1. Enabling community transformation	Risk Appetite – Open *Willing to consider all potential options recognising that there will be risk exposure*	Residual risk score *to be evaluated* Action Owners and Dates *to be assigned*
Why this is a strategic risk Creating safe, vibrant and supportive communities is a core role of the Council. The Council holds a unique position with the ability to act as a catalyst for this purpose drawing together individuals, neighbourhoods, agencies and businesses to transform communities. The Council does not want to position itself solely as the provider of services but be the mechanism that drives others to do so and provides steerage via the role of Members who have a unique insight into the needs of the District's communities. This might be in a coordination, strategy, financing/funding access role or a voice, as well as attracting investment, to name but just some of the enabling activities. This provides the Council the opportunity to think innovatively in conjunction with its communities to achieve a greater return through connectivity both physical, emotional and technological. This risk should be considered as a driver of innovation and opportunity to achieve community improvement rather than a risk that needs to be managed in such a way that transformation envisaged is not achieved. *This risk is closely aligned with much of the Council transformation Risk 2, ensuring financial resilience Risk 4, creating the right culture Risk 5 and ability to be agile and respond to political change Risk 6.* **Current circumstances** Community transformation is likely to be negatively impacted due to Covid 19 further still as the national and local economy shrinks. This will create additional pressures on local businesses and job security. **Effects of risk realisation** − Failure to deliver the Corporate Plan 2020-2023 objectives − Contributes to community deterioration/lack of resilience − Reputation damage for the Council – negative media attention − Missed opportunities (to attract investment – generate income/improve quality of life for residents) − SKDC deliver services in a way that doesn't meet needs of residents − Unfavourable perception/reality that the Council (and Members) are out of touch	**Existing Controls/Plans/ Mitigations** ✓ Review and application of the SKDC Local Plan, including active monitoring of the implementation ✓ Clear and agreed transformation objectives ✓ SK Community HUB to support voluntary and community sectors (including use of LotterySK) ✓ "InvestSK" as a local community/ economy growth accelerator ✓ Corporate Plan (recently revised including key priorities: − Growth and the Economy − Housing that meets the needs of all Residents − Healthy and Strong Communities − Clean and Sustainable Environment − High Performing Council ✓ Community liaison officers/leads ✓ Customer Access strategy (how they access services etc) ✓ ICT Strategy ✓ Customer satisfaction feedback monitored to drive change ✓ Close working partnership with the Police ✓ New cultural strategy	**Action to be taken to enhance or expand existing controls** 1.1 Create a clear plan of consolidated actions stemming from the revised Corporate Plan to enable monitoring of progress, outcomes and ensure accountability 1.2 Develop strategy to invest in high quality leisure facilities across the district 1.3 Developing partnership with the housing market to stimulate housing growth 1.4 Develop a specific community transformation risk profile/ register

2. Achieving Council transformation

Risk Appetite – Open
Willing to consider all potential options recognising that there will be risk exposure

