

# Risk Management

## Cabinet Member for Finance & Commissioning

Date: 20 July 2023

Agenda Item: \_\_\_\_\_

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: andrew.wood@lichfielddc.gov.uk

Key Decision? **No**

Local Ward **Full Council**

Members



## Audit and Member Standards Committee

### 1. Executive Summary

- 1.1 To provide the Committee with their routine risk management update.

### 2. Recommendations

- 2.1 That Members note the risk management update and receive assurance on actions taking place to manage the Council's most significant risks.

### 3. Background

- 3.1 The purpose of risk management is to effectively manage potential opportunities and threats to the Council achieving its objectives. The Risk Management Policy has been attached as **Appendix 1**. Part of the Audit & Member Standards Committee's terms of reference is 'to monitor the effectiveness of the Council's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management'. This report supports the Committee in achieving this objective.
- 3.2 The Council operates a 'three lines of defence' model in terms of risk management, this allows for a consistency of approach when designing our risk framework and controls. The model is set up in the following format;
  - The first line of defence (functions that own and manage risks) is formed by managers and staff who are responsible for identifying and managing risks as part of their accountability for achieving objectives.
  - The second line of defence (functions that oversee or who specialise in compliance of the management of risk) provides, policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line. This is conducted by monitoring to judge how effectively they are doing it, and helps ensure consistency of definitions and measurement of risk.
  - The third line of defence (functions that provide independent assurance) is provided by internal audit. Internal Audit's main role is to ensure that the first two lines of defence are operating effectively and advise how they can improve.
- 3.3 The strategic risk register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its strategic plan. This assessment ensures that there are the right measures in place to control the potential risks to our business objectives. Risks are assessed based on their

likelihood of occurrence and their potential impact. Each of these are rated on a scale of 1 (Low), 2 (Medium), 3 (Significant) and 4 (High). By multiplying the two scores together, each risk receives a score.

3.4 The Strategic Risk Register was considered by Leadership Team on 29 March 2023 and subsequently reported to this committee and is detailed at **Appendix 2**. Following LT it was agreed that the Audit Manager Shared Services would consider and bring to Leadership Team the following;

- Consideration of the requirement for an additional Strategic Risk in respect of the medium to longer term potential strategic, financial and operational risks resulting from the insourcing of leisure centre management. The Audit Manager has been tasked with bringing forward to LT appropriate wording and risk descriptions to for approval. The Audit Manager has included this risk as a current 'horizon scanning' with the expectation that this will move onto Strategic Risk Register in May 2023.
- 'Other Horizon Scanning Risks Arising are contained at the end of the register, these are risks which are not strategic risks currently, but that need a 'watching brief' have been reviewed and updated.

All changes have been highlighted on the Strategic Risk Register at **Appendix 1**.

3.5 The Council's 6 strategic risks (SR6 was approved for removal by the Committee) as at April 2023 the risk profile of strategic risks of the Council is shown below:

likelihood				
		SR3		SR7
			SR1, SR2, SR4, SR5	
Impact				

The overall aim to reduce the current scores by the use of mitigating control and robust management processes, progress has been made since the last Audit & Member Standards Committee meeting and strategic risks will continue to be reported quarterly.

- **SR1:** Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.
- **SR2:** Resilience of teams to effectively respond to a further serious disruption to services.
- **SR3:** Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.
- **SR4:** Failure to meet governance and / or statutory obligations e.g. breach of the law.
- **SR5:** Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area.
- **SR7:** Threat to the Council's ICT systems of a cyber-attack.

3.6 Work to review of the effectiveness of our sub strategic (service / operational) and project risk has now been completed. In summary:

- The 3 lines of assurance approach (as used in the Strategic Risk Register) has now been adopted for sub-strategic risks (i.e. service level risks).
- Quarterly update meetings have been scheduled with Leadership Team and Audit Manager (Shared Service).
- There is no longer a requirement to record and manage risks below service level (services or teams are, however, at liberty to do so if it meets their business requirement).
- Project risks continue to be managed in accordance with accepted project methodology (i.e. PRINCE2).
- At this stage, no sub strategic risks need to be escalated to the strategic risk register

Alternative Options	There are no alternative options.
Consultation	Leadership Team receive monthly updates on Strategic Risk Register
Financial Implications	Risk management processes consider value for money at all times of the process. Failure to manage risks could lead to the Council being faced with costs that could impact on its ability to achieve its objectives.
Approved by Section 151 Officer	Yes
Legal Implications	None identified.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	Sound risk management ensures that risks affecting the delivery of the strategic plan are identified and managed.
Equality, Diversity and Human Rights Implications	Sound risk management ensuring a consistent and robust approach all equality, diversity and human rights issues and their implications to the Council.
EIA logged by Equalities	EIA logged by Equalities
Crime & Safety Issues	None.
Environmental Impact (including Climate Change and Biodiversity).	Risk arising from climate change and the green agenda are considered by management and Leadership Team.

