

<b>Subject:</b>	Corporate Risk Register Update Quarter 3 2023/24 (October - December)	<b>Status:</b>	For Publication	
<b>Report to:</b>	Audit and Accounts	<b>Date:</b>	6 <sup>th</sup> March 2024	
<b>Report of:</b>	Chief Finance Officer	<b>Lead Member:</b>	Resources	
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>	
<b>Equality Impact Assessment:</b>	Required: No	Attached:	No	
<b>Biodiversity Impact Assessment:</b>	Required: No	Attached:	No	
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## 1. RECOMMENDATIONS

- 1.1 That the Audit and Accounts Committee note the Council's Corporate Risk Register as detailed in this report.
- 1.2 That members note the risk consequence, mitigation action and level of risk as detailed in Appendix 1.

## 2. EXECUTIVE SUMMARY

- 2.1
  - The Quarter 3 (Q3) Corporate Risks Register Update is reporting for months October, November and December 2023.
  - The report includes updates for the Council's 9 Corporate Risks.
  - Overall, the Council's performance is strong but the financial pressures for the Rossendale Leisure Trust and the Council are creating cost pressures which the Council must monitor closely as the financial year progresses.
  - The report concluded 2 Corporate Risks rated as 'red' on the RAG status.

## 3. BACKGROUND

- 3.1 The Council details its approach to managing risk in its Risk Management Strategy. This was updated in March 2016.
- 3.2 The strategy details the Council's risk monitoring and reporting framework. The Council has identified 9 Corporate Risks and these are monitored via the quarterly performance management reporting schedule using a RAG rating dashboard to report the risk status. These are reported to both the Overview and Scrutiny Committee and Cabinet.
- 3.3 If a potential issue was identified during the periodic monitoring of the risk, the responsible officer would be required to identify the risk and note the actions needed to mitigate the level of risk.

## 4. DETAILS

- 4.1 The Council has reviewed and continues to monitor the Corporate Risk Register.
- 4.2 The Councils Corporate Risks are categorised at the end of Q3 as follows:

	<b>Quarter 3 2023/24</b>
<b>Low</b>	4
<b>Medium</b>	3
<b>High</b>	2

4.3	<b>Corporate Risk 1</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall</b>	<b>Status</b>
	Stability of the Medium Term Financial Strategy	B	1	B1	<b>RED</b>

The Council's 2022/23 outturn has performed better than the estimated position detailed within the February 2023 Medium Term Financial Strategy. This has slightly improved the Council's reserve balances however, it is still estimated that these reserves will run out during 2026/27. Officers have continued to investigate alternative delivery mechanisms and maximise savings wherever possible, although further saving opportunities without affecting service delivery are minimal.

The budget setting process for 2024/25 has commenced with income and expenditure being scrutinised on a line-by-line basis. The Council has a continued freeze on non-essential expenditure and officers continue to review and maximise income generation opportunities. All vacant posts are evaluated by the Corporate Management Team prior to recruitment. The Empty Homes scheme continues to have an adverse impact on the Council's Medium Term Financial Strategy and officers have continued to deliver and manage the scheme closely.

4.4	<b>Corporate Risk 9</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Overall</b>	<b>Status</b>
	Financial Sustainability of Council Owned Leisure Assets	B	1	B1	<b>RED</b>

An external assessment has been carried out of the financial sustainability of Council owned leisure assets by Grant Thornton, which has made a number of recommendations that were agreed by Full Council in May 2023. This is now a focus of action. An established cross party working group monitors the delivery of the recommendations and associated action.

## 5. RISK

5.1 The Council's Corporate Risk Register continues to be monitored by the Corporate Management Team on a regular basis.

## 6. FINANCE

6.1 Financial implications and risks arising are identified within this report.

## 7. LEGAL

7.1 There are no immediate legal considerations attached to the recommendations within this report.

## 8. POLICY AND EQUALITIES IMPLICATIONS

8.1 Effective risk management is very important to the council, and the council is committed to improving on an on-going basis how it manages and mitigates risk. A very important part of this process is robust and transparent scrutiny and taking timely, corrective action to improve risk management.

