

Appendix 1d

Update on the Risk Themes (PESTLE)

Political/Legal (SRR 1.1 and SRR 1.2)

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

The risk relating to the changing political and policy environment (SRR 1.1) is high. The recent change in Government has resulted in a change in policy direction in many areas and which will impact on Council activities. The impact of that change is not fully clear, especially since the new Government is still forming and setting out its policy and delivery priorities, and in some cases even these are being changed in response to public and other opinion, and sometimes at short notice.

Regular ministerial changes and policy upheavals have taken place in the first year or so of this new Government too, which itself is resulting in some ripples/turbulence which makes it more difficult to anticipate the likely direction of travel, compounded perhaps by some policies being pivoted.

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.

Economic (SRR 2.1, SRR 2.2 and SRR 2.3)

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. Notable threats to economy from global trading pressures and new global tariffs from America. Financial burden placed on us is challenging because of continued economic uncertainty, pressure from future pay awards, and pressure from increasing resident expectation and support.

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 owing to insufficient skills and resources due to a variety of factors, such as the prevailing competitive employment market, local authority pay constraints, an ageing workforce, negative public perceptions arising from assessments conducted by statutory bodies/regulators, and other challenges local authorities typically face attracting talent.

The threat of strike action remains despite the change in government, which will disrupt resources and our capability to deliver services if these occur.

The condensing of our pay grades because of successive pay awards creates a narrowing of the lower and upper grades, which in turn results in middle and senior management disruption.

Increasing use of AI technologies in public service delivery coupled with an ageing workforce – average time in post being 13.3yrs, with almost half of new recruits into the Council being in the 50+ age group.

The risk relating to financial sustainability (SRR 2.3) remains a high risk, at the maximum score of 25, as if the Council is no longer financially sustainable due to its expenditure being more than its income, this would impact the Council in delivering its services.

Socio-Cultural (SRR 3.1, SRR 3.2, SRR 3.3, SRR 3.4 and SRR 3.5)

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) has been reduced from 16 to 12, which sets it as a medium risk. Poor and unequal health risk factors across communities means an increased risk of poor outcomes, including levels of disease and premature deaths. This places our communities at greater risk from future pandemics, as well as greater demand for adult social care and public health services.

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 needs arising from increasing numbers of asylum seekers and refugees being placed in the city and the complexity arising from the range of national schemes and support arrangements for different groups including unaccompanied children, Ukrainian, Syrian and Afghan refugees. The target score remains high, but with a reduced score of 16.

SRR 3.5 relates to the combination of a growing sense of polarisation and increased appetite for social activism in the UK, often fuelled by perceptions of social inequality, coupled with rapidly changing cultural and community dynamics leads to tensions/issues that we may have a greater inability to respond effectively to'. The current risk score is 12 (medium). This is due to the 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.

Technological (SRR 4.1, SRR 4.2 and SRR 4.3)

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 as we are unable to respond sufficiently to technological developments due to cost and availability of capital and revenue budget and skilled resources, and due to speed of change. 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).

Environmental (SRR 5.1)

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.