<b>GDPR/Privacy Impact Assessment</b>	Risks associated with non-compliance with GDPR are included within SR4: Failure to meet governance and / or statutory obligations e.g., breach of law (e.g., Health & Safety, GDPR, procurement, Safeguarding).
---------------------------------------	---

	<b>Risk Description &amp; Risk Owner</b>	<b>Original Score (RYG)</b>	<b>How We Manage It</b>	<b>Current Score (RYG)</b>
A	Failure to manage known risks and opportunities proactively.  Leadership Team	Likelihood: Green Impact: Red Severity: Red	Strategic risks are closely monitored by the Audit & Member Standards Committee, Cabinet Member and Leadership Team.  Reports to Audit & Member Standards Committee provide assurance that active steps are being taken to control risks.	Likelihood: Green Impact: Yellow Severity: Green

<b>Background documents</b>	Risk Management Policy – updated and approved by Audit & Member Standards Committee 11 November 2021.
-----------------------------	---

<b>Relevant web links</b>	
---------------------------	--



---

# **Risk Management Policy**

---

November 2021

---

## Document Location

This document is held by Lichfield District Council, and the document owner is Head of Finance and Procurement.

Printed documents may be obsolete. An electronic copy will be available on Lichfield District Council's Intranet. Please check for current version before using.

## Revision History

Revision Date	Version Control	Summary of changes
10/08/15	1.01.01	1 <sup>st</sup> draft
01/09/16	1.01.02	Scheduled review
21/08/17	1.01.03	Scheduled review
08/10/18	1.01.04	Scheduled review
30/09/19	1.01.05	Scheduled review
11/11/21	1.01.06	Scheduled interim review

## Approvals

Name	Approved
Audit & Member Standards Committee	Yes
Leadership Team	Yes

## Document Review Plans

This document is subject to a scheduled 4 yearly review with a 2 yearly interim review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

## Distribution

The document will be available on the Intranet

---

# **RISK MANAGEMENT POLICY STATEMENT**

## **Lichfield District Council Risk Management Policy Statement**

Our risk management policy is drawn up within the context of the Lichfield District Council's strategic objectives.

Our strategic objectives are set out in our Strategic Plan and are underpinned by targets and milestones which are monitored through our Performance Management processes that covers the key areas of the Council's activity.

Risk taking is part of innovation and change and as such is to be encouraged, not avoided; it must however be carefully assessed, regularly monitored, and effectively managed. There is a risk in all that we do. Some of that risk can be controlled and reduced, or mitigated, by effective management and clear ownership.

A risk management policy is an essential component of sound governance. It will help us to identify, analyse and control those risks which might prevent the Council achieving its objectives in a clear, visible, coherent and consistent way. It is an essential tool for all managers and Councillors.

The overall policy is supported by separate guidance notes on the methodology to be used. It is also supported by our corporate business continuity processes. Transparency and accountability is key to the process.

This policy is fully supported by Members, the Chief Executive and the Leadership Team.

---

## 1 Introduction

- 1.1 Risk management is an integral part of good corporate governance. Good corporate governance requires maintaining a sound system of internal control. Financial Procedure Rules place responsibility with Chief Officers for risk management and maintaining sound systems of internal control within their area of service delivery.
- 1.2 Implementation of the policy will ensure that two types of risk are addressed:
  - Direct threats – (damaging events) which could lead to a failure to achieve ambitions and deliver on priorities
  - Opportunities – (constructive events) if exploited can offer an improved way of achieving objectives but which are surrounded by threats. Examples include areas such as partnership arrangements.

## 2 What is Risk Management?

- 2.1 Risk can be defined as the chance or possibility of loss, damage, injury or failure to achieve objectives being caused by an unwanted or uncertain action, event, or chain of events. Risk therefore includes a level of uncertainty of outcome (whether positive outcome or negative threat). Risk is ever present and some amount of risk taking is inevitable if the Council is to achieve its objectives.
- 2.2 Risk management involves having processes in place to identify and monitor risks, be able to access up to date and reliable information about risks, ensure the right balance of control in place to deal with risks; and a decision making process that is supported by a framework of risk analyses and evaluation. Risks should be managed in an integrated way at different key levels to manage interdependencies –strategic risk, operational risk and project risks.
- 2.3 The purpose of this Risk Management Policy is to effectively manage potential opportunities and threats to the organisation achieving its objectives. The main objectives of the risk management policy are to:
  - Embed a culture that integrates risk management into the day-to-day management processes.
  - Raise awareness of the importance of risk management by all those connected with the delivery of service, including partners.
  - Anticipate and respond to changing social, environmental, economic, technological and legislative conditions.
  - Minimise the impact and/or likelihood of risks occurring.
  - Maximise the exploitation of opportunity events;
  - Put in place a robust framework in place to identify, assess and manage the major risks facing the organisation.

