

Report of	Meeting	Date
Deputy Chief Executive	Governance Committee	26 July 2022

Strategic Risk Register

Is this report confidential?	No
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Is this decision key?	Not applicable
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Purpose of the Report

1. The Strategic Risk Register is used by the council to identify and address any potential risks to the organisation and the delivery of its functions which therefore need to be managed strategically.
2. This report provides members with an updated Strategic Risk Register, which includes 16 strategic risks to the council, including actions in progress as well as new actions planned to further mitigate identified risks.

Recommendations to Governance Committee

3. That members note the strategic risks, controls in place and actions planned to further mitigate the strategic risks as set out in the report.

Reasons for recommendations

4. To enable the risk register to be updated on GRACE, the council's risk management system, to ensure close monitoring of key strategic risks.

Other options considered and rejected

5. No other options have been considered as the report is for information only.

Executive summary

6. The council operates in a changing political, economic and financial environment. The Strategic Risk Register therefore needs to be updated regularly to reflect any new or emerging strategic risks facing the council.
7. This report contains the latest version of the risk register and proposed changes for members' information and comment. The updated version of the risk register will then be updated on GRACE, the council's risk management system, following consideration by the Governance Committee.

Corporate priorities

8. The report relates to the following corporate priorities:

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

Background to the report

9. The Strategic Risk Register is a key part of the council's risk management system, alongside service level and individual project level risk registers. It considers the key risks that are applicable to Corporate Strategy and service delivery across the council as a whole.
10. The Council operates in a continually changing political, economic and financial environment. The Strategic Risk Register is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
11. The Strategic Risk Register is owned by the Senior Management Team and is stored and managed through GRACE, the council's risk management system. SMT are responsible for identifying, owning, monitoring and delivering actions to mitigate strategic risk, including ensuring that any actions against each risk are completed.
12. All risks are scored on a 4x4 risk matrix as outlined below:

Major	4	4 Low	8 Medium	12 High	16 High
Serious	3	3 Low	6 Medium	9 Medium	12 High
Minor	2	2 Low	4 Low	6 Medium	8 Medium
Insignificant	1	1 Low	2 Low	3 Low	4 Low
		1	2	3	4
		Rarely – there is a slight possibility that the event will occur	Unlikely- there is a possibility that the event will occur or there is a history of occasional occurrence within the authority	Likely – There is a strong possibility that the event will occur or there is history or regular occurrence within the Authority	Highly likely - there is little doubt that the event will occur

Summary of risks

13. A summary of the updated risks for 2022/23 is outlined in the table below. This includes a summary of the existing control measures and actions in place to mitigate risk and any changes to the risk level since the last review.
14. The close management and delivery of actions to mitigate and control risks means that the majority of risks have remained stable, with three risks being identified as decreasing in risk level and two as increasing.
15. The full register including all existing control measures and new actions is available in appendix A.

Highest Scoring Risks

16. The highest scoring risks are highlighted in red in the table below. Many of these risks focus on delivering Council priorities, including service delivery, large scale capital projects, new ways of working, and working with strategic partners to deliver outcomes. There are challenges facing the organisation in relation to budgetary pressures and changes to funding that we will have to continue to address in order to meet the demand for services and needs of residents. Similarly, the impact of the national job market on staffing resources and capacity is a significant risk to service delivery and performance. There are strong control measures in place to mitigate these risks, including as part of the council's governance framework and budget setting and monitoring processes.

17. The highest scoring risk, with an inherent risk score of 16, is R6 'staff capacity and skills.' This has a high risk score due to the current issues being experienced in relation to the current national job market and recruitment challenges which are causing issues in recruitment to some services. Despite the high risk, the council has several control measures in place including the OD strategy which continues to develop staff's skills, HR mapping of the key gaps and recruitment drives to mitigate this, and reviewed employee benefits to attract and retain staff. Planned actions to mitigate this risk further include the review of management capacity which will help to ensure that there is the right level of capacity at the head of service level. The new People Strategy, which is currently being consulted on with staff, will also support recruitment, retention and staff development through:
- delivery of a review of recruitment and onboarding to ensure this is as efficient as possible
 - consistent graduate and apprentice process to grow our own
 - annual development day to give staff more time for developing their skills
 - annual workforce review to provide information on any current or upcoming skills gaps

Changes to risk scores

18. The majority of strategic risk levels have remained similar to 2021/22, as mitigating actions and controls have ensured that the risks have been effectively managed and therefore not escalated across the year. All actions and controls have been reviewed and updated against these risks to ensure any new activity is captured and this will be recorded within the GRACE system following Governance Committee. Key changes are summarised below:

Decreasing risk scores:

- A decrease in inherent risk for R1 'the ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents' from 16 (high risk) to 8 (medium risk) and residual risk from 9 (medium risk) to 6 (medium risk.) This is to reflect that there is now a reduced risk to service delivery from the Covid-19 pandemic, with government guidance and restrictions lifted, the virus being managed at a local level and nation-wide mitigating actions such as the vaccine programme. Potential future risks to service delivery are also well managed with well-established business continuity plans in place.
 - The scope of R1 has also changed with the cyber security risk element now included within R7 'Risk to ICT security impacting on service delivery and data protection' to better reflect the specific control measures and mitigating actions in place in relation to ICT and cyber security.
- A decrease in the inherent risk for R2 'failure to achieve desired outcomes through strategic relationships' from 16 (high) to 12 (high.) This reflects that the risk of delivering objectives through partnerships has now reduced as the Leisure and Waste services have been insourced. The risk level still remains high as the Council works with partners to achieve several strategic objectives, such as the City Deal, and whilst this brings benefits in terms of wider influence and capacity to deliver, it also means that the Council has less control over successful delivery.

- A decrease in risk score for R8 'failure to adjust our practices and services to reflect the impact of the Covid-19 pandemic' from an inherent risk of 12 (high) to 9 (medium) and a residual risk of 8 (medium) to 6 (medium.) This reflects the reduced impact of Covid-19 as government guidance and legislation has been lifted and the council has adapted to new ways of working, such as through hybrid and remote work. The council has adapted well to deliver new services as required, such as the administration of grants and rebates, and there is a corporate strategy project in place to reflect the need to adjust services to meet the changing needs of residents.

Increasing risk scores:

- An increase in risk score for R6 'Lack of staff capacity and/ or skills (including as a result of issues in relation to recruitment,) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy' from 12 (high) to 16 (high.) This reflects ongoing capacity issues impacted by the national job market and recruitment patterns. As outlined above, the upcoming People Strategy will deliver a set of interventions targeted as improving the council's ability to recruit, train and retain our workforce.
- An increase in risk score for R16 'council performance' from 9 (medium) to 12 (high) to reflect that whilst there has been relatively stable Council performance during the Covid-19 pandemic, there is a risk in relation to the delivery of work and capacity across the council including as a result of the risk to staffing resources and recruitment to key posts. Further work to develop the performance and project management systems will help embed the approach to performance management and further mitigate risk. There is also Programme Management Office support in place to support the delivery of key programmes such as the ICT plan, which will ensure that the right technology and infrastructure is in place to support service delivery, and the Delivery Plan Project Team, which will help to ensure that priority projects are well coordinated and delivered.

Risk	Description	Inherent	Residual	Direction	Comment	Planned actions
R01- Service Delivery	The ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents	8	6	↓	<p>Decrease in inherent risk from 16 to 8 and residual risk from 9 to 6 to reflect reduction in risk as we emerge from the Covid-19 pandemic. Cyber security risks used to be contained as part of this risk but are now to be covered by R7 'Risk to ICT Security impacting on service delivery and data protection including failure to comply with GDPR regulations and data legislation.'</p> <p>Measures in place to control the risk of incidents affecting service delivery include the business continuity plan, emergency plan, command and control structure and national, regional and local security plans and ICT continuity plan.</p>	A new action has been identified to establish a forward plan of testing of business continuity plans to ensure they are robust and fit for purpose, and for SMT to monitor the impact of the Ukraine crisis on business continuity in relation to areas such as supply chains and security.
R02- Strategic Partnerships	Failure to achieve desired outcomes through strategic relationships including City Deal	12	9	↓	<p>Risk reduced from 16 (high) to 12 (high) to reflect that the risk of delivering objectives through partnerships has now reduced as the Leisure and Waste services have been insourced. The risk level still remains high as the Council works with partners to achieve several strategic objectives, such as the City Deal, and whilst this brings benefits in terms of wider influence and capacity to deliver, it also means that the Council has less control over successful delivery. Current risk score maintained with existing control measures including the</p>	<p>Planned actions to mitigate risk further include a mid-term review of the City Deal to identify the future direction of the partnership.</p> <p>New actions have also been identified to engage with emerging system changes at a Lancashire Level including in relation to Levelling Up and the delivery of the corporate strategy project to 'join up public services by working through the Chorley and South Ribble Partnership'</p>