## 9. REASON FOR DECISION

9.1 The Corporate Risk Register is dynamic. The updates to the risks demonstrate active mitigation of the existing risks. The Committee will want to explore the implications of each corporate risk in the appendices.

<b>Background Papers</b>	
Q3 Corporate Risk Register	Appendix 1

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## Corporate Risk Register

Risks are those things which might present a barrier to us delivering the things we have undertaken to achieve. Each year the Council reviews the potential risks it is facing and looks at what it might do to minimise the occurrence of such risks. This information is then regularly monitored and reviewed.

We profile our risks using a matrix (shown below) which is based on our making two judgments about each potential risk faced by the Council. The definition of the likelihood and impact can be found in the Council's Risk Management Strategy 2016.

### The Council's Risk Matrix

Likelihood	A					
	B					
	C					
	D					
	E					
	F					
	Impact	5	4	3	2	1

#### Likelihood

How likely is it that the risk may occur (rated A-F, A being the most likely)

#### Impact

How serious might the consequences of the impact be (rated 1-5, 1 being the highest consequence).

Therefore, a risk rated A1 is the highest risk rating and a risk of F5 is the lowest risk rating.

Risk RAG (Red, Amber and Green) rating status indicators	
Risk Status	Status description
<b>GREEN</b>	The likelihood and impact of the risk is low
<b>AMBER</b>	The likelihood and impact of the risk is medium
<b>RED</b>	The likelihood and impact of the risk is high

## Risk 1 – Sustainability of the Medium Term Financial Strategy

Responsible Officer - Karen Spencer

### Description

The Council's latest Medium Term Financial Strategy update published February 2022 indicates an underlying funding gap of c£600k per annum from 2023/24 onwards. The Council must take appropriate action in order to balance its annual expenditure against its available annual income and other revenue resources. The Council has a legal obligation to publish an annual balanced budget; this means its budget expenditure must equal its available income and any available reserves. Council reserves are limited and equate to only circa 3 years given the anticipated funding gap. Therefore additional income must be identified or annual costs reduced in future years. The current cost of living crisis may also add to the pressure on the Medium Term Financial Strategy through pay award, utility costs, contract inflation and Council Tax/NNDR collection rates.

### Risk Consequence

If the Council is not able to prepare a balanced budget there would be legal ramifications, but would ultimately impact on the level of services the council is able to deliver to Rossendale residents and would result in major reputational damage.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
B	2	B2	RED

### Mitigation

The Medium Term Financial Strategy does not indicate a significant narrowing of the gap in the next four years. New income generating opportunities will need to be identified to generate additional revenue, along with improved efficiency and effectiveness of service delivery. Departments across the council will need to be challenged to become more effective.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
C	2	C2	AMBER

### Q3 Update

The Council's 2022/23 outturn has performed better than the estimated position detailed within the February 2023 Medium Term Financial Strategy. This has slightly improved the Council's reserve balances however, it is still estimated that these reserves will run out during 2026/27. Officers have continued to investigate alternative delivery mechanisms and maximise savings wherever possible, although further saving opportunities without affecting service delivery are minimal.

The budget setting process for 2024/25 has commenced with income and expenditure being scrutinised on a line-by-line basis. The Council has a continued freeze on non-essential expenditure and officers continue to review and maximise income generation opportunities. All vacant posts are evaluated by the Corporate Management Team prior to recruitment. The Empty Homes scheme continues to have an adverse impact on the Council's Medium Term Financial Strategy and officers have continued to deliver and manage the scheme closely.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
B	1	B1	RED

## Risk 2 – Major Disaster affecting the Delivery of Council Services

Responsible Officer - Clare Law

### Description

The Council has statutory duties under the Civil Contingencies Act (2004) and to carry out emergency planning and business continuity management activities to minimise the impact of a civil emergency or business interruption on people living, working and visiting the borough.

