



Report of	Meeting	Date
Director of Change and Delivery	Governance Committee	Tuesday, 8 August 2023

Strategic Risk Register

Is this report confidential?	No
------------------------------	----

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 need to be managed strategically.
2. This report provides members with an updated Strategic Risk Register, setting out the strategic risks to the council, control measures and actions planned to help manage risk.

Recommendations to Governance Committee

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

Reasons for recommendations

4. To comment and note on the risk register to help 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 is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
7. This report contains the annual update of the risk register for member's information and comment and includes updates identified by the Shared Senior Management team

through interim reviews conducted throughout the year. The updated version of the risk register is also held on GRACE, the Council's risk management system.

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, working alongside service level and individual project level risk registers. The risk registers consider 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. Inherent risks set out the risk likelihood and impact if no control measures were in place. Residual risk sets out the score, considering the control measures that are in place but before further actions are delivered.

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 2023/24 is outlined in the table at the end of the report. This includes a summary of the existing control measures and actions in place to mitigate risk alongside any changes to the risk level since the last review. The full register including all of the existing control measures and actions is available in appendix A.

Highest Scoring Risks

14. 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 strong control measures in place to mitigate these risks, including as part of the council's governance framework and budget setting and monitoring processes.
15. 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, with this being managed through the transformation programme and delivery of the Medium Term Financial Strategy. Similarly, the impact of the national job market on staffing resources and capacity is a significant risk to service delivery and performance, with the council's People Strategy helping to deliver a more strategic approach to staff development and retention, and the development of a Recruitment Strategy helping to improve the council's approach to recruitment.

16. The highest scoring risks, with an inherent risk score of 16 are R6 'staff capacity and skills' and R3 'reduction in current funding streams or increase in costs as a result of inflation.' R6 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. There have been some recent improvements to staff recruitment, with some success in recruiting to vacant posts and a refreshed approach to advertising roles. R3 also has a high risk score due to the uncertainty of long-term government funding and increasing pressures from rising inflation. Despite this risk, the Council still maintains a strong financial position.

Changes to risk scores

17. The majority of strategic risk levels have remained similar to 2022/23, with mitigating actions and controls ensuring that the risks have been effectively managed and therefore not escalated across the year. Key changes are summarised below:

Decreasing risk scores:

- **R5- Not responding to external legislation and policy change** has been reduced in inherent risk from 12 (high) to 9 (medium) to reflect the reduced risk from large scale external changes that would impact on directorates across the council (for example GDPR and BREXIT.) We have now seen the most significant impacts of these areas of legislation and policy change and have implemented council policies and procedures in response to them.
- **R6- Staff capacity and skills** has been reduced in residual risk from 12 (high) to 9 (medium) to reflect that whilst recruitment is a challenge for the Council, there has been some success in recent recruitment and though alternative strategies such as 'grow our own.' The council has a graduate and apprentice programme in place to offer opportunities to train and develop staff in different services across the council. Work has also taken place to develop a more strategic approach to recruitment, with the initial development of a Recruitment Strategy and appointing to a new Recruitment and Talent advisor within the HR team. The council also looks to maintain staff capacity and skills by retaining skilled staff, with upcoming actions including the review of reward and recognition across the organisation.

Increasing risk scores:

- **R3 - Poor financial sustainability** has increased in residual risk from 9 (medium) to 12 (high.) This reflects that whilst the Council still maintains a strong financial position, there is a risk of poor financial sustainability due to high inflation and the ongoing uncertainty around government funding. Mitigating actions are in place including the Medium Term Financial strategy, budget setting process and the transformation programme to help manage the council's budgets and deliver opportunities for savings or income generation.
- **R1- Incidents impacting service delivery** has increased in inherent risk from 8 (medium) to 12 (high) to reflect the increasing risk of incident that impact service delivery as a result of the increased risk of industrial action on pay. Continuity plans are in place to help mitigate the impact of any industrial action, including prioritisation of services and redeployment of staff, and regular meetings take place between the union and the council to ensure continued communication.

18. A new risk has been identified as **R8 'failure to act to address the impact of climate change'** to reflect both the reputational risk and negative impact on our communities as a result of the Climate Emergency. This has been allocated an inherent risk score of 12 (high) and residual risk score of 9 (medium) with mitigating actions including the council's Climate Change Strategy and action plans. There is a plan to review the strategy and action plan against current funding opportunities to ensure that these are aligned where possible.

19. The risk for **'failure to adjust practices and processes to reflect the impact of the COVID-19 pandemic'** has been removed from the register. This is to reflect that the recovery actions have been subsumed as part of wider pieces of work and delivered as part of business as usual. Therefore, the recovery of COVID-19 no longer needs to be identified specifically as a key strategic risk. This better reflects the wider long-term economic impact from the pandemic and impact on communities.

