

Subject:	Quarter 1 Corporate Risk Register Update (April, May and June) 2023/24	Status:	For Publication
Report to:	Audit and Accounts	Date:	27 th September 2023
Report of:	Chief Finance Officer	Portfolio Holder:	Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input 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 Corporate Risk Register as detailed in the 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 1 (Q1) Corporate Risks Register Update is reporting for months January, February and March.
- The report includes updates for the Council's 9 Corporate Risks.
- Overall, the Council's performance is strong but the growing financial pressures are creating cost pressures which the Council must monitor closely as the year progresses.
- The report concludes 2 Corporate Risks rated '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 sets out the framework of monitoring and reporting of risks. 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. OVERALL SUMMARY OF PERFORMANCE

- 4.1 The Council has reviewed and continues to monitor the Council's Corporate Risks.
- 4.2 The Corporate Risks are categorised at the end of Q1 as follows:

	Quarter 1 2023/24
Low	3
Medium	4
High	2

4.3 The corporate risks rated as 'red' are as follows:

Corporate Risk 1	Likelihood	Impact	Overall risk	Status
Sustainability of the Medium Term Financial Strategy (MTFS)	B	1	B1	RED

The 2022/23 outturn improved from the estimated position that was included in the February 2023 MTFS, this has slightly helped the reserve balances. However, if nothing else changes the Council is currently estimated to run out of reserves during 2026/27.

Officers continue to investigate alternative delivery mechanisms and seek to maximise efficiencies and make savings wherever possible, although following the years of austerity the Council has already suffered, opportunities for making savings without affecting service delivery are minimal.

The Corporate Management Team are now reviewing the need for all vacant posts prior to recruitment and have introduced a freeze on non-essential expenditure. The Empty Homes scheme continues to have an adverse impact on the MTFS. Officers continue to monitor and manage the scheme closely.

Corporate Risk 11	Likelihood	Impact	Overall risk	Status
Financial Sustainability of Council Owned Leisure Assets	A	2	A2	RED

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. A cross party working group has been established to monitor the delivery of the recommendations. One of the facilities has been closed – Whitworth Leisure Centre. Continued monitoring and associated action continues.

4.4 The risks will continue to be monitored by Management Team on a regular basis.

5. FINANCE

5.1 Any financial implications related to specific risks are noted in this report and detailed in the appendices.

6. LEGAL

6.1 There are no immediate legal considerations attached to the recommendations in this report.

7. POLICY AND EQUALITIES IMPLUICATIONS

7.1 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.

8. REASON FOR DECISION

8.1 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	
Corporate Risk Register	Appendix 1

Corporate Risk Register

Risk 1 – Sustainability of the Medium Term Financial Strategy			Responsible Officer - Karen Spencer	
Description				
The Council’s latest Medium Term Financial Strategy (MTFS) 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 MTFS 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 it 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	
Mitigation				
The MTFS 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	
Q1 Update				
The 2022/23 outturn improved from the estimated position that was included in the February 2023 MTFS, this has slightly helped the reserve balances. However, if nothing else changes the Council is currently estimated to run out of reserves during 2026/27. Officers continue to investigate alternative delivery mechanisms and seek to maximise efficiencies and make savings wherever possible, although following the years of austerity the Council has already suffered, opportunities for making savings without affecting service delivery are minimal. The Council is striving to maximise income opportunities where possible. The Corporate Management Team are now reviewing the need for all vacant posts prior to recruitment and have introduced a freeze on non-essential expenditure. The Empty Homes scheme continues to have an adverse impact on the MTFS. Officers continue to monitor and manage the scheme closely.				
Q1 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	B	1	B1	

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	

Mitigation

A robust overall 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 (LRF). 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	

Q1 Update

The Council's Local Emergency Plan is undergoing a full review to ensure it is up to date, particularly in respect of senior personnel changes. Work has continued with Lancashire County Council Emergency Planning Team to update Rest Centre information and contacts. Emergency Planning Team meetings continue to be held quarterly. A robust system is in place for out of hours emergencies, including an on-call telephone rota of Senior Council Officers, out of hours arrangements with Capita and emergency arrangements with Lancashire County Council/Local Resilience Forum. The action plan following the testing of the Council's ICT business continuity arrangements in Q4 2022/23 is being implemented. The planned liaison meeting for the borough's only Control of Major Accident Hazards site was cancelled in June, due to another ongoing incident and will be rescheduled during Q2. Officers continued to attend LRF meetings, including those relating to flooding and terrorism.

