



Report To: Audit & Governance Committee

Date: 11th September 2024

Subject: Quarter 1 Risk Report 2024/25

Purpose: To provide an update on risk as at the end of June 2024

Key Decision: No

Portfolio Holder: Councillor Kemp, 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 as at the end of June 2024.

Recommendations

1. 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 1 position for risk management as at the end of June 2024.

2. Strategic Risk Register





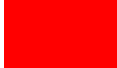
2.1 The strategic risk register has been reviewed for Q1, as at the end of June 2024.

2.2 A summary of the risks and scores are set out in the table below, with full details in Appendix 1.

East Lindsey Strategic Risks	Risk score	Direction of travel
ELDC01: Budget	High (12)	↔
Update in Q1: EL A&G suggest considering these elements: More visibility of potential of business rates rebate and property fund divestment, impending MRP; potential for significant loss of money; property bonds. Wording reviewed. Risk description and causes updated. New risk relating to business rates added at ELDC26.		
ELDC03: Local economy	Medium (9)	↔
Update in Q1: To be reviewed by new Director in Q2		
ELDC04: Lincshire flood defence	High (10)	↔
ELDC05: Business continuity	High (9)	↔
ELDC06: Health and Safety	Medium (6)	↔
ELDC07: Local Plan	Medium (9)	↔
ELDC08: Safeguarding	Medium (8)	↔
ELDC09: Information	Medium (8)	↔
ELDC10: Treasury and capital	Medium (8)	↔
ELDC11: Third Party Service delivery	Medium (9)	↔
Update in Q1: Treatment and score reviewed as requested. No changes at this time. An explanation about how we use the term 'tolerate' in risk control is set out in paragraph 3.3 for clarity.		
ELDC12: Technology Infrastructure failure	High (10)	↔
Update in Q1: Treatment and score reviewed as requested. No changes at this time. As part of business continuity planning, services are considering in detail how they would continue to operate should an ICT outage occur.		
ELDC13: Cyber Incident	High (15)	↔

East Lindsey Strategic Risks	Risk score	Direction of travel
Update in Q1: These mitigations afford ICT awareness of emerging threats. We are about to commission an external validation of our cyber response plan for ICT. Score remains the same.		
ELDC14: Capital Programme	Medium (6)	↔
ELDC15: General Fund Assets	Low (4)	↔
ELDC16: Economic Hardship	High (12)	↔
ELDC17: Implementation of the Environment Act 2021	High (16)	↔
ELDC18: Introduction of Extended Producer Responsibility	Medium (9)	↔
ELDC19: Identification and Suitability of future Depot Accommodation	High (15)	↔
Update in Q1: Treatment and score reviewed as requested. No changes at this time.		
ELDC20: Capacity	High (12)	↔
Update in Q1: Discussions remain ongoing with services in regard to capacity and how through the change of working practices it may be possible to increase capacity		
ELDC21: External Communication	Medium (6)	↔
ELDC22: Retention of staff	Medium (8)	↔
Update in Q1: We are on the verge of launching our own recruitment academy which seeks to recruit and develop apprentices specifically in those services where it is harder to recruit.		
ELDC23: Service Delivery	Medium (9)	↔
ELDC24: Internal Communications	High (12)	↔
Update in Q1: Treatment and score reviewed as requested. No changes at this time.		
ELDC25: Net Zero Target	Medium (8)	↔
ELDC26: National Review of Business Rates	High (10)	New risk in Q1
ELDC27: Domestic Retrofit programme	High (12)	New risk in Q1

Risk Scoring Matrix						
Impact	Critical		4; 12; 26	13		
	High	15	8; 9; 10; 22	1; 16; 24	17	
	Medium		6; 14; 21	3; 5; 7; 11; 18; 23	20; 27	19
	Low				25	
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain
		Likelihood				