### Risk Consequence

Failure to have robust contingency plans in place could result in the failure to deliver Council services, such as, the collection of residential and trade waste, burial services and payment of suppliers and benefits.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
C	1	C1	AMBER

### Mitigation

A robust Council Emergency and Business Continuity Plan is in place. Service continuity plans are updated and tested regularly through a quarterly Emergency Planning meeting. The plans are embedded with the Corporate Management Team as critical working documents to support the continued delivery of essential council services. All managers have a copy of the overall plan and their service plan and keep them under review. The Council is a member of Lancashire County Council Local Resilience Forum. Officers attend meetings and undertake regular training exercises. The council plans are available on the Resilience Direct website. Mutual aid agreements are in place with all Local Authorities across Lancashire.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
C	2	C2	AMBER

### Q3 Update

The Council's Local Emergency Plan has been reviewed and updated. The system for out of hours' emergencies has been streamlined so that there is a single point of contact for the Council's Senior Officers and improved arrangements with Capita. Arrangements with Lancashire County Council and Lancashire Resilience Forum are regularly reviewed and updated.

The Council has continued to work with the Lancashire County Council Emergency Planning Team to update the Rest Centre information and contacts. The Council's internal Emergency Planning Team meetings continue to be held on a quarterly basis. Officers continue to attend Lancashire Resilience Forum meetings, other agency meetings and training to ensure the Lancashire response to major incidents is robust.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
C	2	C2	AMBER

### Risk 3 – Incident resulting in Death or Serious Injury or HSE Investigation

Responsible Officer - Clare Law

#### Description

Under the Health and Safety at Work Act (1974), the Council has a duty of care towards the health, safety and wellbeing of its employees and others who may be affected by our work. In the event of a RIDDOR reportable accident, there is a risk of a Health and Safety Executive investigation and potential for a civil claim for damages.

#### Risk Consequence

Failure to comply with current legislation and demonstrate compliance may result in harm to staff and others, financial loss and enforcement action.

#### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
D	2	D2	AMBER

#### Mitigation

A robust Council Emergency and Business Continuity Plan is in place. Service continuity plans are updated and tested regularly through a quarterly Emergency Planning meeting. The plans are embedded with the Corporate Management Team as critical working documents to support the continued delivery of essential Council services. All managers have a copy of the overall plan and their service plan and keep them under review. The council is a member of Lancashire County Council Local Resilience Forum. Officers attend meetings and undertake regular training exercises. The Council plans are available on the Resilience Direct website. Mutual aid agreements are in place with all Local Authorities across Lancashire.

#### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

#### Q3 Update

Work has continued to implement the Health and Safety Action Plan with the main areas of work being asbestos controls and premises monitoring and compliance. Work to review the controls for the removal of fly-tipping containing asbestos has been undertaken and robust controls have been implemented.

The merging of Facilities and Health and Safety has begun to improve the control of premises, particularly in relation to compliance and the programme of workplace inspections for 2023/24 is ongoing and on target, with a further 3 inspections carried out during Q3. Work to progress health and safety risk management remains behind schedule as it is dependent on the corporate Risk Management Strategy being agreed. 19 health and safety reports were received during Q3 and none of these were reportable under the RIDDOR Regulations.

#### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

**Risk 4 – Changes to Government policy on the delivery of the Council’s services****Responsible Officer - Rob Huntington****Description**

Like all local authorities the Council is a statutory body that is subject to changes being consulted upon and or implemented by central government that might affect how we operate and serve our residents/businesses.

**Risk Consequence**

The risk that the Council fails to react and be prepared for any changes being proposed or implemented by central government.

**Initial risk assessment RAG status (without mitigation)**

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

**Mitigation**

The Council is a member of the Local Government Association and District Councils Network who keep us informed of government policy and consultations and lobby on behalf of councils to mitigate the impact of any change. The Council is also signed up to receive daily emails from Local Government Information Unit who provide daily government news and other Local Government Information Unit policy briefings. The Chief Executive and Leader of the Council meets regularly with our two MPs. The Council’s Corporate Management Team monitor and assess government’s position on funding to be distributed to local authorities and other Government announcements that impact funding.

**Risk assessment RAG status (after mitigation)**

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

**Q3 Update**

The Council continues to be a member of the Local Government Association and District Councils Networks. The Chief Executive regularly attends the North West Chief Executive, and Lancashire Chief Executive meetings, both having representation from the Local Government Association. ‘Horizon Scanning and Policy’ is an agenda item on the Corporate Management Team’s weekly meeting and promotes ongoing discussions in relation to recent policy announcements, funding opportunities and other relevant information from government departments to determine any appropriate action required.