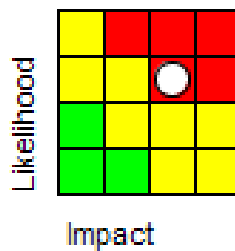


- Minimise the total cost of risk.

Detailed guidance can be found in the Risk Management Guidance.

### 3 Risk Appetite

3.1 The risk appetite is “the amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time.” (CIPFA). The Council will manage its risks by, reducing, preventing, transferring, eliminating or accepting the risks. The Council’s risk appetite is defined by the ‘red’ section of the 4 x 4 matrix. Guidelines on scoring of impact and likelihood are contained within the risk management guidelines.



3.2 Whilst the Council acknowledges that it will have “Severe” (red) risks from time to time, it will endeavour to reduce these to an acceptable level either through controls, actions to reduce the risk or ceasing the activity (if applicable). Where a current risk score is within the ‘red’ zone, an action plan will usually be required to bring the risk within appetite. The target score of a risk must be within appetite (the yellow / green zone). Sometimes risks are identified and even though managed, may still remain “severe” (red risk). Severe risks at an operational and project level are reported to the Leadership Team to manage and monitor.

Risk registers must be maintained and managed in the following areas:

- Strategic Risks,
- Operational Risks,
- Project Risks,
- Partnership Risks.

“Severe” risks can appear in any of the above risk registers.

Strategic risks are owned and managed by leadership team. These risks are those risks that are identified as those that could have a high level impact at a corporate level.

The Strategic risk register and “red” project risks are routinely reported the Audit & Member Standards Committee.

### 4 The Benefits of Having a Risk Management Policy

- Risk Management will alert the Leadership Team to the main service and financial issues. This will allow early and proportionate management handling i.e. mitigation, diversion of resources.
- It contributes to better decision making, and the process of achieving objectives. When embedded within existing planning, decision taking and option appraisal processes, risk management provides a basis for ensuring implications are thought through, the impact of other decisions, initiatives and projects are considered, and conflicts are balanced. This will influence success and improve service delivery.
- It provides assurance to members, management and auditors on the adequacy of arrangements for the conduct of business and the use of resources. It demonstrates openness and accountability to various inspectorate bodies and stakeholders more widely.
- It leads to greater risk awareness and an improved control environment, which should mean fewer incidents and other control failures. In some cases this can result in lower insurance premiums.

4.1 These are not intangible benefits. By identifying risks earlier, by making sure processes are fit for purpose and not over engineered, and achieving a behavioural shift, risk management will be a process that is justified many times over.

4.2 Our approach to risk management which underpins the policy and provides a vision of what we are aiming for, is summarised below:

“Risk management in Lichfield District Council is all about managing our business threats and opportunities and creating an environment of “no surprises”.

Risk management is the identification, analysis and control of those risks which might prevent an organisation achieving its objectives.

Risk management is not about insurance – not least because most risks faced by organisations are not insurable. Certainly risk transfer is part of risk management, but so is risk retention and control”.

4.3 Risk profiling is carried out at all levels of the organisations with each level feeding up to the next level to ensure that operational risks that could pose greater / strategic risks are escalated and are not missed.

## **5 Roles, Responsibilities and Reporting Lines**

5.1 The importance of establishing roles and responsibilities within the risk management framework is pivotal to successful delivery. The consideration of risk must be embedded into corporate policy approval and operational service delivery.

5.2 The agreed roles and responsibilities within the risk management framework at Lichfield District Council are outlined in the table below:

<b>Group / Individua</b>	<b>Role</b>
Leadership Team	<ul style="list-style-type: none"> <li>• Provide leadership for the process to manage risks effectively.</li> <li>• Review and revise the risk management policy in accordance with the review period.</li> <li>• Monitor and review the strategic risk register on a monthly basis including the identification of trends, upcoming events and potential new strategic risks.</li> </ul>
Head of Finance and Procurement	<ul style="list-style-type: none"> <li>• To own the risk management policy and ensure effective risk management arrangements in place in accordance with requirements set out in Financial Procedure Rules.</li> </ul>
Audit & Member Standards Committee	<ul style="list-style-type: none"> <li>• Monitor the effectiveness of the Council’s risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.</li> <li>• To monitor action being taken by the Council to mitigate the impact of potentially serious risks.</li> </ul>
Cabinet	<ul style="list-style-type: none"> <li>• To provide strategic direction with regards to Risk Management and be collectively responsible for the Risk Management process.</li> <li>• To consider risk management operation per their Cabinet responsibility.</li> </ul>
Cabinet Member (Finance and Procurement, Revenues and Benefits)	<ul style="list-style-type: none"> <li>• Monitor the effectiveness of the Council’s risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management.</li> <li>• To monitor action being taken by the Council to mitigate the impact of potentially serious risks.</li> </ul>
Heads of Service	<ul style="list-style-type: none"> <li>• To provide leadership and ‘champion’ the process of managing risks within their areas of responsibility.</li> <li>• To ensure that risk management methodology is applied to all service plans, projects, partnerships and proposals within their areas of responsibility.</li> <li>• To identify and manage business/operational risks.</li> <li>• To ensure that the management of risk is monitored as part of the performance management process.</li> <li>• Provide assurance to Leadership Team and the Chief Executive that this policy is being complied with.</li> </ul>

