



**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	Corporate & Strategic Risks Report 2023/24 – Quarter 4	To be marked with an 'X' by Democratic Services after report has been presented
<b>Meeting of:</b>	Audit Committee 26 June 2024	



<p><b>Is this an Executive Decision:</b></p>	<p>NO</p>	<p><b>Is this a Key Decision:</b></p>	<p>NO</p>
<p><b>Is this in the Forward Plan:</b></p>	<p>NOT APPLICABLE</p>	<p><b>Does this report contain Confidential or Exempt Information:</b></p> <p><b>If the report Contains Confidential Information, please provide reason.</b></p> <p><b>If the report contains Exempt Information, please state relevant paragraph from Schedule 12A LGA 1972:</b></p>	<p>NO</p>

**Essential Signatories:**

**ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE**



Monitoring Officer: **John Teasdale**

Date ..... Signature .....

Chief Finance Officer: **Lloyd Haynes**

Date ..... Signature .....

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**Report to Audit Committee**

**Date: 26 June 2024**

**REPORT TITLE:** Corporate & Strategic Risks Report 2023/24 – Quarter 4

**PORTFOLIO:** Finance & Treasury Management

**CHIEF OFFICER:** Lloyd Haynes

**CONTACT OFFICER:** James Hopwood                      Ext. No. x1139

**WARD(S) AFFECTED:** All

**1. Purpose of the Report**

- 1.1. The report provides an overview of the Corporate and Strategic risks facing the authority as at the end of quarter 4 of 2023/24 and the actions taken or being taken to manage those.

**2. Background**

- 2.1. Audit Committee holds the responsibility of providing independent assurance of the adequacy of the risk management framework and the associated control environment for the Council. As such regular updates on the Corporate and Strategic risks facing the authority are reported to the committee, with this report providing an overview of those risks as at the end of quarter 4 of 2023/24, and the actions taken or being taken to manage those.

**3. Contribution to Corporate Priorities**

- 3.1. Appropriate and sound management of risks supports the delivery of all Council Corporate Plan priorities.

**4. Quarter 4 2023/24 Corporate & Strategic Risks**

- 4.1. Attached at **Appendix A** to this report is a schedule of the most significant Corporate and Strategic risks facing the authority, including the actions taken

or being taken in order to control or mitigate these risks. There has been no movement in the current risks scores during the quarter.

- 4.2. Audit Committee will be aware that the Council's Risk Management Strategy was last reviewed during 2023/24, with a revised strategy approved by Audit Committee and Council.
- 4.3. A review of that revised strategy by Internal Audit has now identified a small number of additional improvements that can be made (which were reported to Audit Committee at their meeting in February 2024). A further update of the Risk Management Strategy is therefore due to take place during 2024/25, with the outcome of that scheduled to be reported to the September 2024 Audit Committee meeting.
- 4.4. In addition options to provide further support to Corporate and Strategic risk owners to identify additional actions that can be put in place to manage risks are currently being explored, with the outcome impacting future updates of those risks that will be reported to Audit Committee.

## 5. **Financial Considerations**

This section has been approved by the following member of the Financial Management Unit: Lloyd Haynes

- 5.1. There are no direct financial implications associated with this report.

## 6. **Risk Assessment and Management**

- 6.1. This report provides an update on the Corporate and Strategic risks facing the authority as at the end of quarter 4 of 2023/24, and sets out the actions taken or being taken to manage those.

## 7. **Legal Considerations**

*This section has been approved by the following member of the Legal Team: [ ]*

- 7.1. There are no direct legal implications associated with this report.

## 8. **Equalities and Health**

- 8.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.
- 8.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

## **9. Data Protection Implications – Data Protection Impact Assessment (DPIA)**

10.1. A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

10.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

## **10. Human Rights**

10.1. There are no Human Rights issues arising from this Report.

## **11. Environmental Impacts**

Consider impacts related to the Climate Change & Nature Strategy aims:

- Reducing greenhouse gas emissions (climate change mitigation)
- Preparing for future climate change (adaptation)
- Protecting and enhancing nature
- Using resources wisely and minimising waste and pollution

11.1. Does the proposal have any positive or negative environmental impacts? No

## **12. Recommendation(s)**

12.1. That Audit Committee notes the update provided on the Corporate and Strategic risks facing the authority as at the end of quarter 4 of 2023/24, and the actions taken or being taken to manage those.

