ROSSENDALE BOROUGH COUNCIL

Subject:	Corporate Risk Register Update Quarter 3 2024/25 (October, November, December)	Status:	For Publication
Report to:	Audit and Accounts Committee	Date:	24th February 2024
Report of:	Head of Finance	Lead Member:	Resources

Key Decision:	☐	Forward Plan	☒	General Exception	☐	Special Urgency	☐
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

2.1
- The Quarter 3 (Q3) Corporate Risks Register Update is reporting for months October, November, and December 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 continue to robustly 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 The Council's Corporate Risks are categorised at the end of Q3 as follows:

	Quarter 3 2024/25
Low	2
Medium	6
High	2

4.3

Corporate Risk 1	Likelihood	Impact	Overall	Status
Stability of the Medium Term Financial Strategy	B	1	B2	**RED**

The Council is in the process of finalising its budget to more effectively deploy expenditure and align resources to meet organisation need for the 2025/26 budget and the 3 following years. It also continues to monitor the likelihood of positive commercial activity and progress these as necessary ensuring the impacts are reflected prudently and noted within the Medium-Term Financial Strategy updates. This is particularly the case toward years 3 and 4 of the draft strategy which is subject to approval at Full Council on 5th March 2025. There is also further commercial income due to become available by the end of the decade which is just beyond the current forecasting horizon.

Uncertainty around the national funding picture remains, however as part of the Governments Local Government Finance Policy Statement published in December 2024 there is promise of a multi-year settlement, with more directed funding towards authorities with lower ability to drive growth from their tax base. Given this uncertainty and the work that needs to be done to secure commercial income, the risk will remain at its current evaluated level.

4.4

Corporate Risk 9	Likelihood	Impact	Overall	Status
Financial Sustainability of Council Owned Leisure Assets	A	2	A2	**RED**

We have engaged with the management of Rossendale Leisure Trust (RLT) and have obtained further segmented detail from RLT's Q2 performance and have requested more forward-looking information from Q3 onwards and at the time of publication the Q3 figures are not available. The Q2 performance demonstrated a slight surplus, although the activity needs to remain under review to ensure there is a clear route to a sustainable business model with provision to pay down the existing debt out of operating cash flows.

The Council is in the process of setting up a meeting between members and RLT Board to clarify the requirements of the Council. From this, the RLT will need to provide a revised corporate strategy and multiyear business plan/Medium Term Financial Strategy to demonstrate how the Council's aims can be achieved. 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	
Q3 Corporate Risk Register	Appendix 1

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

Q3 Update

The Council is in the process of finalising its budget in collaboration with budget holders to more effectively deploy expenditure and align resources to meet business need for the 2025/26 budget and the 3 following years. It also continues to monitor the likelihood of positive commercial activity and progress these as necessary ensuring the impacts are reflected prudently and noted within the Medium-Term Financial Strategy updates. This is particularly the case toward years 3 and 4 of the draft strategy which is subject to approval at Full Council on 5th March 2025. There is also further commercial income due to become available by the end of the decade which is just beyond the current forecasting horizon.

Uncertainty around the national funding picture remains, however as part of the Governments Local Government Finance Policy Statement published in December 2024 there is promise of a multi-year settlement, with more directed funding towards authorities with lower ability to drive growth from their tax base. Given this uncertainty and the work that needs to be done to secure commercial income, the risk will remain at its current evaluated level.

Q3 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

Q3 Update

The Emergency Plan, Flood Plan and other emergency plans are maintained and are available to the internal Emergency Planning Team to aid any emergency response required. The Emergency Planning Team meets quarterly to stay appraised of current issues relating to response and business continuity, the last meeting being in October 2024. Internal communications are assisted by a WhatsApp group, which enables effective communication of key messages to the internal Emergency Planning team and arrangement of emergency communication with the public.

Officers take part in the monthly testing of the Emergency Radio Area Link Network and the ATHOC automatic alerting system, to enable effective response and communications in the event of an emergency. Officers continue to attend relevant Lancashire Resilience Forum meetings and flood prevention meetings to ensure that the Council's emergency planning activities are co-ordinated with the rest of Lancashire.

Q3 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	C	1	C1	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

Q3 Update

Work has continued to implement the Health and Safety action plan. An annual review to assess progress will be undertaken during Q4. There is still a delay on implementing risk management systems throughout the organisation, which will be undertaken when the revised Risk Management Strategy is agreed. A draft Wellbeing Strategy has been developed and work will continue to progress this to implementation.

