

**REPORT OF:** CHIEF FINANCIAL OFFICER  
**TO:** ACCOUNTS AND AUDIT COMMITTEE  
**DATES:** 30<sup>th</sup> July 2019

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**DRAFT Strategic Risk Register Update and Risk Management Strategy**

**PURPOSE OF REPORT**

1. The purpose of this report is to provide an update on the Council's Strategic Risk Register which forms an important part of the corporate governance arrangements. Local Government operates within an increasingly dynamic environment which is facing increasing challenges requiring effective management to mitigate against exposure to that risk.
2. The details of those risks are contained in the Strategic Risk Register attached in [Appendix One](#). The previous Strategic Risk Register has been reviewed and updated to reflect changes that are occurring both at a national level and also locally. In summary, no risks have been deleted, 4 risks have an amended Residual Risk Score and three new risks have been added, being:
  - Failure to Deliver Lomeshaye Phase One
  - Climate Change, in particular the need to reduce our use of Single Use Plastics.
  - Commercial Strategy – adopting a commercial approach within services.
3. The Risk Management Strategy was revised and approved by Members in 2017 and is attached at [Appendix Two](#) for information and provide context to the Strategic Risk Register.

**RECOMMENDATIONS**

4. The Committee is recommended to:
  - (a) Consider and comment on the updated Strategic Risk Register provided at [Appendix One](#) and advise if they would like any further information on specific aspects of the Council's arrangements.
  - (b) Note the contents of the Risk Management Strategy at [Appendix Two](#).

**REASONS FOR RECOMMENDATIONS**

- 5. To inform members of the current risk facing the Council and the actions and planned activities that are taking place to mitigate against risk in order to reduce our exposure to any potential subsequent threats they pose and where appropriate maximise opportunities to effectively reduce exposure.

**ISSUE**

*Strategic Risk Register*

- 6. The Council has maintained a strategic risk register for a number of years. These are the main risks identified as being potential threats to the achievement of the Council’s corporate objectives. Each risk is assigned to a risk owner and each is scored using a 5 by 5 risk matrix which assesses the impact and probability (likelihood) of the risk occurring as shown below:

<b>Likelihood</b>	A					
	B					
	C					
	D					
	E					
		5	4	3	2	1
		<b>Impact</b>				

- 7. The perceived likelihood and impact of each risk is assessed and scored according to the matrix above. At this stage the score is referred to as the Inherent Risk. The procedures and controls that the Council has in place to mitigate against that risk are considered to assess how effective they can be in reducing risk exposure. The risk is then re-scored leaving the residual risk that is not covered by the existing procedures and controls.
- 8. The updated Strategic Risk Register also describes the risk and outlines current developments impacting on the risk, actions taken or planned and identifies the risk owner(s).
- 9. Risks that have a high residual risk score are included on the strategic risk register and these risks are reported on periodically via Policy and Resources Committee and Accounts and Audit Committee.
- 10. More detail with regard to the scoring methodology and matrix is contained within the Risk Management Policy and Strategy that was adopted last year and attached at [Appendix Two](#) for reference.

11. The most recent review of the risk register identified that all previous risk remain. Three additional risks have been identified, being:
- Failure to Deliver Lomeshaye Phase One
  - Climate Change, in particular the need to reduce our use of Single Use Plastics.
  - Commercial Strategy – adopting a commercial approach within services.
12. Other factors identified impacting on existing risk, either increasing exposure, assisting mitigation or added opportunities included the following:-
- Pendle Borough Council (PBC) will be taking part in a County wide ‘live play’ exercise to test emergency planning arrangements (November 2019).
  - Recruitment and retention of specialist and qualified staff is becoming more of an issue.
  - PBC appointed a Health and Safety Officer in May 2019.
  - Pendle Area migrated to Universal Credit Full Service in November 2018.
13. Each risk has been identified against the most relevant Key Objective of the Strategic Plan and summarised below:

**Summary of the Risks identified in the Strategic Risk Register**

Risk	Residual Risk Score 2018/19	Updated Residual Risk Score 2019/20	Change
All key objectives			
The Medium Term Financial Plan is not sustainable.	A1	A1	↔
Brexit.	A3	A3	↔
<b>Key Objective 1 - STRONG SERVICES</b>			
Failure to provide ‘good’ customer service, access and satisfaction.	E3	E3	↔
Major Disaster affecting delivery of Council services.	A3	A3	↔
Increased Health Inequalities – failure to deliver an improvement to the general health of Pendle’s residents.	C2	B3	↓
Incident resulting in death or serious injury or HSE investigation. (Also see Objective 4)	C3	C3	↔
Local Government Re-organisation and impact on regions with current two-tier local government structure.	C3	C2	↑
Financial position of Leisure Trust resulting in inability to provide existing level of Service.	A1	A1	↔
Climate Change, in particular the need to reduce our use of Single Use Plastics.		B2	New Risk

Risk	Residual Risk Score 2018/19	Updated Residual Risk Score 2019/20	Change
<b>Key Objective 2 – STRONG ECONOMY</b>			
Failure to optimise Pendle's economic growth / development within the region.	B1	B1	↔
Failure to deliver a balanced housing market with reference to need and demand.	A2	A2	↔
Failure to make an impact on young people where it is necessary to improve poor educational attainment.	A3	A3	↔
Failure to Deliver Lomeshaye Phase One		D2	New Risk
Failure to bring development forward in line with the adopted Core Strategy leading to missed opportunities for growth in employment and housing.	A1	A1	↔
<b>Key Objective 3 – STRONG COMMUNITIES</b>			
Lack of Cohesion between Communities.	C4	C4	
Failure to Reduce Crime.	B3	B3	↔
Increased anti-social behaviour, crime and the perception of levels of crime.	B3	B3	↔
Universal Credit impacts on the Council's contract with Liberata.	A3	C3	↓
<b>Key Objective 4 – STRONG ORGANISATION</b>			
Inability to continue to deliver current levels of service of waste collection and recycling.	A3	A3	↔
Impact on Council's capacity / viability of organisational change linked to on-going reductions in funding for local government.	B2	B3	↓
Risk of data breach and failure to comply with General Data Protection Regulation (GDPR).	A3	A3	↔
Changes to Electoral arrangements (Parliamentary and Borough).	C3	C3	↔
Commercial Strategy – adopting a commercial approach within services.		D2	New Risk

14. At this time, the Committee is provided with the risk register for information and to ascertain if there is more information on any specific risks or the arrangements generally that it wishes to probe in more detail at subsequent meetings.

#### *Risk Management Policy and Strategy*

15. The Council's risk management framework has been established for some time and is a part of our corporate governance arrangements. It is important that the strategy and policy be subject to periodic review and with the overarching Risk Management Strategy and Policy being updated in 2008 and most recently in 2017.

16. The document has been endorsed by the Risk Management Working Group and externally with our insurers, broker and external auditors and approved by Council. It is attached at [Appendix Two](#) for reference purposes in considering the updated Strategic Risk Register.
17. To recap, the document defines our risk appetite as an organisation and sets out the responsibilities of various parties within the risk management framework. The level of risk appetite as selected in the document has been approved as the most appropriate for the Council.

## **IMPLICATIONS**

### **Policy**

18. There are no policy implications arising directly from the recommendations within this report.

### **Financial**

19. There are no new financial implications arising directly from the recommendations within this report.

### **Legal**

20. There are no new legal implications arising directly from the recommendations within this report.

### **Risk Management**

21. The proposed Strategy Risk Register is demonstrating effective risk management evidencing that risks facing the Council are under review and activity to mitigate against risk remains relevant.

### **Health and Safety**

22. There are no health and safety implications arising directly from the recommendations within this report.

### **23. Sustainability**

24. There are no sustainability implications arising directly from the recommendations within this report.

### **Community Safety**

25. There are no community safety issues arising directly from the recommendations within this report.

### **Equality and Diversity**

26. There are no equality and diversity issues arising directly from the recommendations within this report.

## **APPENDICES**

**Appendix One** – DRAFT Strategic Risk Register 2019/20

**AppendixTwo** – Risk Management Strategy

**LIST OF BACKGROUND PAPERS** - None