12.2. That Audit Committee notes the further work taking place during 2024/25 which seeks to improve the management and reporting of risks for the authority.

## **13. Background Papers**


13.1. Audit Committee Work Plan 2024/25

14. **Appendices**

14.1. Appendix A - Corporate & Strategic Risks Report 2023/24 – Quarter 4




APPENDIX A




STRATEGIC RISKS




	Risk Cause / Event	Owner	Link to Corporate Objectives	Risk Consequence	Original Risk Level	Risk Treatment	Current Risk Level	SMART Follow-on actions	Direction Of Travel	Last Reviewed
S1	The risk of not delivering the Towns Fund: the developments do not achieve value for money; additional housing is not achieved; reputational damage to the Council regarding delivery of schemes.	Head of Regeneration and Development	Creating a Prosperous East Staffordshire	There will be a negative impact on the development of a prosperous town centre. The objective of increasing housing will not be achieved.	20 (L4, I5)	Multi Agency Towns Fund Board established. Senior Officers and Members attend/sit on the Board. Appropriate Governance arrangements in place within ESBC as the accountable body. Close liaison with Partners and Government Department. Cost pressures resulting in the need to scale back plans. Oversight of the projects via Business Assurance Group.	20 (L4, I5)			31/03/2024









## CORPORATE RISKS


	Risk Cause / Event	Owner	Link to Corporate Objectives	Risk Consequence	Original Risk Level	Risk Treatment	Current Risk Level	SMART Follow-on actions	Direction Of Travel	Last Reviewed
C1	The risk that the Government's Asylum Seeker Dispersal Programme creates unacceptable issues for the Council to deal with.	Head of Regeneration and Development	Standing up for our Communities	The Home Office can arrange accommodation for asylum seekers in any local authority. This may result in unsuitable locations being commissioned.	<b>15 (L3, I5)</b>	Officers engage proactively with Serco/Home Office to advise on suitability as a consultee; Officers engage proactively with partner organisations (SCC / Police) to provide a joint response; Officers engage with West Midlands Strategic Migration Partnership, and the newly established Staffordshire Strategic Migrations Partnership.	<b>15 (L3, I5)</b>			31/03/2024
C2	The risks associated with the economic and wider geo-political circumstances which may have the potential for operational and service delivery disruption and wider financial impacts.	Chief Financial Officer and S151	Underpins all Corporate Objectives	The consequences of decision to exit the EU and the wider geo-political circumstances have a negative impact. (Economic consequences impacting on resources, both central and local, additional strain on pension fund, value of council assets, impact on procurement and VFM etc.).	<b>20 (L4, I5)</b>	There is a prudent and robust rolling MTFS and regular monitoring and reporting, there is effective monitoring of economic conditions / external forecasts, horizon scanning by CMT and Senior Officers; Officers understand and act on any intelligence forthcoming from local and central government bodies. The latest MTFS was reported to Cabinet and Council on February 2024 and this set out the revised financial position for 2024/25 - 2026/27, alongside actions the Council is taking to manage financial risk across that period.	<b>20 (L4, I5)</b>	Further update and refresh of the MTFS, setting out the revised financial position for 2025/26 - 2027/28, alongside actions the Council is taking to manage financial risk across that period, will take place in the autumn and be presented to Cabinet and Council in February 2025		31/03/2024
C3	There are inherent risks associated with the volatility emanating from the Business Rates Retention Scheme	Chief Financial Officer and S151	Underpins all Corporate Objectives	There are impacts of scheme on funding, including scale of reliefs/appeals, impact of the recession, the impact of revaluation and the planned business rates reset.	<b>25 (L5, I5)</b>	There is a robust MTFS which provides provision for financial resilience to changes in scheme, including a business rates reserve; there is regular in year monitoring of the scheme, Officers keep abreast of latest developments with Business Rates Retention and feeding into any national consultations; Proactive monitoring of potential and lodged appeals and accounting for likely outcomes.	<b>25 (L5, I5)</b>	Further update and refresh of the MTFS, setting out the revised financial position for 2025/26 - 2027/28, alongside actions the Council is taking to manage financial risk across that period, will take place in the autumn and be presented to Cabinet and Council in February 2025		31/03/2024