Residual risk score
to be evaluated

Action Owners and Dates
to be assigned

Why this is a strategic risk	Existing Controls/Plans/ Mitigations	Action to be taken to enhance or expand existing controls
The Council has entered a period of significant change and transformation, from back office through to front end delivery. This transformation will include but not be limited to: − harnessing better the use of technology and digital platforms − agile and flexible workforce that is managed by outcomes and delivery − physical changes ie buildings, assets usage etc as well as virtual interactions − working as part of a collaboration, partnership and joint venture involving other entities, both in the public sector, third sector and private sector All for the purpose of making the Council viable and sustainable as well as efficient, effective and economic. This risk should be considered as a driver of innovation and opportunity to achieve continuous improvement rather than a risk that needs to be managed in such a way that transformation envisaged is not achieved. *This risk is closely related to Risk 5 which focusses on the creation of the right culture and the development of capacity and capability to drive the transformation process.* **Current circumstances** The emergence of Covid 19 has identified that the Council can effectively respond to a change in circumstances to ensure continuous operations. This rigor now needs to be applied to ensuring this momentum continues and positive experiences and benefits achieved as a result of recent changes are not lost. **Effects of risk realisation** − New ways of working/service delivery models not adopted leading to increased inefficiency and ineffectiveness − Medium/long-term financial planning commitments not met − Failure to deliver Corporate Plan 2020-2023 objectives − Opportunities are not identified/exploited − Staff disengagement	✓ Transformation governance arrangements in place ✓ Communications plan (internal) allowing for regular staff engagement/progress updates ✓ Staff/union engagement ✓ Project management/capability ✓ Partnership lead ✓ ICT development roadmap ✓ Organisational change programme in place ✓ Commercial lead/capabilities in house to identify opportunities ✓ Regular reporting on transformation programme to Corporate Management Team ✓ Financial/budgetary monitoring by Cabinet ✓ Performance management and key performance indicators in place ✓ Staff/officer wellbeing and support	2.1 Undertake asset management review and development of asset management plan 2.2 Develop and implement commercial and transformational strategies as necessary 2.3 Embed an agile approach to working by utilising cultural and technological changes 2.4 Agree opportunity management model, including development of an opportunity risk profile/register 2.5 Instigate/continue to track "lessons learned" from Covid 19 with a view to identifying further opportunities that should be progressed in connection with improving service delivery

3. Ensuring efficient and effective internal control/compliance

Risk Appetite – Minimal
Ultra-safe leading to only minimum risk exposure

Residual risk score
to be evaluated

Action Owners and Dates
to be assigned

Why this is a strategic risk	Existing Controls/Plans/ Mitigations	Action to be taken to enhance or expand existing controls
This risk focuses on the potential for failure of the Council's core internal control (and governance) framework but leading to a significant loss ie financial and otherwise eg H&S failing.	✓ Annual internal audit plan developed by senior officers and members is targeted at key risks areas and responsive to new areas of risk	3.1 Undertake actions required to address social housing regulation non-compliance and validate that actions undertaken have been effective
In effect the Council should be able to mitigate such a risk through rigorous review of design and application of the controls, hence ensuring that internal audit and other assurance activities are appropriately focussed.	✓ External/internal audit regime	3.2 Implementation of the action plan arising from the independent governance review
The Council is entering a changing phase including changes in behaviour, management structure, working styles and culture which will require a flexible and adaptive internal control environment.	✓ Corporate governance, fraud and H&S resource	3.3 Fully implement a tracking system across the Council as a means of making visible/tracking progress of actions stemming from reports and plans
The ramifications of a significant control risk failure are substantial, not only with regard to the loss but often the rectification costs post event, including financial and reputational.	✓ Development of staff training plan in connection with core responsibilities and duties ie data protection, financial rules, freedom of information etc	3.4 Review responses from Interim Management Assurance Statements and develop appropriate actions, track through to completion including evidence

Current circumstances

A recent internal audit review of housing compliance resulted in a negative opinion being provided, leading to the Council making a self-referral to the Regulator of Social Housing. An action plan has been developed to address the matters raised and this is in progress. However, the level of non-compliance, coupled with a nervousness over what else control failures may exist (but not known/visible), has led to an increased level of risk exposure for the current time until the remedial action plan is complete.

Effects of risk realisation

− Potential for fraud, error and loss
− Reduced financial stability
− Reputation damage resulting in negative media attention
− Potential for harm/injury/death
− Qualified External Audit Opinion/Internal Audit Opinion
− Regulatory non-compliance (GDPR, HSE) and potential for government intervention

Existing Controls/Plans/Mitigations (continued):

✓ Annual Assurance Statements compiled testing compliance with key business activities, supporting Annual Governance Statement compilation

✓ Range of performance Indicators that monitor internal controls

✓ Maintenance of a range of policies that underpin the control framework – Financial Regulations, Counter Fraud Strategy, Risk Management Framework, Contract Procedure Rules coupled with staff training

