



REPORT TO:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	22 ND NOVEMBER 2023
SUBJECT:	RISK MANAGEMENT REPORT – Q2 2023/24
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 and comments on the draft Risk Management Framework.

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 2 position for risk management as at the end of September 2023.

1.3. A revised Risk Management Framework has been drafted for the Partnership at Appendix A. This is presented for comment prior to Executive Board and then Council for approval.

1.4. The review has included items previously identified by the Committee:

- Risk appetite – page 9 of the document under Key Components
- Heat map – with the risk registers at Appendix B
- Direction of travel – added to the table at para 2.2
- Clear marking of changes to the register each quarter – in Appendix B and in the table at para 2.2
- Target risk – added to Appendix B
- Future actions – added to Appendix B
- Opportunity risk – page 2 of the document under Risk Definition and throughout the document; as an example, the health risk mentions the opportunity of working with health partners

2. STRATEGIC RISK REGISTER

2.1. The strategic risk register has been reviewed for Q2, as at the end of September 2023.

2.2. A summary of the risks, scores and changes since the last report are set out in the table below, with full details in Appendix B.

Risk	Risk score	Changes in Q2	Direction of travel
Budget	High (15)	No change to risk score. A&G have asked for a review of the wording in relation to reduction in funding and sensitivity analysis; also consider combining risks ELDC01 and ELDC02 (funding and budgets) due to crossover. The two financial risks have been combined and the wording reviewed, including reference to sensitivity analysis	↔

Risk	Risk score	Changes in Q2	Direction of travel
Local economy	Medium (9)	<p>No change to risk score. A&G have asked for a review of the economic growth risk and economic hardship risk; why is the economic growth risk falling yet economic hardship risk rising. Risk scores reviewed - although linked, the two risks are not reliant on each other. No change at this time.</p> <p>Current proposals for an extension of Louth Industrial Estate are not currently included on the risk register. Overview Committee has requested that this be given consideration to be added to the register as a risk to the local economy. Rather than add an individual reference, we will review whether there needs to be reference to all industrial units or if they should be recorded as sub-risks. Under review.</p> <p>Also review of wording from Q1 report. Wording reviewed to include reference to infrastructure, local services and housing.</p> <p>Planned action added: Strategic Economic Plan for the sub-region</p>	↔
Lincshire flood defence	High (10)	<p>No change to risk score. Overview Committee has requested that this risk is re-evaluated again as flooding would be a serious risk to the coastal economy. As per previous comments, it is considered reasonable to keep the scores the same as the Environment Agency have not adjusted the risk profile. Additionally, the Council is developing its Strategic Flood Risk Assessment update, which will enable a greater understanding of the risks and implications for the coast. Risks will continue to be managed by working in Partnership.</p>	↔
Business continuity	High (15)	<p>No change to risk score. A&G requested that a target date be included for the update of the plans. Target date added - by the end of Quarter 4 2023/24.</p>	↔
Health and Safety	Medium (6)	<p>No change to risk score.</p>	↔
Local Plan	Medium (9)	<p>No change to risk score.</p>	↔
Safeguarding	Medium (8)	<p>No change to risk score.</p>	↔
Information	Medium (8)	<p>No change to risk score.</p>	↔

Risk	Risk score	Changes in Q2	Direction of travel
Treasury and capital	Medium (8)	No change to risk score.	↔
Service delivery	Medium (9)	No change to risk score.	↔
Technology Infrastructure failure	High (10)	No change to risk score.	↔
Cyber Incident	High (15)	No change to risk score.	↔
Capital Programme	Medium (6)	No change to risk score.	↔
General Fund Assets	Low (4)	<p>No change to risk score. A&G have asked for a review to consider if a low risk should be on the strategic risk register. Asset management is important strategically and features in the draft sub-regional strategy so will remain on the risk register for now and will be reviewed again at the end of the financial year.</p> <p>Engaged with partnership on progressing one I.T system and aligning other major works to ensure that we are utilising full resource.</p>	↔
Economic Hardship	High (12)	No change to risk score. A&G have asked for a review of the economic growth risk and economic hardship risk; why is the economic growth risk falling yet economic hardship risk rising. Reviewed -although linked, the two risks are not reliant on each other. No change at this time.	↔
Implementation of the Environment Act 2021	High (16)	No change to risk score. A&G have asked for a review of the risk score which seems high compared to other risks. This is due to the continued uncertainty.	↔
Introduction of Extended Producer Responsibility	Medium (9)	No change to risk score.	↔
Identification and Suitability of future Depot Accommodation	Critical (20)	New risk	New
Capacity	High (12)	New risk identified across the partnership by SLT / peer review follow up	New
External Communication	Medium (6)	New risk identified across the partnership	New
Retention of staff	Medium (8)	New risk identified across the partnership	New
Third Party Service Delivery	Medium (9)	New risk identified across the partnership	New
Internal Communications	High (12)	New risk identified across the partnership	New

2.3. A new register of strategic risks to the partnership has also been developed, based on the original business case. The partnership risks and scores are set out below, with full details in Appendix B.

Risk	Risk score
Vision	Medium (9)
Trust	Medium (9)
Sovereignty	Medium (9)
Takeover	Medium (9)
Culture	Medium (9)
LGR	High (12)
Funding	High (16)
Staffing	High (12)

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 reviewing 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	Draft Risk Management Framework
APPENDIX B	Q2 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 Briefing	8 th November 2023

REPORT APPROVAL

Report author:	Suzanne Rolfe, Group Manager - Insights & Transformation suzanne.rolfe@boston.gov.uk
Signed off by:	John Medler, Assistant Director – Governance and Monitoring Officer John.medler@e-lindsey.gov.uk
Approved for publication:	Councillor Fry, Portfolio Holder for Finance