<b>C4</b>	There are still risks associated with Covid -19 which could impact on the borough and on service delivery.	Head of Corporate and Environment Services	Underpins all Corporate Objectives	Increased demand for services, economic impact on the district, financial pressures on the Council such as reduced car parking income, impacts from social isolation, disruption and pressures on supply chains, difficulties in maintaining governance.	<b>20 (L4, I5)</b>	The Council has adapted well to the Covid-19 Pandemic within minimal service disruption. Services are operating as business as usual, with a large proportion of office based staff working on a hybrid basis; The Council will continue to work with its partners on preparedness for and prevention of future lockdowns/interventions and to mitigate the impact on the ongoing recovery of the area; the Council is focusing on supporting the local economy and business, as well as supporting local communities.	<b>20 (L4, I5)</b>			31/03/2024
<b>C5</b>	There are risks associated with the uncertainties of the levels of Central Government Funding	Chief Financial Officer and S151	Underpins all Corporate Objectives	Uncertainty surrounding future government funding, including the impact of the business rates reset, New Homes Bonus, and finally the planned needs review in relation to the allocation of funding within the sector being updated (previously the fair funding review).	<b>25 (L5, I5)</b>	There is a robust MTFS with flexibility to respond to changes in Govt proposals; regular impact assessments are carried out as is financial modelling. Officers keep abreast of Govt developments and proactively respond to consultations.	<b>25 (L5, I5)</b>	Further update and refresh of the MTFS, setting out the revised financial position for 2025/26 - 2027/28, alongside actions the Council is taking to manage financial risk across that period, will take place in the autumn and be presented to Cabinet and Council in February 2025		31/03/2024
<b>C6</b>	There are risks associated with the Council working to achieve the Climate Change Action Plan	Head of Legal and Regulatory Services and Monitoring Officer	A Green New Deal for East Staffordshire	The failure to deliver the climate change action plan approved by Council 17th August 2020.	<b>15 (L3, I5)</b>	There is formal annual monitoring and reporting. Additional staffing resources have been recruited to support implementation; there are regular reviews by the Cabinet Member and support through the Joint Staffordshire Sustainability Board.	<b>15 (L3, I5)</b>			31/03/2024

C7	There are significant financial risks associated with the commitments to the Pension Scheme	Chief Financial Officer and S151	Underpins all Corporate Objectives	Increasing pension liabilities result in the need to increase future employer contributions (longer term risk).	12 (L3, I4)	Realistic provision within MTFS for cost and changes and the latest triennial review frozen pension contribution rates (overall). There remains a longer term risk beyond this triennial period (2026 onwards) resulting from economic circumstances.	12 (L3, I4)	Next Pension Fund valuation (showing current level of surplus/deficit relating to ESBC) will be provided for the 2023/24 accounts. Next triennial update on pension fund due during 2026/27. Ongoing risk will continue to be evaluated and informed utilising that information.		31/03/2024
C8	There are risks associated with how the Council reacts to the Government's initiative for the Homes for Ukraine scheme	Head of Corporate and Environment Services	Underpins all Corporate Objectives	There are a number of actions/activities that the Borough Council is expected to undertake in delivering the Homes for Ukraine scheme. Failure to deliver on these aspects may give rise to a reputational risk to the Council. There is also a consequential risk in relation to guests on the scheme once the initial 6 month placement comes to an end.	6 (L3, I2)	An internal and wider partnership officer team has been established to address these issues and provide the appropriate response; the appropriate staff are in place to address the issues as required e.g. Environmental Health for housing inspection checks, Revenues team to ensure identified payments are made and Management to ensure appropriate financial controls are in place. Support from the Housing Options Team.	6 (L3, I2)			31/03/2024
C9	There are risks associated with unauthorised access to the Council's ICT systems.	Head of Corporate and Environment Services	Underpins all Corporate Objectives	Unintentional or intentional introduction of malware, resulting impacts on normal service delivery and/or breach of data protection, through the prevention or access to systems or data, the physical destruction of hardware, data exposure or leaks or data alteration.	20 (L4, I5)	There is an effective ICT Security Policy; there are user access controls and permissions within system applications; the Council employs protective defences such as antivirus software; there is perimeter protection with hardware firewalls; regular patching is carried out; quarterly vulnerability scans are carried out; there is the prevention of access to unnecessary physical facilities such as USB devices and there are regular officer and member training awareness sessions.	20 (L4, I5)			31/03/2024

