
Strategic and Operational Risk Registers

Governance and Audit Committee

Date of meeting: 24th March 2025

Lead Director: Andrew Shilliam, Director of Corporate
Services

Useful information

- Ward(s) affected: All
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- Report version number: 1.0

1. Summary

The purpose of this report is to update on the Strategic and Operational Risk Registers. The following appendices are essential to this update.

- Appendix 1a, the Strategic Risk Register (SRR), provides a summary of the strategic risks facing the council which may affect achievement of the strategic objectives of the council.
- Appendix 1b is an example of a completed risk control action plan, one of which exists for each strategic risk.
- Appendix 1c is a sample of a risk analysis for future reporting of strategic risks for consideration, and which addresses feedback received previously about the reporting process.
- Appendix 2, the Operational Risk Register (ORR) exposure summary, provides a high-level summary of the operational risks, which may affect day-to-day divisional and operational service delivery. The operational risk register contains those risks identified and assessed by Divisional Directors as having a high-risk score of 15 or above.
- Appendix 3, the ORR, provides the detail in relation to the council's operational risks.

2. Recommended actions/decision

- 2.1 To note and make any comments on the latest versions of the SRR and ORR, as provided.
- 2.2 To note and make any comments on the proposal of reporting Strategic Risks at Appendix 1c.

3. Scrutiny / stakeholder engagement

- 3.1 All Strategic and Operational Directors were consulted to provide updated risk registers at both Strategic and Divisional level. The updates inform the content of the report and the updates made to the Strategic and Operational Risk Register.

4. Background and options with supporting evidence

- 3.2 The Council's 2025 Risk Management Strategy requires the development, maintenance and monitoring of both the SRR and ORR.
- 1.1. Both the SRR and ORR processes are owned and led by the Head of Paid Service. The Corporate Management Team collectively support the SRR process, documenting the key strategic risks facing the council and help to ensure these are managed. The SRR is then submitted to the Executive for their consideration. It complements the ORR process which is supported and managed by the Divisional Directors in conjunction with their divisional management teams. Both registers are populated and maintained by the Manager, Risk Management for this group.
- 4.3 PESTLE has been implemented in the approach to the SRR as a framework for considering the wider context and environment, and the risks that this gives rise to.
- 4.4 Appendix 1a, SRR Summary, indicates which category of PESTLE the strategic risks relate to. The PESTLE approach also links well with risks identified by the wider risk management industry. The divisional and operational risk registers template also includes the use of PESTLE analysis and cross-referencing back to strategic risks. The aim is to achieve a better and clearer alignment between the strategic and operational risks. It is expected that most operational risks should have an alignment back to one or more of the overarching strategic risks facing the council. The summary also indicates risk scores from the previous risk reporting period, including the variance in scores between the current and previous cycle.
- 4.5 In the latest review of the SRR, no new strategic risks have been identified. A collective decision was made by the Strategic Directors to consolidate the Political and Legal strategic risk due to the similarities of the risk and the impacts that were being identified. The increase in score reflects the amalgamation of the two risks.
- 4.6 The following risk score has increased since the last reporting in September 2024 and 13 out of the 14 strategic risks have remained the same in terms of scoring.
- Strategic Risk 1.1 – Political /Legal
Volatile political and policy environment and unmanageable regulatory, legislative and national policy requirements – risk score increased to 20 from 15.
- 4.7 An observation is also that Strategic Risk 2.3 (Economic – Financial Sustainability) has 12 divisional risks linked to it (supported by the ORR) followed by Strategic Risk 2.2 (Economic - Lack of critical skills, resources and capabilities across the workforce) having 8 divisional risks linked to it.
- 4.8 The below matrix provides an indicator of the status of the council's strategic risks in terms of likelihood and impact. The risks in the red quadrant require regular reviewing and monitoring and consideration for further controls and should receive the most challenge and given priority. Risks in the yellow area also require regular reviewing and monitoring to ensure they do not escalate to the red quadrant. A significant proportion of the strategic risks are within the red quadrant, which is reflective of the challenging context that all organisations are operating within at the current time, not least in relation to the economic impacts facing everyone.

LIKELIHOOD (A)	Almost Certain 5				1.1, 3.3, 4.2, 5.1	2.3, 3.1 3.4
	Probable / Likely 4			2.1	2.2, 3.2	
	Possible 3			4.3	3.5	4.1
	Unlikely 2				1.2	
	Very unlikely/ Rare 1					
	Insignificant/ Negligible 1	Minor 2	Moderate 3	Major 4	Critical / Catastrophic 5	
IMPACT (B)						

4.9 Update on the Risk Themes (PESTLE)

4.9.1 Political/Legal

Two strategic risks are under this theme, one remains a low risk and the other remains a high risk.

