk
 - 2.2.9 Identification and Suitability of future Depot Accommodation; newly identified strategic risk
- 2.3. Appendix A includes the current register and the criteria used to assess risk appetite, risk likelihood, risk impact and risk score.
- 2.4. The operational risk registers are also reviewed on a quarterly basis.

3. CONCLUSION

- 3.1. The risk management arrangements are designed to provide the Council with a clearer and fuller understanding of the key risks facing the organisation and how these are being managed. They enable the Council to pro-actively manage its risks taking into account the agreed risk appetite level.

EXPECTED BENEFITS TO THE PARTNERSHIP

The Strategic Risk Register has been reviewed and updated to reflect the strategic risks faced by the organisation. Aligning the format and reporting process for risks across the three sovereign councils will ensure that risk management continues to be efficient and effective across the Partnership. The additional risk register for Partnership risks will ensure that these are monitored and managed appropriately where there is synergy across the three councils.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

We are currently identifying strategic risks which are common across the Partnership. This will streamline the monitoring and management of shared partnership-wide risks where there is synergy across all.

We are also working on identifying risks to the Partnership itself, which will be monitored and reported in addition to the Council-specific and partnership-wide registers.

CORPORATE PRIORITIES

Effective risk management arrangements support all of the corporate priorities

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

DATA PROTECTION

None

FINANCIAL

None

RISK MANAGEMENT

Whole report

STAKEHOLDER / CONSULTATION / TIMESCALES

No consultation undertaken

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

None

APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A

Q4 strategic risks

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 |
| Executive Board | 14 th June 2023 |

| REPORT APPROVAL | |
|---------------------------|--|
| Report author: | Suzanne Rolfe, Group Manager - Insights & Transformation suzanne.rolfe@boston.gov.uk |
| Signed off by: | John Medler, Assistant Director – Governance John.medler@e-lindsey.gov.uk |
| Approved for publication: | Councillor Fry, portfolio holder for Finance |