



<b>Report To:</b>	Audit & Governance Committee
<b>Date:</b>	29 <sup>th</sup> January 2025
<b>Subject:</b>	Quarter 2 Risk Report 2024/25
<b>Purpose:</b>	To provide an update on risk as at the end of September 2024
<b>Key Decision:</b>	No
<b>Portfolio Holder:</b>	Councillor Kemp, Portfolio Holder for Finance
<b>Report Of:</b>	John Medler, Assistant Director – Governance
<b>Report Author:</b>	Suzanne Rolfe, Group Manager – Insights & Transformation
<b>Ward(s) Affected:</b>	All
<b>Exempt Report:</b>	No

### **Summary**

This report provides an overview of risk management in the authority as at the end of September 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 2 position for risk management as at the end of September 2024.

## 2. Strategic Risk Register





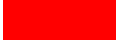
2.1 The strategic risk register has been reviewed for quarter 2, as at the end of September 2024.

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)	↔
ELDC03: Local economy	Medium (9)	↔
Update in Q2: The new Director of Economic Development has reviewed this risk.		
ELDC04: Lincshore flood defence	High (10)	↔
Update in Q2: The change of government in and of itself does not alter the risks in relation to the uncertainty of flood defence schemes. The Council continues to work with partners, such as LCC and the EA on matters pertaining to flood risk and future of the coastal defences. Work on the updated Strategic Flood Risk Assessment is well underway with results expected relatively shortly. Furthermore, the EA will be presenting to the Planning Policy Committee on this issue at its meeting on the evening of 17th October.		
ELDC05: Business continuity	High (9)	↔
Update in Q2: Updated by risk owner		
ELDC06: Health and Safety	Medium (6)	↔
Update in Q2: Updated by risk owner		
ELDC07: Local Plan	Medium (6)	↔
ELDC08: Safeguarding	Medium (8)	↔
ELDC09: Information	Medium (8)	↔
ELDC10: Treasury and capital	Medium (8)	↔
ELDC11: Third Party Service delivery	Medium (9)	↔
ELDC12: Technology Infrastructure failure	High (10)	↔
Update in Q2: 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 Q2: 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)	↔
<del>ELDC16: Economic Hardship</del>	<del>High (12)</del>	<del>↔</del>
Update in Q2: AD recommends deletion as a strategic risk to the Council and this has also been deleted at Boston and South Holland		
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)	↔
ELDC20: Capacity	High (12)	↔
Update in Q2: 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 Q2: 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 (6)	↓
Update in Q2: Reduced likelihood and impact scores; overall risk score reduced from high (12) to medium (6)		
ELDC25: Net Zero Target	Medium (8)	↔
Update in Q2: Updated by risk owner		
ELDC26: National Review of Business Rates	High (10)	↔
ELDC27: Domestic Retrofit programme	High (12)	↔
Update in Q2: Updated by risk owner		
ELDC28: Health	Medium (9)	New risk
Update in Q2: New risk; identified from review of risks across the partnership		

Risk Scoring Matrix						
Impact	Critical		4; 12; 26	1, 13		
	High	15	8; 9; 10; 22	16	17	
	Medium		6; 14; 21; 24; 27	3; 5; 11; 18; 23; 28	20; 27	19
	Low			7	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 quarter 2, as at the end of September 2024.

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

SELCP Partnership Risks	Risk score	Direction of travel
SELCP-01: Vision	Medium (8)	↓
Update in Q2: Risk reviewed, likelihood reduced, impact increased. Overall risk score changed from 9 to 8.		
SELCP-02: Trust	Medium (9)	↔
SELCP-03: Sovereignty	Medium (9)	↔
<del>SELCP-04: Takeover</del>	<del>Medium (9)</del>	<del>↔</del>
Update in Q2: Proposed to be removed for Q2		
SELCP-05: Culture	Medium (6)	↓
Update in Q2: Likelihood reduced. Overall risk score reduced from 9 to 6.		
SELCP-06: LGR	High (12)	↔
SELCP-07: Funding	High (16)	↔
SELCP-08: Staffing	High (12)	↔
SELCP-09: PSPS	Medium (6)	↔

Risk Scoring Matrix						
Impact	Critical					
	High		1		7	
	Medium		5; 9	2; 3; 4	6; 8	
	Low					
	Minimal					
		Rare	Unlikely	Possible	Likely	Almost certain
		Likelihood				

Risk Score      Colour

Minimal Risk      ■

Low Risk          ■

Medium Risk      ■

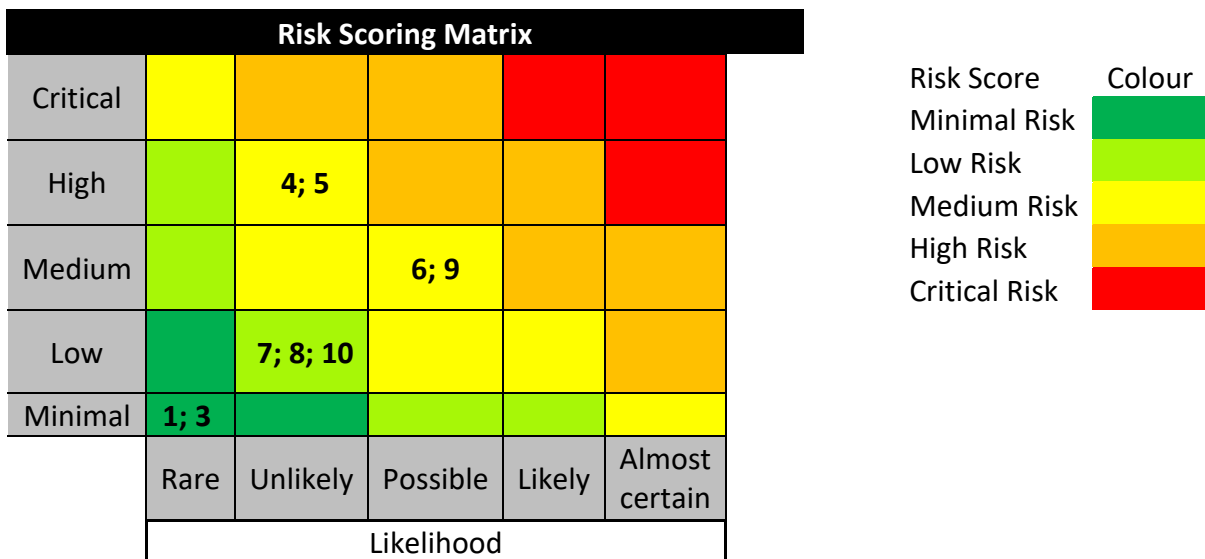
High Risk         ■

Critical Risk      ■

2.6 The fraud risks have also been reviewed for Q2, as at the end of September 2024.

2.7 A summary of the fraud risks and scores are set out in the table below. 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)
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)



### 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.