					Key Strategic Partnership Framework to provide regular monitoring of key contracts, alongside shared governance arrangements, agreed structures and partnership boards.	
R03- Financial Sustainability	Reduction in current funding streams including government grant and key public sector and third party partners	12	9	→	Current risk score maintained with existing control measures to reduce the risk of poor financial stability include the MTFS and reporting, budget monitoring arrangements and the transformation strategy. Whilst risk remains high due to uncertainty in relation to government funding, the rising cost of living and inflation, the control measures help to ensure that the council is in a strong financial position.	Planned actions to further mitigate risk include engaging in plans aligned to Levelling Up and monitoring the impact of this and any future funding streams and bids to ensure South Ribble benefits from future funding opportunities. The budget planning process for 2022/23 has commenced which will closely monitor any updates from central government regarding future funding, including the UK Shared Prosperity Fund and ensure that our MTFS plans for any reduction.
R04- Management of Capital Programme and Capital Funding	Poor management and monitoring of capital funding and expenditure to deliver large scale improvements to the corporate plan - ensuring that is on track and up to date and projects delivered within agreed timescales and budget	12	9	→	Current risk score maintained. Current measures in place to mitigate risk include quarterly monitoring of the Capital programme, regular budget monitoring arrangements for projects within the capital programme, contract management and staffing support available through informal shared services arrangements with Chorley Council.	Planned actions to be delivered include regular updates of funding arrangements, with the Finance team to meet with service areas to identify alternative funding and to maintain membership of professional bodies to ensure that the staff skills are in place to manage the capital programme.
R05- External Legislation	Failure to account for and/or respond to external legislation	12	8	→	Current risk score maintained. Existing control measures in place include regular policy reviews, policy and legislation	

and Policy Change	and policy change for example those brought about by BREXIT, Universal Credit, GDPR , local government transformation, Green agenda				briefings, response to government consultations, officer and member training and interaction with partner agencies.	
R06- Staff Capacity and Skills	Lack of staff capacity and/ or skills (including as a result of issues in relation to recruitment,) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy	16	12	↑	At the last review of the risk register, the inherent risk score for staff capacity and skills was increased from 9 (medium) to 12 (high) based on risk of vacancies in key areas for service delivery with the risk that these vacancies might be difficult to fill due to national recruitment patterns. Based on feedback from members and the continuation of recruitment issues which are affecting some service areas, the risk has been increased from 12 (high) to 16 (high) and the residual risk from 9 (medium) to 12 (high) to reflect that this is currently an issue being faced by the Council. Current control measures in place include the OD strategy which continues to develop staff's skills, HR mapping of the key gaps and recruitment drives to mitigate this, reviewed employee benefits and the performance review process.	Despite the increasing risk and issues experienced, actions have been identified which will help to mitigate this risk moving forwards. Anew action has been identified for the review of management capacity, which will help to ensure that there is the right level of capacity at the head of service level. The new People Strategy will also support recruitment, retention and staff development through: <ul style="list-style-type: none"> - delivery of a review of recruitment and onboarding to ensure this is as efficient as possible - consistent graduate and apprentice process to grow our own - annual development day to give staff more time for developing their skills - annual workforce review to provide information on any current or upcoming skills gaps
R07- ICT Security and	Risk to ICT Security impacting on service delivery and data	12	8	→	Current risk score maintained. Current measures in place include security arrangements and policies including	Planned actions to further mitigate risk include the delivery of the Digital Strategy and ICT Plan to ensure that the

Data Protection	protection including failure to comply with GDPR regulations and data legislation				Information Security, security testing, implementation of the SOCITIM review and Government briefings and guidance.	right technology and infrastructure is in place to support ICT security and mandatory Information Security Framework training to be completed by all staff.
R08- Covid Recovery	Failure to adjust practices and processes to reflect the impact of the Covid-19 pandemic.	9	6	↓	Reduction in inherent risk from 12 (high) to 9 (medium) and inherent risk from 8 (medium) to 6 (medium) to reflect reduced risk as Covid-19 measures have relaxed and the council has adapted to new ways of working. Current control measures in place include Covid-19 working practices and procedures and government guidance in respect of grants/ provision of services.	A new corporate strategy project has been identified in relation to recovery from the pandemic which will look to improve pathways and access to support communities in their recovery.
R09- New Ways of Working	Failure to adapt business models and services to reflect changes in the way people interact and do business with the council (including consideration of communities post Covid-19, impact of local economy, and council services)	12	6	→	Risk level maintained to reflect current control measures in place to minimise the risk of not adapting to new ways of working include the Transformation Strategy, Digital Strategy and business planning process which all support the councils to identify and adapt changes to business models and the way people work.	Planned actions to further mitigate risk include a review of the Customer Access Strategy, implementation of the Digital Strategy and ICT Plan and implementation of the Workplace Strategy action plan to ensure that the right processes, technology and culture are in place to support agile and flexible working.
R10- Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including	12	6	→	The risk score for staff satisfaction and morale was increased at the last review of the risk register to reflect the amount of organisational change being undertaken by the council and the	A new action has been identified to embed regular pulse surveys to be carried out to monitor staff wellbeing and allow for early recognition of issues impacting on staff satisfaction. Other