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
C	2	C2	

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 an HSE 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	

Mitigation

A robust overall 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 (LRF). 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	

Q1 Update

Work has continued to implement the Health and Safety Action Plan. Progress has been made in relation to wellbeing, with mental health awareness activities and the delivery of a staff wellbeing day for all staff and elected members. Work to progress health and safety risk management is behind schedule and is dependent on the corporate strategy being agreed. 26 health and safety reports were received during Q1. Two accidents have been reported to the Health and Safety Executive under RIDDOR requirements and no further contact has been received from Health and Safety Executive in respect of the two reported cases of Hand Arm Vibration Syndrome. Ongoing management of vibration in Operations is being monitored. The programme of workplace inspections for 2023/24 is ongoing and on target.

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
D	2	D2	

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	

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 (LGIU) 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	

Q1 Update

The Council continues to be a member of the Local Government Association and District Councils Network. The Chief Executive regularly attends the NW Chief Executive, and Lancashire Chief Executive meetings, both having representation from the LGA. Corporate Management Team weekly review recent policy announcements from government departments to determine any appropriate action required.

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
E	2	E2	

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	

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	

Q1 Update

Recruitment activity has reduced from Q4 and has remained relatively low throughout Q1, although key roles within the Operations Workshop have remained vacant. With the exception of the Director of Communities all senior roles are fully occupied.

Benchmarking has shown the overall sickness absence for 2022/23 is comparable to other East Lancs authorities. Sickness absence for Q1 is slightly higher than the performance measure's set target, due to 2 long term sickness absences within Operations. The main reason for sickness absence is other musculo-skeletal at 152 days, followed by 83 days due to stress, depression, anxiety, fatigue. Covid-19 related absence continues to remain low with 16 days lost.

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
D	3	D3	

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 (GDPR), Payment Card Industry Data Security (PCI-DSS).

Initial risk assessment RAG status (without mitigation)

Likelihood	Impact	Overall Risk	Status
C	1	C1	

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, PCI-DSS. 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 (PSN) which means the councils' infrastructure met all the security requirements to allow connection to the PSN. 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	

Q1 Update

Rossendale have completed the Memorandum of Understanding (MOU) and compliance audit. The MOU details the required security standards and processes that have to be met in line with Department of Working Pensions requirements. As part of the MOU all user access to the data is being reviewed to determine if required. In addition, the password complexity and length has also been increased for all Revenue and Benefit accounts in conjunction with the adoption of multi factor authentication to access the systems remotely.

Rossendale have implemented the domain management service which sits in the Central Digital and Data Office and is part of the Cabinet Office. The service helps to secure public sector domains and protect them from cyber-attack and domain hijack. This reducing the risk of attack to services such as email, websites and digital services. In addition, vulnerability scanning has been completed for Rossendale external IP addresses.

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
D	1	D1	

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	

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 council 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	

Q1 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. A new Council Communications Strategy and Plan has been developed. Corporate Management Team receive a periodic update, which includes communications horizon scanning and potential risks. Viva PR has provided crisis communications work, guidance and advice during the Whitworth Leisure Centre closure announcements and has acted as a point of contact and buffer for the media. Press statements have been developed and a define stance has been taken when answering media questions. 12 positive press releases were issued resulting in over 100 pieces of media coverage. All of these pro-active positive releases help to promote the Council externally. The recycling 'Check Before You Chuck' campaign won a regional PR campaign award in the PRCA Public Sector category and has been submitted for the National Recycling Awards later this year.

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
E	1	E1	

Risk 8 – Non – Delivery of Corporate Projects

Responsible Officer - Rob Huntington

Description

The council has agreed the 11 corporate projects for 2022/2023 to support the delivery of Corporate Plan.

Risk Consequence

Failure to deliver the corporate projects would have a detrimental impact on the delivery of the council's Corporate Plan 2021-25, and result in a reputational risk to the council's commitment to the residents. The failure to deliver the corporate projects 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	

Mitigation

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

Risk assessment RAG status (after mitigation)

Likelihood	Impact	Overall Risk	Status
E	2	E2	

Q1 Update

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

Q1 risk assessment RAG status (current)

Likelihood	Impact	Overall Risk	Status
E	2	E2	

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.

Initial risk assessment RAG status (without mitigation)	Likelihood	Impact	Overall Risk	Status
	A	2	A2	

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	

Q1 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. A cross party working group has been established to monitor the delivery of the recommendations. One of the facilities has been closed – Whitworth Leisure Centre. Continued monitoring and associated action continues.

Q1 risk assessment RAG status (current)	Likelihood	Impact	Overall Risk	Status
	A	2	A2	