Risk	Description	Inherent	Residual	Direction	Comment	Planned actions
R01- Incidents Impacting Service Delivery	The ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents	12	9	↑	<p>Increase in risk from 8 (medium) to 12 (high) to reflect the increased risk of industrial action. Continuity plans are in place to help mitigate the impact of any industrial action, including prioritisation of services and redeployment of staff. Regular meetings also take place to ensure positive engagement with the union.</p> <p>Other measures in place include the business continuity plans, emergency plans, and national, regional and local security plans and ICT continuity plan.</p>	A new action has been identified for business continuity plans to be embedded on the dedicated system so that they are readily available and accessible, and a testing exercise of plans to be undertaken to ensure that they are robust.
R02- Strategic Partnerships	Failure to achieve desired outcomes through strategic relationships including City Deal	12	9	→	<p>Risk level maintained. The risk level 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 delivery. Existing control measures include the Key Strategic Partnership Framework to provide regular monitoring of key contracts, alongside shared governance arrangements, agreed structures and partnership boards.</p>	Planned actions to mitigate risk further include a review of the Key Contracts and Partnerships Framework to ensure that it enables robust monitoring of strategic partnerships, alongside continued engagement with emerging system changes at a Lancashire level.
R03- Financial Sustainability	Reduction in current funding streams including government	16	12	↑	<p>Increase in residual risk from 9 (medium risk) to 12 (high risk) to reflect that whilst the Council still maintains a strong</p>	Planned actions to further mitigate risk include engaging in plans aligned to Levelling Up and monitoring the impact

	grant and key public sector and third party partners				<p>financial position, there is a risk of poor financial sustainability due to high inflation and the ongoing uncertainty around government funding.</p> <p>Existing control measures to reduce the risk of poor financial stability include the Medium-Term Financial Strategy, 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.</p>	<p>of this and any future funding streams and bids to ensure South Ribble benefits from future funding opportunities. The budget planning process for 2024/25 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 changes in funding.</p> <p>A new action has also been identified to refresh the Transformation Strategy to have a greater focus on delivering savings or income generation.</p>
R04 Poor Management of Capital Programme and Capital Funding Failure to realise the value of major investments	Poor management and monitoring of capital funding 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 Failure to realise the value of large scale investments linked to the capital programme delivery and oversight	12	9	→	<p>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 and a standardized business case for capital investments to ensure a high quality of reporting and informed decision making.</p> <p>The risk title has also been changed from 'poor management of capital programme and capital funding' to 'failure to realise the value of major investments.' This better reflects the current risk to the Council, including the current economic context.</p>	Planned actions to be delivered include regular updates of funding arrangements, with the Finance team to meet with service areas to identify alternative funding sources including CIL, S106 or grant funding.

R05- External Legislation and Policy Change	Failure to account for and/or respond to external legislation and policy change for example those brought about by BREXIT, Universal Credit, GDPR , local government transformation, Green agenda	9	6	↓	<p>Decrease in inherent risk from 12 (high) to 9 (medium) to reflect a reduced risk from large scale changes across council directorates such as GDPR or BREXIT.</p> <p>Existing control measures in place include regular policy reviews, policy and legislation briefings, response to government consultations, officer and member training and interaction with partner agencies.</p>	The council will continue to engage in regional changes, including any plans aligned to the Levelling Up agenda.
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	9	↓	<p>Decrease in residual risk from 12 (high) to 9 (medium) to reflect that whilst recruitment remains an issue, there has been some recent success in recruitment. A new Recruitment and Talent Advisor is in place to help ensure that roles are advertised and recruited to effectively.</p> <p>Current control measures in place include the OD strategy which continues to develop staff skills, reviewed employee benefits, and the performance review process to identify personal development needs.</p>	<p>Further mitigating actions include a new recruitment system to help streamline recruitment and deliver an improved candidate experience, the rollout of new terms and conditions to help retain current staff, and a recruitment strategy to support a strategic approach to recruitment, skills and capacity. The new People Strategy will also support recruitment, retention and staff development through:</p> <ul style="list-style-type: none"> - Review of rewards and recognition - Employee experience to develop shared staff values - Team talks to promote cross-service communication and development
R07- ICT Security and Data Protection	Risk to ICT Security impacting on service delivery and data protection including	12	8	→	Current risk score maintained. Current measures in place include security arrangements and policies including the Information Security Framework, security	Planned actions to further mitigate risk include the continued delivery of the Digital Strategy and ICT Plan to ensure that the right technology and

