APPENDIX 5(a)

Strategic Risk Register Progress Report

Strategic Risk: Sustainability of the Council

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS		I	L	NS					
1	**Sustainability of the Council**	**1a**	Insufficient funding to deliver services.	30%	Insufficient capacity to deliver stretched budget savings plans, income recovery and external funding applications.	Income generation opportunities.	5	5	25	Medium Term Financial Sustainability Strategy in Place.	5	4	20	Ongoing financial modelling to assess the impact of funding cuts particularly given the level of uncertainty beyond 2021/22 such as the review of the Fair Funding Formula, Business Rate Retention and New Homes Bonus.	Chief Accountant	Director of Resources	March 2022	Organisational Resilience
					Unplanned overspends for a variety of reasons including demographic pressures, political and /or economic factors such as interest rate rises.	Partnership working.				Statutory requirement to balance the budget.								
					Erosion of working balances and earmarked reserves.	Mid-year budget reviews.				Financial assurance processes set out in the Medium Term Financial Plan.								
										Priority led budgeting process including investment of resources where needed.								
					Impact on staff morale and recruitment and retention.					The impact on the Council's finances due to Covid–19 has been identified, and planning for the financial implications continues.								
										Monthly financial monitoring including achievement of saving targets and collection of income.								
										Financial governance including Statutory Finance Officer, Corporate Leadership Team, Treasury Management Panel, Executive, Scrutiny Committee, Audit Committee and Full Council.								

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							I	L	GS		I	L	NS					
1	**Sustainability of the Council**	**1b**	Insufficient central government funding for Social Care.	40%	Council unable to balance budget.	Consider options for shared services and opportunities for flexible use of new funding streams.	5	5	25	Priority led budgeting process including investment of resources where needed.	5	4	20	Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource.	Heads of Services	Director of Adult Services / Director of Children's Services	March 2022	Organisational Resilience
					Council unable to meet statutory duties and deliver reforms.					Head of Service reports budget issues to the Directors so that these can be addressed.				Ensure delivery of the medium term financial plan for Children's Services to stabilise expenditure across the service.	Assistant Director of Children's Social Care	Director of Children's Services	March 2023	
					External care market becomes unsustainable.					Heads of Services actively contribute to commissioning reviews and potential service developments.								
					Lack of clarity around the Adult Social Care Green paper which has yet to be issued.					Performance and quality impact information is accurate and kept up to date to ensure a comprehensive view of actual performance.								
										National association of Directors of Children's Services and Directors of Adult Services lobbying government for additional funding.								
										New social care grant, however this is paid on an annual basis and carries a level of uncertainty.								
										Participation in national reviews, such as the children's care review, to consider wider system issues with the care service.								
										Use of the CIPFA predictive financial model for Adult and Children's Services to help budget setting.								

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No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS		I	L	NS					
1	**Sustainability of the Council**	**1c**	The Council's wholly owned companies are no longer financially viable.	20%	Failure of the Councils Wholly Owned Companies.	Effectively supporting Council companies during the pandemic to enable them to continue to make a positive contribution to Blackpool.	5	4	20	Five year recovery plans in place which are reviewed and authorised by the Council's Director of Resources.	5	3	15	Continued robust conversations between the Council and its companies to ensure that recovery plans are deliverable.	Chief Accountant	Director of Resources	March 2025	Organisational Resilience
					Negative financial impact on the Council.					Regular meetings between the Director of Resources and relevant company directors to discuss the financial position.				Regular review of company financial performance by the Council.	Chief Accountant	Director of Resources	March 2022	
					Companies debts underwritten by the Council, and Council loans issued default.					Cash flow loans issued by the Council to support the companies in the short to medium term.				Continue to learn lessons from issues between other Councils and their companies which have lead to significant financial risks.	Company Secretary	Director of Governance and Partnerships	March 2022	
		1d	The Council fails to reduce carbon emissions and proactively take action to address the climate emergency.	10%	Global warming and rising sea levels.	Strong policies to cut emissions have associated health, wellbeing and economic benefits.	5	5	25	Establishment of four work streams to consider how the Council can reduce emissions, change organisational culture, engage the town, and influence national policy.	5	4	20	Implement robust plans in order to make the Council's activities net-zero carbon by 2030.	Head of Commissioning, Performance and Corporate Development	Director of Strategy (Assistant Chief Executive)	January 2030	Organisational Resilience
					Reputational damage to the Council if it does not take robust action to reduce carbon.	Preserve Blackpool's ecological and environmental heritage.				Climate Emergency Working Group established to consider emerging solutions and funding bids, and ensure the systematic consideration of potential change impact of each area of the Council's activities.				Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations.	Head of Commissioning, Performance and Corporate Development	Director of Strategy (Assistant Chief Executive)	March 2022	
														Ensure that the Council's energy management arrangements are robust.	Head of Procurement	Director of Resources	March 2022	
										Overall Nett Risk Score	**19**							