	increase in sickness absence				<p>recovery of the Covid-19 pandemic. This risk score has been maintained as whilst steps have been taken to support staff wellbeing and morale, further time is needed to embed these steps and realise their impact.</p> <p>Current control measures in place to minimise the risk of low staff satisfaction and morale include consistent HR processes and policy, staff communications and OD strategy, with the Internal Communications Strategy and Organisational Development (as the new People Strategy) to be refreshed as part of planned actions.</p>	actions have also been identified in relation to the delivery of the People Strategy including an interactive staff experience and review and relaunch of staff rewards and recognition.
R11- Brexit	Potential detrimental impact of Brexit upon service delivery or costs	9	6	→	Current risk score maintained as whilst there has been a minimal impact from the BREXIT transition date, the longer-term impact on legislation remains uncertain. Existing control measures include ongoing awareness from SMT.	There is an ongoing planned action in place to review relevant policies and procedures as the longer-term impacts of BREXIT emerge.
R12- Corporate Governance Failure	Failure to implement and maintain the corporate governance framework action plan leading to continued fundamental weaknesses in internal controls.	9	6	→	Current risk score maintained. Existing control measures in place include the AGS action plan, Council Constitution, Code of Corporate Governance, Member and Officer protocols and Internal Audit.	Planned actions include a review of the Constitution, to develop the council's approach to fraud, and the develop a range of reports for risk management in line with the annual governance statement actions to allow for more frequent risk information to be shared with Directors around service and project risks.

R13- Political Relationships	Failure to maintain political stability and Officer- Member relationships	9	6	→	Current risk score maintained. Regular portfolio reviews, annual refresh of corporate strategy projects and member briefings are in place as existing measures to minimise the risk of the breakdown of political relationships.	Planned actions include ongoing member training and a review of the approach to committee meetings in line with the Local Government Association to ensure best practice and review effectiveness of the scrutiny function.
R14- Council's Reputation	Damage to the Council's reputation and potential reduction in resident satisfaction	9	4	→	Current risk score maintained. Current measures in place to minimise risk to the council's reputation include strong governance arrangements and frameworks for measuring and monitoring performance including conduct and capability policies, communication and engagement channels, complaints policy, resident satisfaction survey, performance monitoring, the corporate strategy and budget setting process, and the strategic partnership framework.	Actions planned to further mitigate risk include a reviewed customer strategy in line with the shared Customer Services review which will aim to improve the resident experience and thus satisfaction.
R15- Shared Services Arrangements	Failure of existing shared service arrangements/ failure to expand shared services arrangements	9	4	→	Current risk score maintained based on work that has been carried out to strengthen the approach to future phases of shared services. The risk of failure to shared services arrangements has several control measures in place to minimise risk including governance arrangements, shared Chief Executive and SMT and regular performance reporting and	Planned actions include a reviewed approach to future phases of shared services, using lessons learned from previous phases to minimise impact on service delivery and ensure successful shared services.

					monitoring of shared services to Shared Services Joint Committee.	
R16- Council Performance	Failure to sustain performance of Corporate Strategy projects and general organisational performance	12	6	↑	Risk score increased from 9 (medium) to 12 (high) to reflect that whilst there has been relatively stable Council performance during the Covid-19 pandemic, there is a risk in relation to the delivery of work and capacity across the council. Measures in place include quarterly monitoring and reporting through the refreshed performance management framework, business planning process and local indicators.	Further work to develop the performance and project management systems will help embed the approach to performance management and further mitigate risk. The Programme Management Office has support in place to drive forward the delivery of key projects and programmes including the ICT plan, which provides the basis of infrastructure and technology to support the effective use of new technology, and the Delivery Plan, which priorities key projects and programmes to ensure we are delivering against key priorities.

Climate change and air quality

19. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Risk

20. Strategic risk for the council is outlined within the report.

Comments of the Statutory Finance Officer

21. There are no direct financial implications of this report however financial risks are monitored through various means including; internal and external audit, financial reporting and financial commentary on all Council reports.

Comments of the Monitoring Officer

22. There are no issues or concerns to raise from a Monitoring Officer perspective. The report is essentially for noting – there are no direct legal implications arising.

Appendices

Appendix A- Strategic Risk Register

Report Author:	Email:	Telephone:	Date:
Caroline Winstanley (Transformation Coordinator)	caroline.winstanley@southribble.gov.uk	N/A	8 July 2022