**Q3 risk assessment RAG status (current)**

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

## Risk 5 – Sustainable Workforce

Responsible Officer - Clare Law

### Description

There is a requirement to have a sustainable workforce to deliver the Council services to residents and customers.

### Risk Consequence

Failure to have a fully resourced, trained staff could result in the failure to deliver statutory and non-statutory service in a safe and professional manner to residents and customers.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
D	3	D3	AMBER

### Mitigation

The Council has robust HR policies and procedures, an agreed Authorised Establishment, performance management framework and Service Area Business Continuity Plans in place to mitigate any staffing challenges such as loss of staff due to the impact of an epidemic or pandemic. HR will work with managers to develop workforce succession planning. The Council provides an attractive benefit package including final pension scheme, flexible working, generous annual leave, a purchase leave scheme, free onsite parking, family friendly policies, discounted gym memberships and a cycle scheme to attract and retain staff.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
E	3	E3	GREEN

### Q3 Update

The number of employee leavers has remained the same as Q2 and within our KPI target. All vacant posts have successfully been recruited, with the exception of the vacancies within the Operations Workshop. The Operations Workshop vacancies continue to be backfilled via agency and work is currently being undertaken to support recruitment to these hard to recruit to roles.

The level of sickness absence remains high although has improved in performance in comparison to Q2. At the end of Q3, 6 staff remained on long-term absence, subsequently 1 has left the authority and 1 has returned to work. The most common reason for sickness absence remains other musculo skeletal, closely followed by back and neck problems, work is currently being undertaken to consider the option provide physio sessions to support a faster return to work. Short-term sickness absence remains similar to Q2 (1.67 days per FTE). The main reason for short term sickness absence continues to be infections, colds, flu (0.19 days per FTE were Covid-19 cases although, government advice is not to test therefore more absence could be attributed to Covid-19). Payment of the flu jab has been offered to all staff, to try to mitigate further absences due to infections, colds, flu absences, to date 4 staff have claimed back monies for the flu jab.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
D	3	D3	AMBER

## Risk 6 – Insufficient data and cyber security

Responsible Officer - Andrew Buckle

### Description

Cyber security presents one of the most challenging areas for both the public and private sectors. With the proliferation and severity of attacks constantly increasing this represents a major threat.

### Risk Consequence

Cyber-attack resulting in a complete loss of all systems coupled with malware being spread across the entire network. Data breach resulting in information loss causing reputational damage and resulting in a financial penalty due to non-compliance with statutory requirements such as General Data Protection Regulation, Payment Card Industry Data Security.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
C	1	C1	AMBER

### Mitigation

To protect against a data breach the Council, host all council data in Tier 3 Data Centres located in different geographical regions and are backed up daily. The Council's Data Centres hold the following accreditations: ISO27001:2013 and the Payment Card Industry Data Security. The Council adopts a Risk Insight approach to determine the treat Landscape and more importantly its evolution. The Council has received notification of meeting the Public Services Network which means the Councils' infrastructure met all the security requirements to allow connection to the Public Services Network. A cyber security training is to be provided for all staff.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
D	1	D1	AMBER

### Q3 Update

As part of the ongoing compliance and audit regulations Penetration Testing was carried out in December 2023. This forms part of Rosendale's approach to data and cyber security, this is an ongoing process as required by the Public Service Network. Also further additional internal testing will be conducted across a number of Virtual Machines. All of the existing Customer Information System certificates will be renewed, these are used to provide enhanced security protection with regard to any Central Government Application Programme Interfaces.

Further work has continued with the implementation of the Memorandum of Understanding compliance requirements imposed by Department of Working Pensions. The Memorandum of Understanding details the required security standards and processes that have to be met in line with requirements. A review of all data sources has been carried out, and an assessment around legal gateways will be conducted.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
D	1	D1	AMBER

## Risk 7 – Poor communications and public relations

Responsible Officer - Clare Law

### Description

Good communication and public relations is essential to inform, maintain and develop relationships with residents, customers and partners to provide effective and efficient Council services.