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Sub-Risk: Insufficient funding to deliver services. (weighting 30%)	Gross Risk Score	Nett Risk Score
	25	20
Risk Score in 2020/21	25	15

Risk Owner: Director of Resources

Existing Controls in Place:

- Medium Term Financial Sustainability Strategy in Place.
- Statutory requirement to balance the budget.
- Financial assurance processes set out in the Medium Term Financial Plan.
- Priority led budgeting process including investment of resources where needed.
- The impact on the Council's finances due to Covid–19 has been identified, and planning for the financial implications continues.
- Monthly financial monitoring including achievement of saving targets and collection of income.
- Financial governance including Statutory Finance Officer, Corporate Leadership Team, Treasury Management Panel, Executive, Scrutiny Committee, Audit Committee and Full Council.

Actions:

Actions	Risk Manager	Current Position	Outcomes / Results
Ongoing financial modelling to assess the impact of funding cuts, particularly given the level of uncertainty beyond 2021/22, such as the review of the Fair Funding Formula, Business Rate Retention, and New Homes Bonus. (Target Date: December 2022)	Chief Accountant	• Budget monitoring has taken place from month 0 including forecasting the impact that the pandemic has had on the Council's financial position. • The residual impact of the pandemic continues to be a risk with government funding continuing to be provided for the first quarter of the financial year. • A refresh of the Medium-Term Financial Sustainability Strategy together with an updated Medium Tterm Financial Plan of at least 5 years' horizon will be undertaken in the year. • The suite of income and debt collection strategies will be reviewed this year.	• Evidence solvency of the Council. • Provision of financial data to assist with lobbying government with regards to key areas of pressure.

		• A restructure of accountancy is underway, to refocus resources to meet reprioritised demands such as corporate finance, wholly owned companies and capital expenditure. • Robust external audit process in place. • The Council will receive a share of the £15m allocated funding to address the recommendations in the Redmond Review which is aimed to address capacity issues. • Steps will be taken to ensure that support services are funded as part of the regeneration scheme funding to ensure that appropriate financial support can be provided to these capital schemes.	

Sub-Risk: Insufficient central government funding for Social Care. (weighting 40%)	**Gross Risk Score**	**Nett Risk Score**
	25	**20**
Risk Score in 2020/21	**25**	**20**
Risk Owner: Director of Adult Services / Director of Children's Services		
Existing Controls in Place:		
• Priority led budgeting process including investment of resources where needed.		
• Heads of Services report budget issues to the Directors so that these can be addressed.		
• Heads of Services actively contribute to commissioning reviews and potential service developments.		
• Performance and quality impact information is accurate and kept up to date to ensure a comprehensive view of actual performance.		
• National association of Directors of Children's Services and Directors of Adult Services lobbying government for additional funding.		
• New social care grant, however this is paid on an annual basis and carries a level of uncertainty.		
• Participation in national reviews, such as the children's care review, to consider wider system issues with the care service.		
• Use of the CIPFA predictive financial model for Adult and Children's Services to help budget setting.		
Actions:		

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Actions	Risk Manager	Current Position	Outcomes / Results
Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource. (Target Date: March 2022)	Heads of Services	**Adult Services** • The Covid-19 pandemic has resulted in significant operational and financial challenges for adult social care providers. The Council has put in place a range of financial and other support measures during the last twelve months which continue to operate subject to review at the end of June. • The government is providing financial support to ensure that infection control measures can be implemented, and to assist with the costs of rapid testing. • Since the introduction of the Infection Control Grant by the DHSC in May 2020, the Council has been collecting information on financial costs from providers and reporting these to the DHSC on a regular basis. • The Council continues to raise awareness of the issues affecting the care sector with central government, and to lobby for additional resources through its work with the Local Resilience Forum and other bodies. **Children's Services** • Children's Services feed into lobbying and responses to Government funding proposals via the Association of Directors of Children's Services, and views are fed in through representation on their Resources and Sustainability Committee.	**Adult Services** • The Director of Adult Services spoke directly with DHSC representatives to explain the current pressures facing adult social care providers. • The government extended the Infection Control and Rapid Testing Fund to the end of June 2021 following the submission of summarised financial data collected by Councils from providers. • The government has said that proposals on reforms to social care will be brought forward. However, further details are not expected until the autumn at the earliest. **Children's Services** • The Government's Fair Funding Review was delayed in 2020 due to the Covid-19 pandemic. An independent review of children's social care was launched by the

			Department for Education on 1 March 2021.
Ensure delivery of the medium term financial plan for Children's Services to stabilise expenditure across the service. (Target Date: March 2023)	Assistant Director of Children's Social Care	• The Medium-Term Financial Plan Project Board meets monthly to monitor the delivery of the plan.	• The number of entrants into care is reducing, however, difficulties in exiting care and placement breakdowns are impacting negatively on the financial plan so more sustained work is required to bring the MTFP back on track.

