

Report to:	AUDIT COMMITTEE
Relevant Officer:	Mark Towers, Director of Governance and Partnerships Steve Thompson, Director of Resources Alan Cavill, Director of Communication and Regeneration Neil Jack, Chief Executive
Meeting	18 January 2024

STRATEGIC RISK REGISTER DEEP DIVE – GOVERNANCE

1.0 Purpose of the report:

1.1 To consider a progress report on individual risks identified in the Council’s Strategic Risk Register in relation to Governance.

2.0 Recommendation(s):

2.1 To consider the controls being implemented to manage the strategic risk relating to governance.

3.0 Reasons for recommendation(s):

3.1 To enable the CLT and Audit Committee to consider an update and progress report in relation to an individual risk identified on the Strategic Risk Register.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council’s approved budget? Yes

4.0 Other alternative options to be considered:

4.1 None.

5.0 Council priority:

5.1 The risk impacts on all of the Council’s priorities.

6.0 Background information

6.1 At its meeting in March 2023, the Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 4(a) - Strategic Risk Register Deep Dive – Governance.

8.0 Financial considerations:

8.1 The controls being implemented will be done so within current budget constraints.

9.0 Legal considerations:

9.1 Risks need to be effectively managed in order to comply with relevant legislation.

10.0 Risk management considerations:

10.1 To enable CLT and Audit Committee to gain assurance that strategic risks are being effectively managed.

11.0 Equalities considerations and the impact of this decision for our children and young people :

11.1 Equality analysis should have been undertaken, where necessary, when decisions were made in relation to the identification of the actions identified in this document. As this report presents monitoring against pre-agreed actions, no further equality analysis has been undertaken as part of this report.

12.0 Sustainability, climate change and environmental considerations:

12.1 Sustainability, climate change and environmental matters should have been considered, where necessary, when decisions were made in relation to the identification of the actions identified in this document. As this report presents monitoring against pre-agreed actions, no further analysis has been undertaken as part of this report.

13.0 Internal/external consultation undertaken:

13.1 The progress report has been prepared in conjunction with risk owners.

14.0 Background papers:

14.1 None.

APPENDIX 4(a) - Risk Category: Governance

Risk Appetite: Cautious

Risk: a) Non-compliance with the Council's decision making process.

Risk Owner: Director of Governance and Partnerships, Director of Resources

Gross Risk Score	20	Impact – 4	Likelihood – 5
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What impact does this have?

- External challenge.
- Quality of service compromised.

What opportunities does this create?

- Delivery of good services which meet the needs of the community.

What controls do we already have in place?

- Statutory legal and financial officers in place.
- Assurance mechanisms such as internal audit, external audit, peer review and external assessments.
- Awareness of standards required and awareness of the consequence of failure raised through channels such as DMTs and SLT.
- Corporate compliance calendar in place and rolled out across the Senior Leadership Team.
- Constitution and Financial Regulations in place.
- Good Governance Group in place which oversees the production and delivery of the Annual Governance Statement.
- Suite of mandatory training in place.
- Equality and Diversity advice available with compliance assessments undertaken across directorates.
- Embedded process for equality impact assessments.

Net Risk Score	12	Impact – 4	Likelihood – 3
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What are we doing to further manage the risk?

Deliver the action plan arising from the Annual Governance Statement 2022/23.

Work is ongoing to deliver the actions identified in the Annual Governance Statement and a progress report is being presented to Audit Committee on the 18th January 2024.

Ensure that Council services, senior leadership, Members and wholly-owned company boards are aware of their responsibilities in relation to the Public Sector Equality duty.

There is a rolling programme of Council and Company equality assessments to identify key Public Sector Equality Duty (PSED) risks which is supported by training for Council managers and officers and

Company Boards and their senior staff.

The Council's Equality Objectives have been reviewed, with staff and community consultation, ensuring ongoing strategic level PSED compliance. In addition, PSED issues are integrated into all key decision making processes in the Council and Companies.

Draft role descriptions for Elected Member Equality Champions are currently being consulted on with relevant elected members.

Target Risk Score	8	Impact – 4	Likelihood – 2
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What will these additional actions achieve?

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it exercises its functions, having regard to a combination of economy, efficiency and effectiveness. The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other.

The implementation of the actions identified for this risk continue to help the Council demonstrate that effective governance is in place.

What barriers do we face?

Whilst there are key officers across the Council who are charged with governance, compliance with the arrangements is devolved across all services. Through regular training, awareness raising, discussions at the Corporate Leadership Team and Senior Leadership Team steps are taken to embed effective governance across the Council.

Do these actions contribute to the sustainability of the Council?

Good governance is the cornerstone of how the Council operates and therefore it contributes to all decisions made by the Council and how the Council operates.

Do these actions impact on the Council's finances?

Good governance is a key component of effective financial management and stewardship.

How does this contribute to the Council Plan?

Governance feeds into the delivery of all areas of the Council plan.

Any links to other strategic risks?

Finance.

Any additional changes to this strategic risk?

The Lancashire Devolution Deal may have some impact on governance arrangements in the future which will need to be considered.

Risk: b) Failure of wholly owned companies.**Risk Owner: Chief Executive, Director of Governance and Partnerships**

Gross Risk Score	20	Impact – 4	Likelihood – 5
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What impact does this have?