	<ul style="list-style-type: none"> <li>• To ensure that employees attend appropriate risk management training to assist in the implementation of this policy.</li> <li>• To ensure that risk management is a standard agenda item at team meetings.</li> <li>• To review and update their operational risk registers on at least a quarterly basis.</li> <li>• To determine the method of controlling the risk.</li> <li>• To delegate responsibility if appropriate for the control of the risk.</li> <li>• To notify Leadership Team of new risks identified, for consideration for inclusion on the Strategic Risk Register.</li> </ul>
All Staff	<ul style="list-style-type: none"> <li>• To ensure that risk is effectively managed in their areas.</li> <li>• To ensure that they notify their managers of new and emerging risks</li> </ul>
Audit Manager	<ul style="list-style-type: none"> <li>• To ensure that the risk management policy is regularly reviewed and updated.</li> <li>• Promote and support the risk management process throughout the Council.</li> <li>• Advise and assist Heads of Service/ managers in the identification of risks.</li> </ul>

## Risk Management Process

### 6 Risk Identification

6.1 The identification of risks is completed at various levels and primarily, risks (and opportunities) relate to the achievement of the Council's objectives. The risks can therefore be at Strategic, Operational, Project, Partnership or Opportunity level. This stage will be repeated regularly to ensure that new and emerging risks arising are identified and recorded on the risk register as appropriate. In addition, risks that are no longer relevant are removed.

6.2 The Council acknowledges that no one person is responsible for identifying key risks and that they are identified at various levels and various ways.

6.3 As a basis, the following risks must be identified:

- Those that affect the delivery of the strategic plan;
- Those that affect operational issues i.e. the delivery of a service;
- Those that affect the delivery of a project;
- Those that affect the delivery within a partnership.

### 7 Recording Risks

- 7.1 The Council's risk register is the primary tool to record risks identified. All strategic, operational, project and partnership risks are recorded.
- 7.2 All risks recorded on the risk register should identify:
- risk description
  - risk owner
  - gross (unmitigated), current (mitigated) and target risk scores using the 4x4 matrix of likelihood x impact)
  - risk factor /causes of the risk
  - potential effects/consequences of the risk as well as opportunities;
  - risk treatment measures controls in place to the reduce the risk and any actions, timescales and responsibilities required.

## **8 Reporting Risks**

- 8.1 The strategic risk register is reviewed and updated by the Leadership Team each month. A quarterly update is reported to the Cabinet Member (Finance and Procurement, Revenues and Benefits) and to the Audit and Member Standards Committee. Red (severe) project risks are also reported at the same time.
- 8.2 All reports to the Council require that any risks inherent within the decision recommended, are identified. The Committee report template is set up so that this is completed. It is the duty of the report writer that the relevant risk register is updated to take account of these risks.

## **9 Reviewing Risks**

- 9.1 Risks should be reviewed on a regular basis. The Leadership Team and Head of Audit will provide an overall review of risks to ensure that risks are being consistently scored. The review period will depend on the type of risk. For example, operational risks (those that affect the delivery of a service) will more than likely not need to be reviewed as often as project risks. Risks can be added or deleted at any time.

## **10 Performance Management**

- 10.1 The following key performance indicators for the risk management process will be completed:
- The risk management policy will be reviewed and updated fully on a 4 yearly basis (with a 2 year interim review in between).
  - Leadership Team will review and update the strategic risk register taking into account emerging and changing risks, on a monthly basis.
  - Risks are reviewed appropriately to the severity/changing nature of the risk.
  - Staff are appropriately trained in risk management.



## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, developing prosperity, shaping place, enabling people	<p><b>SR1 Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.</b></p> <p>The risk is influenced by:</p> <ul style="list-style-type: none"> <li>Government spending plans.</li> <li>The national and local economic climate, C Tax referendum limit, grant funding implications, changes to business rates and social housing rents.</li> <li>Local Government Finance Reform including New Homes Bonus, Business Rates and the Fair Funding Review.</li> <li>Other Government Policy announcements impacting on Local Government.</li> <li>Funding of Council's headline priorities and the shortfall of funding.</li> </ul>	16 (L4xI4)	<ul style="list-style-type: none"> <li>Prudent estimates for Business Rates and New Homes Bonus based on modelling provided by Local Government Finance experts.</li> <li>Risk assessed minimum level of reserves set at £1.9m.</li> <li>Routine budget monitoring reported to Leadership Team, Cabinet and Overview and Scrutiny Committee.</li> <li>Requirements of the new CIPFA Financial Management Code, information contained in the CIPFA Resilience Index and benchmarking reports from LG Futures.</li> <li>Confirmation and Implementation of financial settlement for 2023/24 and principles for 2024/25.</li> <li>Balanced budget for next 2 years.</li> </ul>	3 (L3xI1)	4 (L2xI2)	<ul style="list-style-type: none"> <li>Update of the Medium Term Financial Strategy <b>Responsibility: Assistant Director Finance &amp; Commissioning will commence in July 2023 and approved February 2024</b></li> <li>Outcome of Government Financial Settlement.</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Approved Medium Term Financial Strategy including the Capital Strategy covering 5 years plus a 25 year capital investment model.</li> <li>A longer term financial plan covering a 25 year horizon for revenue budgets.</li> <li>Approved Treasury Management Strategy.</li> <li>Production of monthly budget reports to Managers.</li> <li>Procurement Strategy</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Leadership team review of 3, 6, 8 and 12 month reports to Cabinet and Overview and Scrutiny Committee.</li> <li>Mid-year and outturn Treasury Management reports to Audit and Member Standards Committee.</li> <li>Initial assessment of LDC's level of compliance with the FM Code to Audit and Member Standards Committee 12/11/2020.</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
	<ul style="list-style-type: none"> <li>Inflationary pressures on procurement of services, cost of living/fuel/construction and replacement fleet vehicles.</li> </ul> <p><b>Owner:</b> Assistant Director - Finance &amp; Commissioning (Section 151)</p>						<ul style="list-style-type: none"> <li>CIPFA Resilience Index with comparative information to nearest statistical neighbours and all District Councils.</li> </ul> <p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>External Audit – going concern test and sign off of financial statements 2021/22. Unqualified VFM assessment.</li> <li>Internal Audits of Accountancy and Budgetary Control 2018/19 -substantial assurance, Capital Strategy 2020/21 – reasonable assurance, Capital Accounting 2020/21 – substantial assurance, Income Management 20/21 – reasonable assurance, Procurement 22/23 substantial assurance</li> <li>LGA Corporate Peer Challenge</li> </ul>
A good council, developing prosperity, shaping	<b>SR2 Resilience of teams to effectively respond to a further serious disruption to services</b> (e.g. multiple layer disruption arising from	12 (L3xL4)	<ul style="list-style-type: none"> <li>Mutual aid assistance</li> <li>Local Resilience Forum (LRF).</li> </ul>	3 (L1xL3)	6 (L2xL3)	<ul style="list-style-type: none"> <li>Tasks completing and move away from initial Pandemic response, move to</li> </ul>	<p><b>1st Line:</b></p> <ul style="list-style-type: none"> <li>Day to day business continuity plans in place.</li> <li>Regular BCP testing (generator)</li> </ul>



## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
place, enabling people	<p>flooding and other disruptive events).</p> <p>New people into organisation.</p> <p>Potential for power disruptions.</p> <p>Affects to service delivery and office systems.</p> <p><b>Owner:</b> Leadership Team</p>		<ul style="list-style-type: none"> <li>• <i>Tested business continuity arrangements in place including office power generation.</i></li> <li>• <i>Strong links with the Staffordshire CCU, Risk Action Working Group and wider LRF.</i></li> <li>• <i>Active workshop on BCP to LT.</i></li> <li>• <i>Actively engaged in ongoing Local Resilience Forum response and recovery work streams.</i></li> <li>• <i>Experienced (from previous waves / national lockdowns re Covid-19) Leadership Team and supporting teams in place to respond.</i></li> <li>• <i>Clear structure and plan in place for Covid-19 waves.</i></li> <li>• <i>Strategic and tactical flood planning work across LRF, to assist in our response and the</i></li> </ul>			<p>Being a Better Council.</p>	<ul style="list-style-type: none"> <li>• Training programme.</li> </ul> <p><b>2nd Line:</b></p> <ul style="list-style-type: none"> <li>• Annual Report to Leadership Team.</li> <li>• CCU test of arrangements feedback.</li> <li>• Response and learning from recent incident at Ridware House.</li> <li>• Report on recovery plan Overview &amp; Scrutiny (O&amp;S).</li> <li>• Approval of Climate Change Strategy.</li> </ul> <p><b>3rd Line:</b></p> <ul style="list-style-type: none"> <li>• Internal Audit of business continuity 2019/20 – reasonable assurance, ICT – remote working 20/21 – reasonable assurance.</li> <li>• Flash Covid-19 Risk Assurance Business Continuity, Emergency Planning and</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			<p><i>multi-agency response to such events. This includes identifying 'at risk' areas in the District and specific actions required.</i></p> <ul style="list-style-type: none"> <li><i>Provision of Foodbank presence, Warm Spaces etc.</i></li> <li><i>Business Continuity planning.</i></li> </ul>				<p>Recovery 20/21 substantial assurance</p> <p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Internal Audits of Accountancy and Budgetary Control 2018/19 -substantial assurance, Capital Strategy 2020/21 – reasonable assurance, Capital Accounting 2020/21 – substantial assurance, Income Management 20/21 – reasonable assurance, Procurement 22/23 substantial assurance</li> <li>External Audit – going concern test and sign off of financial statements 2020/21. Unqualified VFM assessment.</li> </ul>
A good council, developing prosperity, shaping place,	<p><b>SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.</b></p> <p>Senior Leadership Team changes.</p>	6 (L2xI3)	<ul style="list-style-type: none"> <li><i>Regular review of progress against delivery plan outcomes and prioritisation process agreed between Leadership Team and Cabinet.</i></li> </ul>	4 (L2xI2)	4 (L2xI2)	<ul style="list-style-type: none"> <li>Implementation of Being a Better Council.</li> <li>Management oversight and robust project management requirements for</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Day to day business / service planning, financial planning and performance management.</li> <li>Completion of OKRs.</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
enabling people	Strategic level roles and active recruitment.  <b>Owner:</b> Leadership Team		<ul style="list-style-type: none"> <li>• <i>Robust project management.</i></li> <li>• <i>People strategy.</i></li> <li>• <i>Communications to all staff.</i></li> <li>• <i>Recruitment activity.</i></li> <li>• <i>OKR completion leading to identifying training and development needs.</i></li> <li>• <i>Monitoring resource demands.</i></li> <li>• <i>Mental health / wellbeing systems in place.</i></li> <li>• <i>Being a Better Council and implementation of Better Led, Better Equipped.</i></li> <li>• <i>Upcoming Community Power Strategy to increase capacity to deliver.</i></li> <li>• <i>Data collection on monthly leavers reviewed by LT.</i></li> <li>• <i>New Strategic Plan to 2050.</i></li> </ul>			delivery of Better Council.	<ul style="list-style-type: none"> <li>• Delivery Plan reported 6 monthly to Cabinet and shared with Overview &amp; Scrutiny.</li> <li>• Quarterly updates to LT on Belonging and Wellbeing Strategy.</li> </ul> <hr/> <p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• Internal Audits of People Strategy and Workforce Development 2019/20 – reasonable assurance, Performance Management 19/20 – substantial assurance.</li> <li>• Inclusion in Audit Plan for reviews against delivery of themes.</li> <li>• LGA Corporate Peer Challenge follow up</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council	<p><b>SR4: Failure to meet governance and / or statutory obligations e.g. breach of the law</b> (e.g. Health &amp; Safety, GDPR, procurement, Safeguarding), lack of openness / transparency in decision making, breach of the constitution. This could lead to fines as well as reputational damage.</p> <p>Subsidy Control Framework and self-assessment risks subject to challenge. Arrangements in process of being developed, requirement to build in operation and awareness training.</p> <p>Risk of failure to retain documentation in a manner to allow both storage and retrieval.</p> <p><b>Owner:</b> Chief Operating Officer</p>	9 (L3xI3)	<ul style="list-style-type: none"> <li>Regularly reviewed constitution, policies and procedures.</li> <li>Training and awareness for all staff and members.</li> <li>Effective Overview and Scrutiny and Audit &amp; Member Standards Committee oversight.</li> <li>Codes of Conduct.</li> <li>Internal audit.</li> <li>Dedicated Monitoring Officer</li> <li>Roles of Section 151 Officer and Monitoring Officer.</li> <li>Shared legal services.</li> <li>Procurement Team.</li> <li>Governance Team with additional capacity being recruited.</li> <li>Transition to internal DPO.</li> <li>Review of document storage and filing systems.</li> <li>Electronic retention of documentation.</li> </ul>	3 (L1xI3)	3 (L1xI3)		<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Day to day processes and Local Code of Governance</li> <li>Forward plans/committee work plans/ delivery plan and service planning.</li> <li>Use of Mod Gov and publication scheme.</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Annual reports to Audit and Member Standards Committee.