SRR 5.1 has been amalgamated with SRR 1.1. This risk previously scored at 15 but has increased to 20 after the amalgamation.

The risk relating to the Changing Political and Policy Environment (SRR 1.1) is high. General Election has now taken place which has led to a change in Government. That is leading to a change in policy direction in many areas, and which will impact on Council activities. The impact of that change is not yet clear as the new Government is still forming and setting out its policy and delivery priorities.

Additional burdens and demands on capacity may arise from new policies and expectations from Government, potentially at short notice. By way of example there are new and emerging inspection regimes/requirements in relation Housing; SEND and Adult Social Care at an intra-service level, whilst there are bold plans for Devolution and Local Government Reorganisation across the entire LA landscape. All of this is against a backdrop of continued formal intervention in Local Authorities where governance risks remain high. There could be an inability to respond due to

volume, pace and short notice legislative and other national policy changes and requirements with little or no provision of additional resource.

The risk relating to Failures in the Integrity of Local Governance and Decision-Making (SRR 1.2) has not changed and remains low. It is further treated through the strengthening of our Internal Audit arrangements. We have new providers in place with a good track record of delivery and we have already seen an improved focus on targeted audited activity.

4.9.2 Economic

There are three strategic risks under this theme, two remain high risks and one is a medium.

The risk relating to Economic instability and weak economy (SRR 2.1) is medium at 12, which reflects the ongoing weakness of the national economy coupled with high levels of national debt and prices medium to high. What's more, the direct financial burden placed on us continues to be challenging because of persistent economic uncertainty, pressure from future pay awards, and pressure from increasing resident expectation and support.

These are further mitigated by improved procurement activity and a more robust approach to managing capital projects. Further planned activity around financial strategy projections and budget setting that consider and build in appropriate measures about the ongoing impacts of a weak economy help maintain this at a medium level of risk.

The risk relating to the Lack of critical skills, resources, and capabilities across the workforce (SRR 2.2) remains high (at 16) which reflects ongoing difficulties in attracting the workforce of the future at a time when there is wider financial uncertainty for Councils, and we know we have an aging workforce.

The condensing of our pay grades because of successive pay awards creates further challenges as it narrows the gap between the lower and upper grades, which in turn results in middle and senior management disruption. Our efforts so far mitigate this score downwards, but it remains high. More work is required to embed a strategic and rigorous approach to workforce planning, one that the organisation embraces.

The risk relating to Financial Sustainability (SRR 2.3) remains a high risk, at the maximum score of 25, which reflects the reducing capital and revenue funding position. Short term mitigations such as the review of non-earmarked reserves and our ongoing strategic budget review activity, together with the further management controls which also include changes to the way we provide Adults and Childrens Social Care (being two areas of significant and increasing spend).

4.9.3 Socio-Cultural

There are five risks in this category, four high-rated risks and one medium risk.

The risk relating to the growth in demand due to rising cost of living population growth and greater complexity of need (SRR 3.1) is high and currently scores the maximum rating of 25 without further treatment and controls. This is related to both

increasing demand and the complexity of need individuals are presenting with, both which result in substantial budget pressures across areas such as housing, children's social care and special educational needs.

An increasing population, increased frailty in the older population, combined with pressures on households from increased cost of living leads to greater need and demand for Council services too. Current analysis suggests that introducing further controls will lower this score to 15 but will remain a high strategic risk.

The risk relating to our Less healthy and health resilient population (SRR 3.2) remains a high rated risk (scored at 16) and current concerns regarding Tuberculosis (TB), measles cases, and more recently Mpox, are evidence of some of the local health challenges along with the challenge of ensuring the wider health system is sufficiently focused on preventative public health interventions versus reactive emergency and crisis healthcare.

The national risk level for any new outbreak of a notifiable exotic disease and disease in animals remains high. Given the surrounding rural and farm-based economy, if this risk turns into a reality there is a high likelihood that this will require a local Leicester response. The further controls proposed suggest that the risk can be mitigated to a medium score of 12.

The risk relating to our inability to respond to critical housing needs (SRR 3.3) remains high at 20, especially because we are still unable to respond to the housing need of residents because of reductions in available housing in private and social rented sector including due to increased regulation and cost, and due to a slow-down in housing development due to costs and inflation, along with lack of availability of land within the city for new housing.

The housing demands and impacts are further exacerbated by high numbers of asylum seekers placed within the city needing support and where they are given leave to remain. The further risk control measures are plentiful and necessary, but do not change the risk score from high.