### Risk Consequence

Failure to communicate and respond to issues as they develop and inadequately or inappropriately communicating could lead to a major loss of reputation for the Council on a local, regional and national level. A loss of reputation can damage staff morale, trust between the Council and residents and impair the relationship between the Council and its partners meaning projects and services delivery is damaged.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
B	1	B1	RED

### Mitigation

Communication methods are in place to support face to face, mail or electronic communications with a developed website and social media channels to provide 24/7 communication service. The Council has an experienced public relation and communications function to support officers to deal with communications in a timely manner and promote the work of the Council.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
D	1	D1	AMBER

### Q3 Update

Viva PR has continued to deliver the agreed communications including updates to the Council's website and social media posts to residents, businesses and communities. Corporate Management Team receive a weekly update, which includes horizon scanning and potential risks. We have issued 11 positive press releases resulting in 62 pieces of media coverage. All of these pro-active positive releases help to promote the Council externally. Viva PR act as first point of contact for the media and always respond in a timely manner ensuring good working relationships with local and regional media.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
E	1	E1	GREEN

## Risk 8 – Non – Delivery of Corporate Programmes

Responsible Officer - Rob Huntington

### Description

The Council has agreed the 6 corporate programmes for 2023/24 to support the delivery of Corporate Plan.

### Risk Consequence

Failure to deliver the corporate programmes would have a detrimental impact on the delivery of the Council’s Valley Plan 2021-25, Our Place, Our Plan, and result in a reputational risk to the Council’s commitment to the residents. The failure to deliver the corporate programmes could potentially have a negative impact on the council’s revenue budgets (by failure to deliver income generating projects) and delivery of the medium term financial strategy, and the associated economic and social benefits may not be realised.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
C	2	C2	AMBER

### Mitigation

Each corporate project has a Project Sponsor (member of the Corporate Management Team), a Project Manager and Finance Officer. Each corporate programme will have a robust project plan and live risk register. The Programme Sponsor will be responsible for the strategic overview of the corporate programme, and the Programme Manager will be responsible for the day-to-day management of the corporate programme. The Council’s Programme Board meets quarterly to review the progress of the corporate programmes. The Programme Sponsor will be responsible for highlighting any concerns to the Corporate Management Team throughout the life of the corporate programme.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

### Q3 Update

A revised programme to support the delivery of the Valley Plan 2021-25 – Our Place, Our Plan has been implemented, with appropriate governance and programme sponsorship in place.

The Programme Board now reports on the Council’s overarching Programmes, rather than Individual projects. Projects will now also be monitored at an operational level. The previous Programme Board meeting, 14<sup>th</sup> November 2023, approved the Council’s 5 Programmes; Capital Regeneration, Town Centre Regeneration, Property Services, Climate Change, Operations and Digital Strategy. The Programme Board will continue to monitor the progress and risks of each Programme on a quarterly basis.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

## Risk 9 – Financial Sustainability of Council Owned Leisure Assets

Responsible Officer – Rob Huntington

### Description

National lockdowns due to Covid-19 resulted in Council owned leisure facilities closing for extended periods. During closure no income was received and outside of lockdown periods, income was significantly reduced. The cost of living crisis will have a significant negative impact on utility and salary costs for the Trust. This has impacted the financial sustainability of the Trust.

### Risk Consequence

If the Council owned leisure assets are to be sustained in the longer term, the operators of the facilities have little recourse to additional funding to survive other than through the Council. This financial impact was managed in 2021/22 through additional government grants and Council support, however the real impact is likely to be felt in 2022/23 and continue through 2023/24.

### Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
A	2	A2	RED

### Mitigation

A report on the impact of all facilities has been produced by KKP and recommendations to minimise impact have been implemented. Senior Council officers are attending the Trust Board to ensure we work together to minimise costs and an intensive monitoring process is in place. Funding through a Covid-19 specific Sport England Fund has been received though this is limited in its amount and did not cover retrospective losses. Constant monitoring of future business plans and work in partnership to maximise income and reduce costs continues.

### Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
A	2	A2	RED

### Q3 Update

An external assessment has been carried out of the financial sustainability of Council owned leisure assets by Grant Thornton, which has made a number of recommendations that were agreed by Full Council in May 2023. This is now a focus of action. An established cross party working group monitors the delivery of the recommendations and associated action.

### Q3 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
A	2	A2	RED