

Subject:	Corporate Risk Register Update Quarter 2 2024/25 (July, August and September)	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	3rd December 2024
Report of:	Director of Resources	Lead Member:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment:	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

- The Quarter 2 (Q2) Corporate Risks Register Update is reporting for months July, August and September 2024.
- The report includes updates for the Council's 10 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 10 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 An additional risk has been added to the Corporate Risk Register:

- Corporate Risk 10 – Staffing Provision within Economic Development

This risk will monitor the staffing provision within Economic Development to ensure the Council is able to allocate and manage resources to effectively monitor ongoing projects and capital programmes.

4.3 Corporate Risk 3 – Incident resulting in death or serious injury or HSE investigation has been updated to reflect legislation and compliance that may impact staff, financial loss, and/or enforcement action.

4.4 The Councils Corporate Risks are categorised at the end of Q2 as follows:

	Quarter 2 2024/25
Low	5
Medium	2
High	2

4.5	Corporate Risk 1	Likelihood	Impact	Overall	Status
	Stability of the Medium Term Financial Strategy	B	1	B1	RED

The Council is in the process of zero basing its budget in collaboration with budget holders to more effectively deploy expenditure and align resources to meet business need. We also continue to monitor the likelihood of positive commercial activity and ensure the impacts of these are reflected prudently and noted within the Medium Term Financial Strategy updates.

Uncertainty around the national funding picture remains, and so the risk will remain at its current evaluated level.

4.6	Corporate Risk 9	Likelihood	Impact	Overall	Status
	Financial Sustainability of Council Owned Leisure Assets	B	1	B1	RED

The Council has engaged with the management of Rossendale Leisure Trust and have obtained further segmented detail from the Trust on its Q1 performance and have requested more forward-looking information from Q2 onwards.

Q1 performance was more encouraging showing a slight surplus, although the activity needs to remain under review and we need to ensure that there is a clear route to a sustainable business model with provision to pay down the existing debt out of operating cash flows. This will need to be in accordance with desired leisure/health outcomes. Until this is developed and deployed the risk will remain as currently evaluated.

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.

Background Papers	
Q2 Corporate Risk Register	Appendix 1

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					
		5	4	3	2	1
Impact						

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
GREEN	The likelihood and impact of the risk is low
AMBER	The likelihood and impact of the risk is medium
RED	The likelihood and impact of the risk is high

Risk 1 – Sustainability of the Medium Term Financial Strategy**Responsible Officer - Chris Warren****Description**

The Council's latest Medium Term Financial Strategy update 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

Q2 Update

The Council is in the process of zero basing its budget in collaboration with budget holders to more effectively deploy expenditure and align resources to meet business need. We also continue to monitor the likelihood of positive commercial activity and ensure the impacts of these are reflected prudently and noted within the Medium Term Financial Strategy updates.

Uncertainty around the national funding picture remains, and so the risk will remain at its current evaluated level.

Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
B	2	B2	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

Q2 Update

The Emergency Plan and Flood Plan are regularly reviewed to ensure processes and contacts are up to date. Both plans are available to the internal Emergency Planning Team to aid any emergency response.

The Emergency Planning Team continues to meet quarterly to discuss any current issues relating to response and business continuity, the last meeting being in July 2024. IT systems for business continuity are tested regularly, with the next test scheduled for Q3.

Officers continue to attend relevant Lancashire Resilience Forum meetings to ensure that emergency planning activities are co-ordinated with the rest of Lancashire. The Council now has access to an emergency radio on loan which is connected to the Emergency Radio Area Link Network, to enable communications if the mobile network or internet is down. The Lancashire Mutual Aid Agreement is under review and is expected to be signed by all Local Authority Chief Executives during Q3.

Q2 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

The Council has health and safety policies and procedures including a Health and Safety Incident Reporting Procedure in place along with a safe working culture. Actions need to be completed to address and implement a consistent approach across the Council in order to secure compliance.

Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
E	2	E2	GREEN

Q2 Update

The implementation of the Health and Safety 4-year action plan has continued on target.

Consultation on health and safety has continued through the Joint Consultative Committee and Operations Health and Safety Committee. A lunchtime learning session was delivered to encourage reporting of incidents and hazards using the Council's 'Report-It' card incident reporting process. Progress on the implementation of risk management systems has stalled as it is reliant on the Corporate Risk Management Strategy, which is currently being refreshed ready for approval.

Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
D	2	D2	AMBER

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
Q2 Update The Council is a member of both the Local Government Association and District Councils Network. The Corporate Management Team and Policy and Performance Officer receive regular policy bulletins and updates in relation to legislation and government departments. A weekly policy/horizon scanning bulletin is shared to the Senior Leadership Team and cascaded to officers where relevant. 'Horizon Scanning and Policy' is an agenda item on the Corporate Management Team's weekly meeting to promote ongoing discussions in relation to recent announcements, funding opportunities and other relevant information from government departments, to determine if any action required is required. Staff attend various webinars and meetings in relation to their service area and the Chief Executive regularly attends the North West Chief Executive, and Lancashire Chief Executive meetings, both having representation from the Local Government Association.				
Q2 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

Q2 Update

During Q2, there has been an increase in the number of employee leavers; one employee resigned during a disciplinary investigation, one employee leaver moved house and secured a job closer to their new home, one employee was on sickness absence and resigned due to ill health, the five remaining employee leavers have left to further their careers (with the exception of two employees) within local government. Exit interviews were carried out to identify any patterns or concerns in relation to the reasons for leaving.