The risk relating to the impacts arising from numbers and complexity of needs of asylum seekers and refugees (SRR 3.4) has the maximum rating of 25 at the last round of reporting and has not reduced. This relates specifically to the impacts arising from the numbers and complexity of needs of asylum seekers and refugees which is placing major demands on the Council particularly in relation to housing and children's social care, and which has caused significant in-year pressures in relation to spend on temporary housing and homelessness services, and in terms of children's social care placements. The range of national support schemes in place further complicates our service delivery arrangements. The target score remains high, but with a reduced score of 16.

The risk relating to our inability to respond effectively to tensions and issues arising from rapidly changing cultural and community dynamics (SRR 3.5) is considered to be a medium level risk, scored at 12 and relates specifically to our rapidly changing cultural and community dynamics in the city due to migration and population growth along with impacts arising from wider geopolitical politics and social media cause

volatility in terms of community cohesion and tensions between communities in the city.

There is more to be done to develop a better understanding of the communities at large, the real or perceived challenges that they face, and to improve our understanding of and engagement with newer communities and community leaders/representatives and a post has been created as Head of Communities and Equalities to undertake this.

4.9.4 Technological

There remain three strategic risks under this theme, with two being high and one being medium.

This risk relates to disruption to technology infrastructure due to a cyber-attack (SRR 4.1). Technology and data remain fundamental to Council operations and the risk of disruption to the technology infrastructure remains a high rated risk, particularly given the first-hand experience of the disruptive impact of the cyber-attack earlier last year.

The risk score is high because of the impact, though lower in that range because the likelihood of an attack on us right now has reduced because of the improvements we have made last year in response to the cyber-attack.

The risk relating to our inability to innovate and respond to new and emerging technological developments (SRR 4.2) remains high at 20, but we continue to work in developing our wider technology infrastructure and architecture against a backdrop of investment in new technologies being constrained by the council's wider financial position. With current controls that we have in place, along with the proposed controls being implemented, we are aiming to reduce this risk to medium (score of 9).

The risk relating to data not appropriately managed or effectively used (SRR 4.3) remains medium at a score of 9, reflective of the organisation's continued growth in terms of its capability and maturity in using data.

4.9.5 Environmental

There is one strategic risk under this theme - the impacts and requirements arising from climate change (SRR 5.1) - which remains high with a score of 20. The focus of this theme remains on climate change demanding an ability to respond to physical extreme weather impacts, and to meet challenging targets / requirements which seek to tackle the causes of climate change.

Whilst tackling the climate emergency and our commitment to Net Zero remains a council priority, many of the desirable interventions are constrained by the need for funding at a time when the Council is experiencing major financial challenges. The city has also experienced some significant flooding which brings significant impacts on individuals, communities and the Council and reinforces the reality of what this risk means in practice.

4.10 Appendix 1c is presented to this committee proposing how strategic risks could be reported in the future. This will provide to the committee details on each strategic risk and how it is being managed with proposed controls to further manage the risk if the risk action is to treat the risk further post existing controls.

2. Operational Risk Register (ORR) Update

5.1 With regards to the ORR, 4 risk scores have changed of which 2 risks have reduced below 15 and deleted, 2 are still scored high and 1 new risk was added this reporting period. Further information can be found in section 5.3.

5.2 Appendix 2 provides a summary of operational risks facing the council. The changes to most risks included target dates amended to reflect the next review deadline date. However, 9 risks have further amendments other than target dates. These are risks 1, 2, 3, 4, 8, 26, 27, 30 and 31.

5.3 As a reminder, where a risk is 'deleted', it does not always allude to the risk being eliminated. It may refer to the risk score no longer being 'high' and it may well remain within the individual divisional register with a score below 15. Below highlights the 4 risks where the score has changed, of which 2 are from high to medium and details of the 1 deleted risk.

Changes were made to the risk scores on the following two risks:

Division	Risk Description	Risk score now
Public Health	Budget	Was 5(I) 5(L) – 25 Now 4(I) 4(L) – 16
Public Health	Data	Was 4(I) 4(L) – 16 Now 4(I) 5(L) – 20

Changes were made to the risk scores (no longer high, therefore, deleted) on the following two risks:

Division	Risk Description	Risk Score now
Adult, Social Care and Commissioning	Unable to Deliver savings	Was 4(I) 4(L) - 16 Now 4(I) 2(L) - 8
Children's Social Care and Community Safety	Budget Loss and / or reduction of services to achieve budget savings	Was 4(I) 4(L) - 16 Now 4(I) 3(L) - 12

The one new risk is:

Division	Risk Description	Risk Score
Education, SEND and Early Help	Impact of post-16 SEND transport policy implementation following consultation and decision making.	4(I) 4(L) - 16

3. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

The financial sustainability risk remains high, the budget for 2025/26 was approved by Council on 19 February 2025. There is a medium-term plan to balance the budget over the next 3 years, this relies on achieving recurrent savings whilst using reserves, and a reliance on prudential borrowing to fund the capital programme. The savings needs to be achieved to aid securing financial sustainability for the future.