✓ Regular reporting at Governance and Audit Committee

✓ Compliance with transparency code

✓ Compliance with Local Code of Corporate Governance

✓ Review and update of key policies completed in last 12 months with a view that these will be kept under review

✓ Key compliance roles identified and assigned ie Section 151 Officer, Monitoring Officer, Data Protection Officer, H&S etc

4. Achieving future financial resilience	Risk Appetite – Cautious *Preference for safe though accept there will be some risk exposure*	Residual risk score *to be evaluated* Action Owners and Dates *to be assigned*
Why this is a strategic risk This risk relates to the Council being unable to properly execute and achieve its Medium Term Financial Plan (MTFP). The Council is developing a coherent and sustainable response to the forecasted reductions in funding over the medium term. The successful transformation of the Council will not only impact on the Council outlook and culture, ie a council that makes good evidenced based decisions and gets things done, but will also have a significant impact on Council finances. The current budget incorporates budgeted savings and delivery of income streams which need to be managed and realised to ensure that balanced budgets can be achieved without any reliance on the use of reserves. This risk is also closely linked to the delivery of the Council transformation agenda and is reliant on ensuring that the Council has available suitable skills and experiences to support initiatives. **Current circumstances** The likely economic slow down that has been predicted as a result of Covid 19 has the potential to weaken the MTFP as the opportunity to generate new income streams could be now be less as the economy shrinks, coupled with the potential for further need to support communities due to closure of local businesses and job losses. In the longer term it is likely that austerity measures will return. The likely possibility of the UK leaving the EU without a deal add a further dimension of economic uncertainty – all of which will play through into the Council's MTFP. **Effects of risk realisation** − Reduction in cashflow position - breach banking/ loan covenants − Reduced financial stability − Opportunities cannot be pursued – future reductions required (staff/non-statutory service provision) − Reputational damage resulting in negative media attention − Qualified External Audit Opinion/Internal Audit Opinion − Increased scrutiny/intervention	**Existing Controls/Plans/ Mitigations** ✓ Annual review of MTFP updating the three year horizon scan including reserve levels and future changes to funding ✓ Annual budget setting for revenue and capital including funding ✓ Utilisation of external financial support that provides support for funding modelling ✓ Regular budget monitoring reports and updates to senior officers and Members ✓ Effective delivery of the transformation plan that includes actions that will support the closing of future budget gaps ✓ Treasury Management Strategy to ensure the Council are acting within the prudential indicators ✓ Transformation and invest to save initiatives put forward for evaluation ✓ Commercial investment fund created ✓ Healthy level of financial reserves as a contingency	**Action to be taken to enhance or expand existing controls** 4.1 Undertake stress testing on the MTFP using various scenarios 4.2 Continuation of the development of the strategic finance risk profile/register

5. Creating the right culture, capacity and capability	Risk Appetite – Open *Willing to consider all potential options recognising that there will be risk exposure*	Residual risk score *to be evaluated* Action Owners and Dates *to be assigned*
Why this is a strategic risk This risk relates to the Council being unable to successfully achieve the level of change expected and required by Council leaders and stakeholders. In creating the change will come a new culture and outlook that is described as "agile" and "outcome focussed" ie we do what we say we will. Key to the above will be ensuring that: − The Council keeps under close watch recruitment, talent development and retention, as well as use of external specialists where necessary − Partnership and collaborative working is optimised − An appropriate operating environment and culture is created that will enable the necessary changes to occur. This may require a review of constitutional policies and procedures and a re-assessment of risk appetite at all levels in the Council, specifically members − Member/officer mind sets are aligned regards the change initiatives enabling the appropriate cultural change **Current circumstances** There have been a number of recent management changes, coupled with the continued impact of Covid 19, which has created some elements of uncertainty, whether real or perceived, and this can undermine resilience of staff. **Effects of risk realisation** − Reduced staff motivation/morale/staff burn out resulting in high sickness/absences − Poor performance − High recruitment and agency costs − Lack of innovation − Skill gaps − Deterioration of service quality through loss of experienced staff − Reputation damage via social media	**Existing Controls/Plans/ Mitigations** ✓ The staff requisition process (assessment of needs and business case re posts) ✓ Culture change workshops/action plan to enhance mindsets, encourage collaboration and engender a culture that enables change and innovation ✓ Mapping of talent to corporate strategy as part of resource determination ✓ Learning and development programme providing training, tools and techniques to develop the necessary skills ✓ Check-ins (PDRs) ✓ People and Organisational Development Strategy revised and issued ✓ Investigation and identification of further collaborations that will support building capacity and capability (and resilience) including both public and corporate business	**Action to be taken to enhance or expand existing controls** 5.1 Review People and Organisational Development Strategy as required 5.2 Undertake an assessment of Council corporate resilience with a view to creating a programme of learning and development that will strengthen individual coping strategies and performance