	failure to comply with GDPR regulations and data legislation				testing, implementation of the SOCITIM review and Government briefings and guidance.	infrastructure is in place to support ICT security. Cyber security training is also planned to highlight to officers the risks faced by the council. The refresh of the Information Security Council terms of reference will help to ensure that there are clear lines of responsibility for information security.
Covid Recovery RISK REMOVED	Failure to adjust practices and processes to reflect the impact of the Covid-19 pandemic.	9	6		This risk has been removed to reflect that Covid-19 recovery is no longer a key risk.	
R08 Failure to Act to Address Climate Change	Failure to act successfully to meet commitments made by the Council to address climate change, alongside the risk of negative impacts on our communities as a result of the Climate Emergency.	12	9		This is a new risk that has been identified to reflect both the reputational risk and negative impact on our communities as a result of the Climate Emergency. Control measures in place include climate change strategies and action plans, dedicated Climate Change officers and Planning Policy which considers the environmental impact of new developments.	A new action has been identified to refresh the current climate change action plan to ensure that it is tailored against potential external funding.
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	12	6	→	Risk level maintained. 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 the continued 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.

	local economy, and council services)					
R10- Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	12	6	→	<p>The risk score for staff satisfaction and morale has been maintained to reflect that whilst there have been recent positive improvements to staff satisfaction as a result of steps taken to support staff wellbeing and morale, staff satisfaction still remains a risk for the council due to the pressures faced in relation to funding and capacity, alongside the need for change to adapt to a challenging external environment.</p> <p>Current control measures in place to minimise the risk of low staff satisfaction and morale include consistent HR processes and policy, the People Strategy and organisational development programme, and regular pulse surveys to monitor staff satisfaction</p>	Further actions have also been identified including an interactive staff experience to develop the Council's shared values, a review and relaunch of staff rewards and recognition, the implementation of the new, better staff terms and conditions, and team talk initiative to support cross team learning and collaboration.
R11- Detrimental Impact of Brexit	Potential detrimental impact of Brexit upon service delivery or costs	9	6	→	<p>Current risk score maintained as whilst there has been a minimal impact from the BREXIT transition date, the longer-term impact of legislation remains unclear. Existing control measures include ongoing awareness from the Senior Management Team to monitor any changes to service delivery.</p>	
R12- Corporate	Failure to implement and maintain the	9	6	→	<p>Current risk score maintained. Existing control measures in place include the</p>	Planned actions include the completion of internal audit management actions,

Governance Failure	corporate governance framework action plan leading to continued fundamental weaknesses in internal controls.				Annual Governance Statement action plan, Council Constitution, Code of Corporate Governance, Member and Officer protocols and Internal Audit.	the annual governance statement actions for 2023/24, and a review of the Council's Constitution. These will all help to ensure that the council continues to develop and improve its corporate governance controls.
R13- Breakdown in Political Relationships	Failure to maintain political stability and good Officer- Member relationships including cross party 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.	Further actions include a review of the Constitution to ensure that it is up to date and the rollout of a member induction programme following the all-out elections.
R14- Damage to the 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. These include 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 the delivery of internal audit management actions and the annual governance statement actions for 2023/24. This will help to deliver improvements that have been identified to strengthen the council's governance controls.
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 the implementation of new shared services.	Planned actions include a review of the future options for shared services to be presented to Shared Services Joint Committee. This will help to identify

					<p>The risk of failure to shared services arrangements has several control measures in place including strong governance arrangements, shared Chief Executive and SMT, and regular performance reporting and monitoring of shared services to Shared Services Joint Committee.</p>	<p>opportunities in line with the direction of the committee.</p>
R16- Council Performance	<p>Failure to sustain performance of Corporate Strategy projects and general organisational performance</p>	12	6	→	<p>Risk score maintained to reflect that whilst Council performance remains high, external challenges including the current economic context, present a risk to high performance. Measures in place to help control risk include quarterly monitoring and reporting through the refreshed performance management framework, business planning process, and corporate and local performance indicators to help measure performance.</p>	<p>The internal performance team has been reviewed and realigned follow the initial shared structure, to provide a greater emphasis on business partnering and providing advice to service areas on performance management.</p>

Climate change and air quality

20. 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

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

Comments of the Statutory Finance Officer

22. There are no direct financial implications arising from this report. Risk implications that have a direct impact upon finance are recorded and reported in the quarterly financial monitoring reports.

Comments of the Monitoring Officer

23. The report is for noting and information. There are no direct legal implications arising. Clearly it is important that a council should be well sighted on the major risks it is confronted with. There are no concerns with the report from a Monitoring Officer perspective.

Appendices

Appendix A- Strategic Risk Register

Report Author:	Email:	Telephone:	Date:
Caroline Winstanley (Transformation Coordinator)	caroline.winstanley@southribble.gov.uk	N/A	20 July 2023