Kirsty Cowell, Head of Finance, Ext 37 2377

Signed: Kirsty Cowell

Dated: 24th February 2025

6.2 Legal implications

Rigorous Risk Management arrangements are essential to ensure the council can be confident of ensuring it has proper cover for its legal liabilities.

Kamal Adatia, City Barrister, Ext 37 1401

Signed: Kamal Adatia

Dated: 7th March 2025

6.3 Equalities implications

Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The council also has an obligation to treat people in accordance with their Convention rights under The Human Rights Act, 1998.

The ability of the council to meet its duties under the Equality Act 2010 is specifically accounted for in the strategic risk register. However, equalities and human rights

considerations cut across all elements of risk management, including strategic and operational risk management.

Effective risk management plays a vital role in ensuring that the council can continue to meet the needs of people from across all protected characteristics and, in some circumstances, will be particularly relevant to those with a particular protected characteristic.

Some of the risks identified in the Strategic Risk Register, would have a disproportionate impact on protected groups should the council no longer be able to effectively manage them and, therefore, the mitigating actions identified in the strategic risk register support equalities outcomes. For example, should the council fail to safeguard effectively, this would have a disproportionate impact on the human right (prohibition of torture, inhuman or degrading treatment) of those from protected groups, such as age and disability. Impacts arising from the numbers and complexity of needs of asylum seekers and refugees placing additional demands and pressures on services risking tensions arising within communities. Likewise, a failure to engage stakeholders could lead to a failure to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities/areas of the city. This, in turn, would have an impact on the council's ability to meet the general aim of the PSED to foster good relations between people who share a protected characteristic and those who don't.

The socio-cultural risk reflects concerns relating to changing cultural and community dynamics arising from migration and a growing and aging population, along with potential for local impacts resulting from wider geopolitical volatility. Close working with Police and other partners along with work to continue to maintain and develop community links. Therefore, the on-going work to update and consider risk management implications in making decisions and assessing the effectiveness of the controls/ mitigation actions for the risks identified in the report and appendices, will support a robust approach to reducing the likelihood of disproportionate equality and human rights related risks, provided the mitigations/ controls themselves are compliant with the relevant legislation.

Surinder Singh, Equalities Officer Ext 37 4148

Signed: Surinder Singh

Dated: 10th March 2025

6.4 Climate Emergency implications

The risks associated with climate change such as increased flooding, heatwaves, droughts and storm damage, their consequences and the council's management of these risks are the subject of risk '5.1 – Impacts and requirements arising from climate change' within the SRR. This allows for monitoring of the risks and consequences and the actions that are in place to control them, as well as further actions required. Further detail on the risks and impacts of climate change for the UK can be found in the official Met Office UK Climate Projections (UKCP).

Climate change also links to other risks in the SRR, including risk '3.2 - Less healthy and health resilient populations' as many of the risks associated with climate change present a further threat to health and wellbeing. This includes health risks from heatwaves and extreme heat, which are particularly dangerous for those with existing conditions and for elderly and very young residents. Climate change also links to risk '1.1 – Volatile political and policy environment', both from risks to support for the council's work on climate change and the

potential for some actions to exacerbate volatility where they may be controversial with some residents.

The current risk controls include maintaining an up-to-date strategy and programme of action and updated versions of both of these were approved by Council in September 2024 in the form of the Climate Ready Leicester Plan. The plan covers the period up to April 2028 and the action plan within it will be updated annually. A system of quarterly monitoring and reporting on the action plan delivery is in place, with Highlight Reports taken to the Climate Emergency Programme Board and the Lead Member.

The Climate Ready Leicester Plan includes a commitment to review and update assessments of risks to the council and city from the changing climate.

Duncan Bell, Change Manager (Climate Emergency), Ext. 37 2249

Signed: Duncan Bell

Dated: 11th March 2025

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

7. Background information and other papers:

Reference to Risk Control Action Plans for strategic risks and the Operational Risk Register.

8. Summary of appendices:

Appendix 1a – Summary of Strategic Risks

Appendix 1b – Example of a Risk Control Action Plan

Appendix 1c - Risk Analysis of Strategic Risks

Appendix 2 - Operational Risk Summary as at 31/01/25

Appendix 3 - Detailed Operational Risk Register

9. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

N/A

10. Is this a “key decision”? If so, why?

N/A