Risk Score	Colour
Minimal Risk	
Low Risk	
Medium Risk	
High Risk	
Critical Risk	

2.3 As set out in the risk policy, we use the 4Ts of risk control:

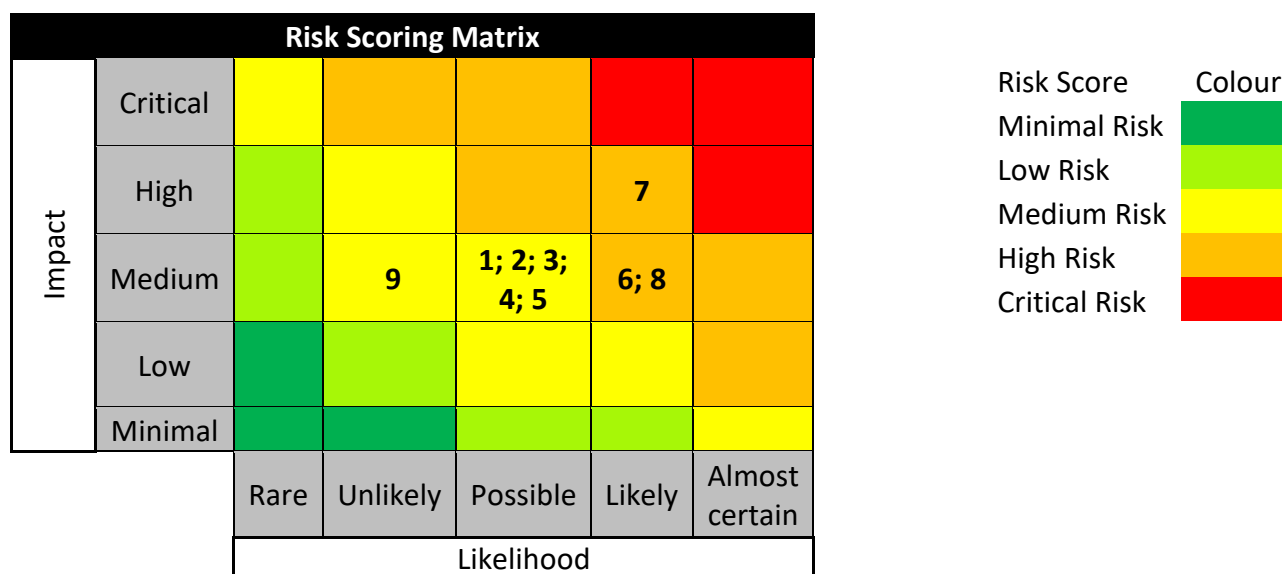
- Terminate – rarely, we may be able to stop doing the activity altogether and thereby remove the risk altogether
- Tolerate – accept the risk and live with it because it is within our risk appetite and the cost of mitigating action would outweigh the benefits

- Transfer – move all or part of the risk to a third party or through insurance; however, sometimes accountability remains, particularly with a Council, so caution is advised
- Treat - take action to control the likelihood and/or impact and set a target to move the risk to within the risk appetite once the action has been implemented

2.4 The strategic risks for the Partnership have also been reviewed for Q1, as at the end of June 2024.

2.5 A summary of the Partnership risks and scores are set out in the table below, with full details in Appendix 3.

SELCP Partnership Risks	Risk score	Changes in Q1	Direction of travel
SELCP-01: Vision	Medium (9)	No change to risk score	↔
SELCP-02: Trust	Medium (9)	No change to risk score	↔
SELCP-03: Sovereignty	Medium (9)	No change to risk score	↔
SELCP-04: Takeover	Medium (9)	No change to risk score	↔
SELCP-05: Culture	Medium (9)	No change to risk score	↔
SELCP-06: LGR	High (12)	No change to risk score	↔
SELCP-07: Funding	High (16)	No change to risk score	↔
SELCP-08: Staffing	High (12)	No change to risk score	↔
SELCP-09: PSPS	Medium (6)	EL Councillors requested consideration of PSPS as a specific risk to the Partnership – new risk added	New

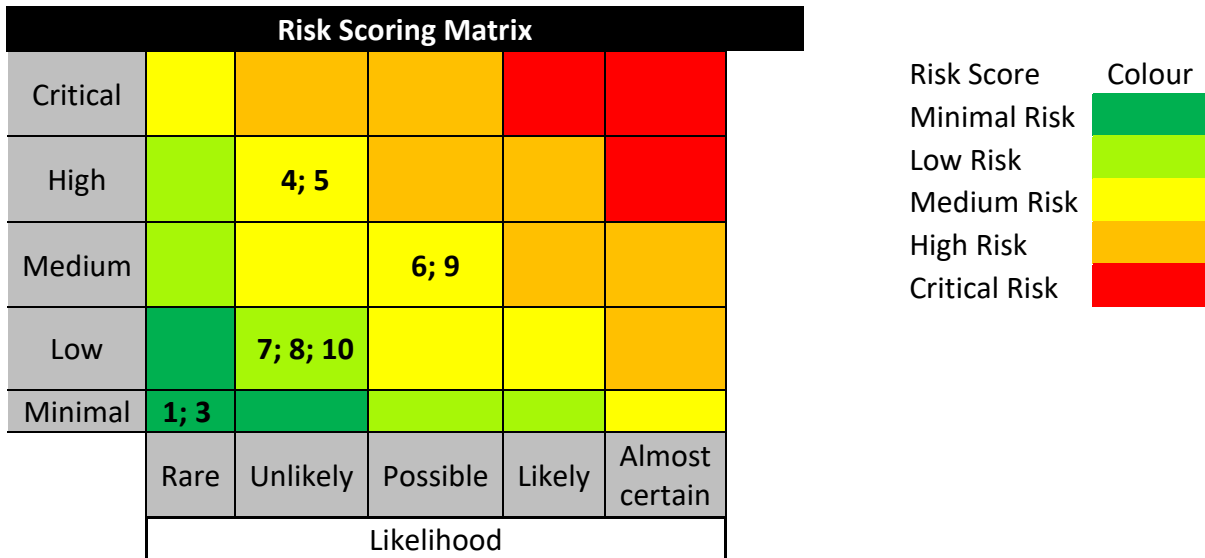


2.6 The fraud risks have also been reviewed for Q1, as at the end of June 2024.

2.7 A summary of the fraud risks and scores are set out in the table below, with full details in Appendix 3. Further work is planned in relation to fraud risk in 2024/25.