Sub-Risk: The Council's wholly owned companies are no longer financially viable. (weighting 20%)	**Gross Risk Score**	**Nett Risk Score**
	20	**15**
Risk Score in 2020/21	**N/A**	**N/A**
Risk Owner: Director of Resources / Director of Governance and Partnerships		
Existing Controls in Place:		
• Five year recovery plans in place which are reviewed and authorised by the Council's Director of Resources.		
• Regular meetings between the Director of Resources and relevant company directors to discuss the financial position.		
• Cash flow loans issued by the Council to support the companies in the short to medium term.		

Actions:

Actions	Risk Manager	Current Position	Outcomes / Results
Continued robust conversations between the Council and its companies to ensure that recovery plans are deliverable. (Target Date: March 2025)	Chief Accountant	• Financial recovery plans in place for the wholly owned companies affected by the pandemic which have been considered by the Council's finance team and signed off by the Section 151 officer. • A system is now in place to enable ongoing financial monitoring of the companies	• Wholly owned companies remain sustainable.

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		which links to existing company processes and Board reports to ensure efficient use of resources. • Quarterly financial planning meetings between the Council and the wholly owned companies take place to share problems and identify solutions.	
Regular review of company financial performance by the Council. (Target Date: March 2022)	Chief Accountant	• External and internal audits undertaken at all wholly owned companies. • Income and Debt Strategy group in place which monitors debts that the wholly owned companies owe the Council. • A dedicated Finance Manager post is being created to deal with subsidiaries and partnerships. • Relationship meetings are held between Council officers and the companies to discuss performance and any potential issues.	• Robust financial management arrangements in place with the wholly owned companies.
Continue to learn lessons from issues between other Councils and their companies which have led to significant financial risks. (Target Date: March 2022)	Company Secretary	• Planned training session for Audit Committee in relation to the management of risk and the wholly owned companies. • Shareholder Committee of the Executive in place to hold companies to account to streamline the accountability of the elected member role with the wholly owned companies. This will include the Leader, Deputy Leader and a member of the opposition, and the committee will have decision making powers. • Experienced and skilled independent non-executive directors appointed via a competitive recruitment process.	• Robust governance arrangements in place with the wholly owned companies.

		• All non-executive directors subject to appraisals and continued professional development. • A number of service level agreements in place between the Council and the wholly owned companies for core governance support services such as human resources, company secretary, legal services, data protection and internal audit. • Good Governance Framework in place which has been adopted by each wholly owned company and is currently being reviewed. • Regular meetings between those charged with governance at the Council regarding company governance to be set up.	

Sub-Risk: The Council fails to reduce carbon emissions and proactively take action to address the climate emergency. (weighting 10%)	**Gross Risk Score**	**Nett Risk Score**
	25	**20**
Risk Score in 2020/21	**25**	**20**

Risk Owner: Director of Strategy (Assistant Chief Executive) / Director of Resources

Existing Controls in Place:

- Establishment of four workstreams to consider how the Council can reduce emissions, change organisational culture, engage the town, and influence national policy.
- Climate Emergency Working Group established to consider emerging solutions and funding bids, and ensure the systematic consideration of potential change impact of each area of Council's activities.

Actions:

Actions	Risk Manager	Current Position	Outcomes / Results

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Implement robust plans in order to make the Council's activities net-zero carbon by 2030. (Target Date: January 2030)	Strategy, Policy and Research Manager	• On track to produce and publish the Councils route map to net zero by the end of this year. • Already completed key contributions to the plan such as the Citizens Assembly, and the Carbon Trust net zero route mapping is underway. • An internal audit is planned for this financial year to assess progress against the climate change agenda. • Scrutiny Committee have an active role in monitoring progress and receiving updates on key developments.	• Detailed plan in place by March 2022.
Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations. (Target Date: March 2022)	Strategy, Policy and Research Manager	• Leading partners have been identified and the intention is to convene the first meeting of the partnership when the Council has adopted the route map to net zero. • A town wide approach based on lessons learned from the Council's progress will then be rolled out.	• Town wide approach to carbon reduction.
Ensure that the Council's energy management arrangements are robust. (Target Date: March 2022)	Head of Procurement	• An internal audit of energy management is scheduled to take place this financial year which will provide independent assurance on the robustness of the Council's energy management approach. • An Energy Management Group is in place, which meets on a regular basis, which is chaired by the Director of Resources and attended by the Director of Communications and Regeneration, Head of Procurement, Energy Manager, Head of Property Services, and Transformation Manager.	• Efficient energy management arrangements in place.

		• Climate Emergency Steering Group feeds into the Energy Management Group as part of the governance arrangements, and to ensure coordination between the two groups.	