6. Ability to be agile and shift focus in response to policy and national political change	Risk Appetite – Open *Willing to consider all potential options recognising that there will be risk exposure*	Residual risk score *to be evaluated* Action Owners and Dates *to be assigned*
Why this is a strategic risk This risk relates to the Council being unable to identify, interpret and act on/respond to political and policy change and therefore best position itself to maximise on opportunities that this may present or to mitigate risks that may emerge as a result and impact on existing plans and strategies. The UK is still transitioning through Brexit of which there is still large scale uncertainty at a macro level and how this may translate at a local level both economically and socially, for communities, business and the Council itself. Similar is the outcomes of the recent election with the Government embarking on its future path which is intrinsically linked with Brexit. In addition, there are a number of changes in other public sector bodies which will or could impact on the Council/Communities. The Council needs to be well positioned to have early sight of these and potential implications. This risk could also affect Risks 1, 2 and 4. **Current circumstances** There are three dimensions that should be recognised at this point: – The ongoing impact of Covid 19 and how this will impact on government priorities and planning – The likelihood of the UK leaving the EU without a deal ie what will this mean for existing and future policy decisions, what will be prioritised etc – The potential for a further economic financial crisis, including likely future austerity measures **Effects of risk realisation** – Potential breach of regulation/legislation – Threat to future financial viability – Trigger regulator inspections/scrutiny – Missed opportunities/failure to exploit opportunities that may arise – Council becomes disconnected from residents/local businesses – Management have to spend increased resources on 'firefighting' – Negative media and press	**Existing Controls/Plans/ Mitigations** ✓ Continuous monitoring of political landscape to allow for early indicators of policy change ✓ Prudent financial and strategy assumptions to allow for agile responses (see controls under Risk 4 re MTFP etc) ✓ Corporate Plan 2020-2023 reviewed and updated where appropriate as changes identified that could impact on the Council and its plans ie Covid 19 ✓ Section 151 Officer role providing advice to the Council on current/ future financial challenges ✓ Monitoring Officer role providing advice to the Council on current/ future legal challenges ✓ Reports to committee include explicit assessment of implications and therefore should identify/ reflect current and future challenges ✓ Executive to undertake horizon scanning look out/forwards and identify possible challenges ahead ✓ Membership of Local Government Association etc providing information/insights to the Council ✓ Members roles and responsibilities including involvement in local networks, County Council, other agencies and national forums, enabling insight to be gained and shared with the Council ✓ Staff membership of professional bodies enabling own development and also providing for insights through membership of challenges that may present themselves to the Council ✓ Officer/member forums and networks including County Council, other Lincolnshire Councils and wider agencies for purpose of collaboratively tackling issues etc.	**Action to be taken to enhance or expand existing controls** 6.1 Develop stakeholder map/ engagement plan to identify key individuals/organisations 6.2 Establish, maintain and monitor a list of "emerging risks" and undertake scenario planning

Risk Appetite Definitions

Averse	• Avoidance of any risk exposure
Minimal	• Ultra safe leading to only minimum risk exposure
Cautious	• Preference for safe, though accept there will be some risk exposure
Open	• Willing to consider all potential options, recognising that there will be risk exposure
Hungry	• Eager to be innovative and take risks