Fraud Risks	Risk score
1: Asset - Equipment	Minimal (1)
3: Assets – Land and Property	Minimal (1)
4: Procurement – Contracts	Medium (8)

Fraud Risks	Risk score
5: Procurement – Contract Payments	Medium (8)
6: Council Tax – Credit Refund and Income Fraud	Medium (9)
7: Council Tax Fraud	Low (4)
8: Council Tax Support Scheme	Low (4)
9: National Non-Domestic Rate (NNDR) Fraud	Medium (9)
10: Housing Benefit Fraud	Low (4)



2.8 Further details about the high operational risks from Quarter 4 as requested following the last report are detailed below. Mitigation and monitoring within services is in place for all of these risks.

2.8.1 Property services budget

The risk of cuts to service budgets for property services. Prospectively less efficiently / less well administered property portfolio. Risk of a backlog of repair and maintenance resulting in more detrimental / fundamental repairs needed to buildings' fabric.

Controls/mitigation: Stretched intervals for routine maintenance. Reduction in time spent on non-essential record keeping / maintenance logs. The Assistant Director is aware and is mitigating the risk, including considering a potential move to a more dynamic back-office system to maximise efficiency.

2.8.2 Skegness Waterway

The risk of structural failure of the Skegness Waterway. Age of the asset together with accrued maintenance liability. Mitigated by regular maintenance and inspection. This is an aged asset and the condition of the waterway and associated bridges as built, will continue to decline with age. As such it is tolerated risk at this juncture and is kept under review.

2.8.3 Ash tree dieback disease

The risk of ash tree dieback (chalara fraxinea) disease affecting Council owned trees. Chalara is affecting hundreds of trees on the East Coast. Council trees may fail at

some point and require removal. Failure to monitor and remove affected trees would put members of the public at risk of falling trees.

Controls/mitigation: Monitor Ash trees owned by the Council and have an action plan in place to deal with any that become diseased and dangerous.

2.8.4 Sand

Wind-blown sand management. Mablethorpe and Skegness sea defences / promenades. The Neighbourhood Services team remove sand in priority areas. In discussion with the Environment Agency.

2.8.5 Fairfield depot

Buildings are of a pre-fabricated construction without sufficient capacity to provide for the staff and working tasks required at the depot. A new building to accommodate staff and operational tasks will be required as the current building ages and provision considered in the capital programme.

2.8.6 Recruitment and retention in waste services

Potential shortage of staff due to illness, national shortage of HGV drivers, and competition from private companies with better pay and working conditions. Risk to expansion of the service to meet new growth or additional services i.e. food waste.

Controls/mitigation: Provision of agency staff within the workforce, however HGV drivers are in short supply from agencies. Continue to train loaders for HGV where possible and ensure RCV drivers are paid appropriate salary for their role. Ensure resilience and flexibility in the back office via staff training. Working procedures documented in case of staff absence/departure.

2.8.7 Zoo Licensing Act

7 Zoos in the area, 4 of which have expanded and have a significant number of category 1 species (Big Cats/Primates). Potential financial and reputational impacts should a licence have to be revoked.

Controls/mitigation: Strict adherence to Secretary of State model standards for Zoo practice. Regular Zoo license visits. Skilled and trained staff and access to expert advice. Review Zoo license fee system in order to increase capacity for the regulation of Zoos as the regime is complex.

2.8.8 Information governance

The LGSCO has issued a new Complaint Handling Code with the intention of considering the Code as part its processes from April 2026. The Code may create significant additional burdens on the Council to ensure compliance or risk financial penalties in future. Further guidance will be issued to Councils on the application of the Code. Work will be undertaken in 2024/25 to identify the impacts of the Code and any necessary mitigations including review of the Council's current feedback policy.

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.

Implications

South and East Lincolnshire Councils Partnership

A Partnership approach has been agreed for 2024/25.

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

No implications specific to this report. Risks relating to staffing are included in the report.

Workforce Capacity Implications

No implications specific to this report. Risks relating to workforce capacity are included in the report.

Constitutional and Legal Implications

No implications specific to this report.

Data Protection

No implications specific to this report.

Financial

No implications specific to this report.

Risk Management

Whole report.

Stakeholder / Consultation / Timescales

Consultation with SLT.

Reputation

No implications specific to this report. Potential reputational risks are included in the report.

Contracts

No implications specific to this report. Risks relating to contracts and procurement are included in the report.

Crime and Disorder

No implications specific to this report.

Equality and Diversity / Human Rights / Safeguarding

No implications specific to this report.

Health and Wellbeing

No implications specific to this report.

Climate Change and Environmental Implications

No implications specific to this report.

Acronyms

- A&G: Audit & Governance Committee
- HGV: Heavy Goods Vehicle
- LGSCO: Local Government and Social Care Ombudsman
- Q: Quarterly (Q1: April to June; Q2: July to September; Q3: October to December; Q4: January to March)
- RCV: Refuse Collection Vehicle
- SLT: Senior Leadership Team

Appendices

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

Appendix 1 Q1 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

Overview Committee
Executive Board Briefing

Date

3rd September 2024
4th September 2024

Report Approval

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