- Ineffective decision making and oversight resulting in company failure and subsequent reputational damage.
- Financial impact on the Council due to companies debts underwritten by the Council.
- Companies are no longer financially viable.

What opportunities does this create?

- Innovative solutions for delivering services and attractions for residents and visitors.

What controls do we already have in place?

- Long term recovery plans in place which are reviewed and authorised by the Council's Director of Resources.
- Robust conversations between the Council and its companies to ensure that recovery plans are deliverable.
- Shareholder Committee in place to oversee the activity of the companies.
- Boards with independent members in place for each of the companies supported by a Company Secretary.
- Updated Governance Framework rolled out to all Company Boards to ensure consistency of approach with regards to governance and decision making.

Net Risk Score	12	Impact – 4	Likelihood – 3
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What are we doing to further manage the risk?**Finalise an Ethical Statement for the companies to be included in the Governance Framework.**

A draft Ethical Statement has been prepared and this will be taken to the Shareholder Committee for consideration early in 2024. Ethics is a key component of effective oversight and governance however in itself would not influence the success or failure of each company.

Improve risk reporting from the companies through to the Shareholder Committee to improve oversight of strategic risks.

All wholly owned companies have a Strategic Risk Register in place which is reported to the Shareholder Committee which has cross-party representation. In addition each company Audit Committee Chair presents an Annual Report to the Shareholder Committee.

Introduce reporting from the Shareholder Committee through to the Council's Audit Committee to provide assurance that company risks are being effectively mitigated.

The Council has prepared a Strategic Risk Register for wholly owned companies which was considered by the Shareholder Committee in January 2024. Once in place this will be followed up by an Annual Report from the Shareholder Committee to the Council's Audit Committee.

Target Risk Score	8	Impact – 4	Likelihood – 2
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What will these additional actions achieve?

Effective risk management in the wholly owned companies provides the Council with assurance that risks are being effectively mitigated and, where this is not the case, remedial action can be identified and taken.

What barriers do we face?

The risk appetite of the various companies and the Council can be varying, as would be expected with such a diverse portfolio. This therefore can impact on where resources are allocated with issues which aren't considered a significant risk by the Council being seen as a key issue in the company and vice-versa.

Do these actions contribute to the sustainability of the Council?

The Council and its companies work collectively to tackle the Climate Emergency which some significant projects being undertaken, such as the introduction of an electric bus fleet.

Do these actions impact on the Council's finances?

The financial performance of the companies can have a direct impact on the financial sustainability of the Council with the Council loaning money to some of the companies to help ensure that they remain a going concern and for development work.

How does this contribute to the Council Plan?

The Council and the wholly owned companies work to a set of shared values in order to make Blackpool a good place to live, work and visit.

Any links to other strategic risks?

Property, Finance, Commercial, Project / Programme Management.

Any additional changes to this strategic risk?

Company reviews take place as required to make sure that they continue to be the most appropriate delivery model and to ensure value for money.

Risk: c) Failure of key strategic partnerships.

Risk Owner: Director of Governance and Partnerships

Gross Risk Score	16	Impact – 4	Likelihood – 4
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What impact does this have?

- Ineffective decision making and oversight resulting in Council priorities not being met.
- Financial impact on the Council should partnerships fail.

What opportunities does this create?

- Ability to deliver solutions with private and public sector partners to increase service offers to residents and visitors.

What controls do we already have in place?

- Partnership Governance Framework has been put in place which sets out the process for defining key partnerships and the governance requirements for these.
- Partnership Boards and Relationship Meetings are in place with key partners.
- Key operators, such as Merlin, report to the Shareholder Committee.
- Relationships in place with key delivery partners including Merlin, Ellandi, Town Deal Board, Muse, Nikal and the BIDs.

Net Risk Score	12	Impact – 4	Likelihood – 3
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What are we doing to further manage the risk?

Develop a register of existing partnerships so that governance arrangements can then be assessed.

A draft Partnerships Register is now in place which focuses on strategic partnerships. This is currently being finalised and the Partnership Framework being reviewed to provide a clear definition of what is considered a key partnership and should therefore be included on the register. Once this work is completed any changes to the Partnership Framework will be brought back to Audit Committee for consideration.

Embed reporting from key commercial partners to the Shareholder Committee to increase democratic oversight.

The Terms of Reference for the Shareholder Committee were amended by the Executive in June 2023 to facilitate partnership reporting. Both Merlin (Tower and Tussauds) and Ellandi (Hounds Hill) presented their first report to the Shareholder Committee in November 2023.

Target Risk Score	8	Impact – 4	Likelihood – 2
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What will these additional actions achieve?

Increase transparency for Elected Members in relation to the performance of key strategic partnerships.

What barriers do we face?

Information reported needs to be considered in light of any commercial sensitivities due to the nature of the partnerships which are private sector operators.

Do these actions contribute to the sustainability of the Council?

The investment in the town through key strategic partnerships helps the economic growth of Blackpool.

Do these actions impact on the Council's finances?

Using key strategic partnerships helps the Council ensure that it delivers key services for the local economy with industry experts leading these areas.

How does this contribute to the Council Plan?

Key strategic partnerships help deliver against the Council economy objective.

Any links to other strategic risks?

Property, Finance, Commercial, Project / Programme Management

Any additional changes to this strategic risk?

Not at present however any new strategic partnerships would only be entered into following full consideration of the risks.