</li> <li>Regular reports to leadership team.</li> <li>Transparency data publication.</li> <li>Completed review of document storage.</li> <li>Procurement Team in place and operating.</li> <li>Internal DPO in place</li> </ul> <p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>RIPA, ICO and Ombudsman reports/returns.</li> <li>External audit of Annual Governance Statement as part of the financial statements.</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			<ul style="list-style-type: none"> <li>Sealed documents held in fire proof room.</li> <li>Education and development of Service Managers to support teams with advice and guidance.</li> <li>Implementation of Tortara (May 2022)</li> </ul>				<ul style="list-style-type: none"> <li>2019/20 – adequate assurance, GDPR follow up 2019/20 &amp; 2022/23 (draft) – limited assurance, Transparency code follow up Procurement 20/21 limited assurance – follow up.</li> <li>Review of GDPR and agreed action plan reported to A&amp;MS Committee for 2022/23 and 2023/24.</li> <li>External investigations and lessons learnt exercises to address internal control weaknesses.</li> </ul>
A good council, developing prosperity, shaping place,	<p><b>SR5: Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area.</b></p> <p>Relating specifically to the effects of the ‘cost of living crisis. This results in an increase in unemployment,</p>	9 (L3xI3)	<ul style="list-style-type: none"> <li>Financial assistance from Government to businesses and the public.</li> <li>Prosperity is a key theme in the new Strategic Plan.</li> <li>Economic Development Strategy is in place.</li> <li>Council’s effective presence on the Local Enterprise Partnerships.</li> </ul>	3 (L1xI3)	4 (L2xI2)	<ul style="list-style-type: none"> <li>Continued delivery of immediate actions to support high street economy and business (including visitor economy and hospitality sector).</li> <li>Further government support – the Welcome back Fund - received to extend timescales and assist</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Day to day delivery of economic development, housing and health and wellbeing strategies.</li> <li>Development and inclusion of Being a Better Council</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Leadership team review of 3, 6, 8 and 12 month Money Matters reports to Cabinet, Strategic (OS) Committee.</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
	<p>business closures coupled with emergence of higher expectation of ongoing support from the Council. Increased demand on Council services such as benefits via increased Universal Credit claims, at the same time that Council suffering reduced income.</p> <p>Including Ukraine families and Refugee dispersal within area.</p> <p><b>Owner:</b> Leadership Team</p>		<ul style="list-style-type: none"> <li>• <i>Strong partnership working e.g. Lichfield District Board, Staffs CC, Birmingham Chambers. Burntwood Business Community LGA, DCN,</i></li> <li>• <i>New burdens funding.</i></li> <li>• <i>Partnership influences built into business case considerations.</i></li> <li>• <i>Work with redundancy task force</i></li> <li>• <i>Continue to develop and improve the business contact and relationships locally.</i></li> <li>• <i>Development of Wellbeing indicators at ward level for both activity and response.</i></li> <li>• <i>Economic Prosperity Action Plan in place.</i></li> <li>• <i>Cost of living issues mitigated and off set by Tourism.</i></li> <li>• <i>Ongoing Council Plans development.</i></li> </ul>			<p>with the reopening of high streets and support to local businesses through to March 2022. Additional spend on a variety of projects currently in process of being identified.</p> <ul style="list-style-type: none"> <li>• Implementation of Being a Better Council – Better Led, Better Equipped and Better Performing.</li> <li>• UKSPF exploring further funding streams with LUF2</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Wellbeing Strategy delivery reports.</li> </ul> <p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• Internal Audit of Economic Development Partnership Arrangements 2017/18 – adequate assurance, Tourism 2019/20 – reasonable assurance, Housing Benefits – overpayments 2017/18 – adequate assurance, Housing Benefits – verification and performance 2016/17 – substantial assurance, Housing Benefits and Council Tax Relief 20/21 substantial assurance</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council	<p><b>SR7: Threat to the Council's ICT systems of a cyber-attack</b> following dramatic increase in remote working which if successful could result in loss of data / loss of access to applications – which may incur fines / reputational damage.</p> <p>Involvement of state players and their use of cyber warfare as part of a strategy to further agendas.</p> <p>Increased number of sophisticated 'phishing' attacks with increased time taken to investigate and remediate. Move away from purely email to other platforms such as 'Teams'.</p>	4 (L1xI4)	<ul style="list-style-type: none"> <li>• <i>Use of firewalls and virus protection to manage cyber security, including penetration testing.</i></li> <li>• <i>Strong access level controls (including remote access).</i></li> <li>• <i>Training and regular awareness raising to staff of risks.</i></li> <li>• <i>Digital strategy.</i></li> <li>• <i>PSN compliance checklist.</i></li> <li>• <i>Revision of Service Business Continuity Plans.</i></li> <li>• <i>IT Auditor provision resourced from August 2021.</i></li> <li>• <i>Adoption of multi-factor authentication.</i></li> <li>• <i>Development of monthly reports from software supplier for follow up of</i></li> </ul>	8 (L2xI4)	4 (L1xI4)	<ul style="list-style-type: none"> <li>• Review mandatory training requirements.</li> <li>• Reminder to staff to complete training and awareness. Re-run Awareness Training/Meta Compliance</li> <li>• Completion of PSN Compliance checklist</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• Day to day operation of ICT Training programme for all staff.</li> <li>• Up to date versions of software and implement all IT security patches.</li> <li>• Awareness Training/Meta Compliance.</li> <li>• Maintenance of PSN Compliance.</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• Regular monitoring and reporting on security issues to Leadership Team.</li> <li>• External penetration testing.</li> <li>• Full Council wide adoption of multi-factor authentication.</li> </ul>