C10	There is the risk that the Council could face litigation over a range of issues.	Head of Legal and Regulatory Services and Monitoring Officer	Underpins all Corporate Objectives	Failure to comply with the law on a range of services, including the New General Data Protection Regulations (GDPR)	15 (L3, I5)	The Monitoring Officer role oversees legal compliance; Managers/Heads of Service, with Legal support, keep abreast of new and changed law; In terms of GDPR, training has been rolled out, there is compliance oversight by Monitoring Officer and CMT. Updates to the Corporate Report template to ensure GDPR is considered as part of the decision making.	15 (L3, I5)			31/03/2024
C11	There is the risk that Budget assumptions made within the MTFS may not be realised.	Chief Financial Officer and S151	Underpins all Corporate Objectives	Assumptions made in the MTFS in relation to inflation, interest rates, pay awards, income levels etc. have a negative impact on financial plans/resources.	25 (L5, I5)	There is a robust MTFS which provides some degree of resilience to financial shocks; the budgeting is based on prudent forecasts with regular in-year monitoring and forecasting; there is proactive treasury management forecasting, monitoring and reporting. The MTFS has been adjusted for the results of the 2023/24 Outturn Report.	25 (L5, I5)	Further update and refresh of the MTFS, setting out the revised financial position for 2025/26 - 2027/28, alongside actions the Council is taking to manage financial risk across that period, will take place in the autumn and be presented to Cabinet and Council in February 2025		31/03/2024
C12	There is the risk that if the levels of Supported Housing providers continues to grow then the cost to the Council could be financially unsustainable.	Chief Financial Officer and S151 and Head of Regeneration and Development	Underpins all Corporate Objectives	Demand for supported housing accelerates within the Borough and whilst the Council has challenged where it is necessary there have been appeals made and the likely outcome of these is not certain. Results in costs becoming financially unsustainable, impacting on the Council ability to deliver other services within the Borough.	20 (L4, I5)	There is significant management oversight of the issue and the agreed use of external expertise and advice; there is provision made within reserves against claims and some allowance within the budget for additional support. Internal processes for accessing claims reviewed and strengthened, taking into account learning from other authorities and Sector led Pilots. Due to an unsuccessful funding bid to DHLUC the Council has allocated additional resource/capacity to address these issues from existing Housing Grant Funding. The level of financial risk and mitigation for this that the Council has in place was reviewed as part of the updated MTFS which was presented to Cabinet and Council in February 2024.	20 (L4, I5)	The level of financial risk and mitigation for this that the Council has in place will continue to be reviewed as part of the next refresh of the MTFS which will take place in the autumn and be presented to Cabinet and Council in February 2025.		31/03/2024