The level of sickness absence has slightly reduced during Q2, and has significantly reduced when compared to the Q2 2023-24 performance (7.02 days per FTE). Five employees (2.70 days per FTE) are absent due to long-term other musculo-skeletal stated as the main cause of absence, these being managed under the Council's Absence Management Policy. Two employees have now returned to work and one employee has resigned.

The main reason for short term sickness absence (2.60 days per FTE) is infections, colds, and flu. Flu jabs have been offered to all staff to mitigate further absences during the colder months.

Q2 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	E	3	E3	GREEN

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 threat 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

Q2 Update

Recently there have been a number of targeted cyber-attacks against high-risk individuals in the UK, to attempt to gain access to their accounts and devices. This has resulted in the theft and publication of sensitive information, which can also cause reputational damage. As part of our security approach and ongoing continual development. The Council has continued to develop its cyber security and compliance to protect systems against any potential data breaches or attacks. Progress during Q2 includes:

- A multi-factor authentication (Cisco DUO) has been implemented for all users, including Capita staff, to promote greater security when accessing Council systems.
- A new security gateway has been installed for both Henrietta Street and the Futures Park tenants following the increased bandwidth being deployed.
- Active directory accounts have been reviewed ensuring strong passwords are in place for all active directory accounts.
- Preparation for the Q3 security audit has commenced.
- The review of all data sources and legal gateways has been completed and submitted to the Department for Work and Pensions.

Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
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	D	1	D1	AMBER
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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

Q2 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.

The Corporate Management Team receive a weekly update, which includes horizon scanning and potential risks. 15 positive press releases have been issued resulting in 93 pieces of further media coverage. There has also been positive coverage on ITV Granada Reports and BBC Radio Lancashire. All of these pro-active positive releases help to promote the Council externally.

Q2 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

Q2 Update

A revised programme to support the delivery of the Valley Plan 2021-25 (Our Place, Our Plan) has been embedded. The Programme Board now reports on the Council's six overarching programmes, individual projects are monitored at an operational level. The Corporate Management Team, Programme Sponsors and the Policy and Performance Officer attend Programme Board on a quarterly basis. Programme Managers are invited by exception if required by the Programme Sponsor.

The previous meeting was held on 13th August 2024. Two programmes were reported in the 'red' RAG status. The risks within these programmes are monitored regularly and any issues are reported within the weekly Corporate Management Team meeting.

Q2 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 – Chris Warren****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, 2023/24 and continues in 2024/25.

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

Q2 Update

We have engaged with the management of Rossendale Leisure Trust and have obtained further segmented detail from the Trust on its Q1 performance and have requested more forward-looking information from Q2 onwards.

Q1 performance was more encouraging showing a slight surplus, although the activity needs to remain under review and we need to ensure that there is a clear route to a sustainable business model with provision to pay down the existing debt out of operating cash flows. This will need to be in accordance with desired leisure/health outcomes. Until this is developed and deployed the risk will remain as currently evaluated.

Q2 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
A	2	A2	RED

Risk 10 – Staffing provision within Economic Development**Responsible Officer – David Smurthwaite****Description**

There is an over reliance on short-term contracted staff to support the Council's Economic Development provision and project delivery.

Risk Consequence

Failure to have sufficient resources to effectively manage the Council's ongoing projects and capital programme. This leading to late or non-delivery of projects, cost overruns and/or inappropriate spend against external funder conditions. As well as resulting in poor outcomes for the borough and non-delivery of Council priorities.

Initial risk assessment RAG status (without mitigation)**Likelihood****B****Impact****2****Overall Risk****B2****Status****RED****Mitigation**

The Council has a single source collaborative plan review document which will be updated and actioned on a monthly basis. A permanent resource requirement is being assessed for the Economic Development team and will feed into the budget setting process for 2025-26. On the assumption that this is accepted, recruitment of permanent, qualified staff will support delivery.

Risk assessment RAG status (after mitigation)**Likelihood****E****Impact****4****Overall Risk****E4****Status****GREEN****Q2 Update**

During Q2, the Council has recruited a Programme Manager following the resignation from the current position holder. Recruitment to this post has alleviated immediate concern in relation to programme delivery. The successful recruitment ensures a handover period between the current and new post holder, allowing for the transfer of historical information and knowledge to ensure a smooth transition.

Economic Development are currently working with Finance to review the current budget for service delivery, and are seeking resources to implement a new, more permanent structure.

Q2 risk assessment RAG status (current)**Likelihood****C****Impact****3****Overall Risk****C3****Status****AMBER**