## Appendix 2: Strategic Risk Register – April 2023

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
	<p>Failure by staff to complete ICT training and the take up of MFA.</p> <p><b>Owner:</b> Chief Executive</p>		<p><i>staff not completing mandatory ICT training.</i></p> <ul style="list-style-type: none"> <li><i>Implementation of Knowledge Hub training.</i></li> </ul>				<p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>ICT Audit Procurement to review risk environment.</li> <li>ICT Audit Needs Assessment completed.</li> <li>Review of Microsoft 365 2021/22</li> <li>IT Remote Access 2021/22</li> <li>IT Website 2021/22.</li> <li>Increase in the amount of IT Audit days from 20 to 40 for 2022/23.</li> </ul>



## Appendix 2: Strategic Risk Register – April 2023

Key to 3 lines of assurance:	
<b>1<sup>st</sup> Line</b>	Day to day operations of internal control systems
<b>2<sup>nd</sup> Line</b>	Management oversight and monitoring controls
<b>3<sup>rd</sup> Line</b>	Independent assurance from Internal / external audit and other independent assurance sources (e.g. HSE, BFI)

Other Horizon Scanning Risks Arising April 2023:	
Impact on the organisation arising from the devolution / local recovery white paper which was due in September 2020 and has now been postponed to 2021. Not a strategic risk at present, to include as a horizon scan until more information is known and impact on operations can properly be assessed.	
Impact on Council activities via the Government’s legislative timeframes and planning activities arising from the Planning Bill detailed in the Queen’s Speech.	
Elections review by Association of Electoral Administrators (AEA) and challenge around legislation in the reduction of time for provision of elections (Voter Registration no guidance until November 2022).	
To balance the delivery of service specific objectives against the priorities and demands from Members/Cabinet to ensure continued alignment with Strategic Plan.	
Impact of withdrawal of government support measures (furlough), Universal Credit and implications for businesses and residents.	
pEPR implications around systems for recycling packaging and compensatory affects.	
Implications of increase in fuel duties from 1 April 2023.	
Planning application fees – self funding.	
LATCo review of governance arrangements and structures.	
Arrangements for legislative changes following Brexit and blanket withdrawal in December 2023.	
The medium to longer term potential strategic, financial and operational risks resulting from the insourcing of leisure centre management	

## Appendix 2: Strategic Risk Register – April 2023

### Strategic Risk Register – removed risks

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, enabling people	<p><b>SR6: Failure to innovate and build on positives / opportunities / learning arising (including from the Covid-19 situation) to maximise outcomes for the Council, e.g. technological solutions</b></p> <p><b>Owner:</b> Leadership Team</p>	9 (L3xI3)	<ul style="list-style-type: none"> <li>• <i>Refurbishment and reorganisation of office spaces.</i></li> <li>• <i>Cyber security e-learning.</i></li> <li>• <i>Engagement Strategy.</i></li> <li>• <i>Capture best practice</i></li> <li>• <i>Reinforce a culture of innovation.</i></li> <li>• <i>Belonging and Wellbeing Strategy.</i></li> <li>• <i>Virtual committee meetings.</i></li> <li>• <i>Business cases required for all major projects.</i></li> <li>• <i>Drive to find ongoing efficiencies as part of service / financial planning process.</i></li> <li>• <i>Customer promise.</i></li> </ul>	4 (L2xI2)	1 (L1xI1)	<ul style="list-style-type: none"> <li>• IT Strategy and options appraisals.</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• ICT hardware replacement programme providing the right equipment for mobile and flexible working.</li> <li>• Ongoing monitoring of customer (internal and external) feedback.</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• Monitoring of Lichfield Connects contact levels, trends and reporting on complaints and compliments to Leadership Team.</li> </ul> <p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>• Local Government Ombudsman.</li> <li>• Flash Covid-19 Risk Assurance Staff Wellbeing 20/21 substantial assurance</li> <li>• Flash Covid-19 Risk Assurance Productivity and Governance 21/22 substantial assurance</li> </ul>