<b>C13</b>	There is a risk that through our Treasury Management approach, the counter parties we use fail to deliver the anticipated benefits.	Chief Financial Officer and S151	Underpins all corporate objectives	This could be caused through market volatility, geo-political risks result in counter-party failure and financial loss to the Council.	<b>15 (L3, I5)</b>	Robust Treasury Management Strategy (TMS) and a prudent risk approach to investments; there is advice from professional treasury advisors, monitoring market developments and carrying out regular benchmarking. The TMS, which sets out the processes and controls that the Council will use to manage counterparties, was reviewed and updated, with a revised TMS presented to and approved by Audit Committee and Council in February 2024.	<b>15 (L3, I5)</b>	The Treasury Management Strategy (TMS) is due to be reviewed and updated again during 2024/25, and a revised TMS will be presented to Audit Committee and Council in February 2025.		31/03/2024
<b>C14</b>	There is a risk that unforeseen Environmental issues could adversely impact Council services.	Head of Corporate and Environment Services	Underpins all corporate objectives	These could arise from floods, fire, chemical, major disaster, terrorism	<b>15 (L3, I5)</b>	The Council has a well-established Major Incident/Emergency Plan and Test exercises ensure readiness for incidents, including the LEMUR exercise focusing on a National Power Outage scenario. There are also internal resources to draw upon as well as support from the CCU. ESBC is working closely with the Environment Agency in relation to extensive flood defence work on the Washlands and wider areas to prevent major flooding events in the future and there is a county wide counter terrorism working group.	<b>15 (L3, I5)</b>			31/03/2024
<b>C15</b>	There is a risk that unforeseen health related issues could adversely impact Council services.	Head of Corporate and Environment Services	Underpins all corporate objectives	Pandemics/wider health issues impacting on council (more detail in relation to Covid-19 above)	<b>15 (L3, I5)</b>	The Council has a well-established Major Incident/Emergency Plan and Test exercises ensure readiness for incidents; there is a positive approach to succession planning/ability to access temporary staff; finally business continuity plans are robust and tested.	<b>15 (L3, I5)</b>			31/03/2024

C16	There is an ongoing risk of the impact of the Government's Welfare Reforms on the Council's financial standing.	Chief Financial Officer and S151	Underpins all corporate objectives	These could derive from: 1) Delivery/impact of Universal Credit 2) Financial impact of Council Tax Reduction, including demographic changes 3) Financial impact of universal credit on subsidy levels, ability to recover overpayments and housing options funding.	16 (L4, I4)	Council Tax Reduction scheme approved and complied with; there is regular monitoring of the scheme against the financial provisions within the MTFS; there are routine financial modelling and impact assessments with more frequent in year monitoring.	16 (L4, I4)	Further review of the Local Council Tax Reduction Scheme scheduled to take place during 2024/25.		31/03/2024
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C17	There is an ongoing risk of wider Public Sector Funding Reductions	Chief Financial Officer and S151	Underpins all corporate objectives	Impact on the Council of the wider public sector funding reductions (e.g. homelessness, supported housing, waste changes etc.)	16 (L4, I4)	<p>Robust MTFS generally provides some financial resilience to respond to changes; the council continues to seek and develop opportunities to increase income and/or reduce costs across all operations; the Council continues to respond to Govt consultations to highlight the local impact of proposals and senior level discussions may mitigate or prevent cost-shunts from other public sector organisations.</p> <p>The Council actively responds to government consultations on funding, for example the Local Government Finance Settlement for 2024/25 was published on 18 December 2023, with the government undertaking a consultation on that till 15 January 2024, and the Council considered the impact of that and actively responded to the consultation to identify any recommended changes that would improve fairness and equity in the distribution of funding to the Council.</p>	16 (L4, I4)	<p>The Council will continue to actively respond to Government funding consultations to seek to improve the fairness and equity of any funding distribution.</p> <p>Additionally a further update and refresh of the MTFS, setting out the revised financial position for 2025/26 - 2027/28, alongside actions the Council is taking to manage financial risk across that period, will take place in the autumn and be presented to Cabinet and Council in February 2025.</p>		31/03/2024
C18	Floods, fire, chemical, major disaster, terrorism	Head of Corporate and Environment Services	Underpins all Corporate Objectives	Interruption to Service Delivery; Financial loss to the Council	20 (L4, I5)	The Council has emergency management plans in place.	20 (L4, I5)			31/03/2024