A consultation on the Drugs and Alcohol policy was undertaken during Q3. The updated policy will aim to increase safety and promote staff health.

The annual target for incident reporting was achieved during Q3 and incidents are investigated, appropriate action is taken and any learning shared with relevant staff. Officers continue to support health and safety in work activities and construction projects and regularly liaise with the pan-Lancashire Safety Officers Group to ensure sharing of knowledge and information.

Q3 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

Q3 Update

The Council is a member of both the Local Government Association and District Councils Network. The Policy and Performance Officer receives regular policy bulletins and updates in relation to legislation and government departments and completes a weekly horizon scanning exercise which 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.

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

During Q3, there has been a reduction in the number of employee leavers; two employees retired, one employee resigned for a shorter commute, two employees voluntarily resigned and one employee resigns following sickness absence. Np patterns or concerns have been highlighted through the exit interview process. Recruitment to 'hard to recruit' posts including Mechanics, Planners, Environmental Health, and Finance Officers continues to be challenging.

The level of sickness absence has slightly increased during Q3, however, has reduced when compared to the Q3 2023-24 performance (10.38 days per FTE). Four employees were absent due to long term sickness during Q3, equating to 2.39 days per FTE. Three long term absences were as a result of stress/anxiety and depression and one due to a long-term other musculo-skeletal condition. Absences are 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 (1.35 days per FTE) is infections, colds, and flu. Flu jabs have been offered to all staff to mitigate further absences during the colder months.

Q3 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	B	4	B4	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

Nationally, there has been a number of targeted cyber-attacks against high-risk individuals, attempting to gain access to their accounts and devices. This resulting in the theft and publication of sensitive information, which can also cause reputational damage.

As part of the Council's security approach and continual development a number of activities have been delivered to test and monitor our approach. An email phishing exercise has been conducted on all Councillors and work has commenced in preparation for the Public Services Network security audit.

A Memorandum of Understanding has been submitted to the Department for Working Pensions following the review of all data sources and legal gateways. Encryption costs have been obtained to meet the prescribed requirement.

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

In partnership with Viva PR, the Council continues to deliver communications via the Council's website, social media platforms, and media releases. During Q3, 18 positive press releases were issues to help promote the Council externally.

'Communications' is a standing agenda item on the Corporate Management Team's weekly meeting to discuss any risks and/or controversial topics that may impact the Council's reputation. During Q3, there has been an increase in negative engagement on the Council's social media platforms relating to the re-development of markers and improvements to the gyratory and waste transfer station.

The Council successfully managed a peaceful protest in response to the proposed improvements to the Henrietta Street Waste Transfer Station. A FAQ document was published on the Council's website to mitigate any misinformation and to promote transparency in the Council's plans. The Council will continue to work in partnership with Lancashire County Council to provide regular updates on the Rawtenstall Gyratory works to ensure residents remain informed about the projects' progress and any potential delays and/or disruptions.

Q3 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	C	4	C4	AMBER

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 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 25th November 2024. The 'Town Centre Regeneration' programme was reported in the 'red' RAG status due to budget and timescale risks. These risks were monitored regularly, with any issues are reported to the weekly Corporate Management Team meeting.

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 – 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**

Q3 Update

We have engaged with the management of Rossendale Leisure Trust (RLT) and have obtained further segmented detail from RLT's Q2 performance and have requested more forward-looking information from Q3 onwards, at the time of publication the Q3 figures are not yet available. The Q2 performance demonstrated a slight surplus, although the activity needs to remain under review to ensure there is a clear route to a sustainable business model with provision to pay down the existing debt out of operating cash flows.

The Council is in the process of setting up a meeting between members and RLT Board to clarify the requirements of the Council. From this, the RLT will need to provide a revised corporate strategy and multiyear business plan/Medium Term Financial Strategy to demonstrate how the Council's aims can be achieved. 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.

Q3 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	Impact	Overall Risk	Status
	B	2	B2	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	Impact	Overall Risk	Status
	E	4	E4	GREEN

Q3 Update

During Q3, staff were consulted on a proposed structure for the Economic Development Team. This will continue throughout Q4.

Q3 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	C	3	C3	AMBER