



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
12 September 2024

Key Decision [No]

Ward(s) Affected:N/A

Summary of Corporate Risks and Opportunities

Report by the Director for Sustainability and Resources

Officer Contact Details:

Mark Lowe

Scrutiny & Risk Officer

Tel: 01903 221009

mark.lowe@adur-worthing.gov.uk

Executive Summary

1. Purpose

1.1 This report provides the updates on the management of the Councils' Corporate Risks and Opportunities.

2. Recommendations

That the Committee:-

2.1 Reviews the Risk and Opportunities Report and considers any recommendations or comments to be presented to the Joint Audit and Governance Committee by the Joint Strategic Committee.

2.2 Considers if it would like any further information on any of the Corporate Risks and Opportunities; and

2.3 That the Committee agree to receive a further progress report in March 2025.

3. Context

- 3.1 The Local Government (Accounts and Audit) Regulations state that “A local authority is responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which facilitates the effective exercise of the authority’s functions; and includes arrangements for the management of risk.
- 3.2 The Councils recognise that there are risks and opportunities involved in everything that they do and they have a duty to manage the risks and opportunities in a balanced, structured and cost-effective way. In line with the Councils’ Risk and Opportunities Management Strategy, the latest summary of the Corporate Risks and Opportunities is attached as an Appendix to this report to assist the Councils in the monitoring and management of the Corporate Risks and Opportunities and this is also good practice in effective Risk and Opportunity management.

4. Issues for consideration

- 4.1 Corporate Risks and Opportunities are reported and updated to the Council Leadership Team (CLT) and in consultation with Heads of Service and relevant Officers. A general overview report on Risks and Opportunities is also provided to the Joint Audit and Governance Committee twice a year in order that it can monitor the effective development and operation of Risk and Opportunity management in the Councils and the next report will be presented to that Committee on 26 September 2024.
- 4.2 The Corporate Risks and Opportunities are key issues which have been identified by the Leadership Team as having the potential to impact on the operations and delivery of the Strategic objectives and priorities of both Councils and affect the direction contained in the Corporate Plan, ‘Our Plan’ covering the three years 2023-2025 which sets out for the Councils to be resilient, adaptable and participative and address the big ambitions and complex issues contained in our Corporate Missions - ‘Thriving People - Thriving Places, Thriving environment and Thriving economy’.
- 4.3 The inclusion of these issues on the Risks and Opportunities register does not mean that they will occur but ensures that effective risk and opportunity management arrangements are in place as an integral component of strategic decision making, service planning and delivery which will help increase the likelihood of the Councils achieving the Corporate aims and Objectives and move in the direction prescribed in the Corporate Plan.

4.4 The Leadership Team undertake regular reviews of the Corporate Risks and Opportunities to ensure that the key issues impacting the Councils are included and that the risks and opportunities align with the priorities of the Councils. There are currently 18 Risks and 2 Opportunities. The most recent review has led to 3 new Risks being added and these are identified as new in the attached Appendix. The role of the Committee is to review and monitor the management of these risks and opportunities.

4.5 Despite the recent change in national Government, Local Government continues to operate within an environment of substantial budget cuts and major policy changes with potential significant impact/risk on service delivery and organisational structures. The pace and scale of recent changes and the Policy changes being implemented by the new Government requires the Councils to constantly assess the risk and opportunity profile and implement suitable controls to manage those risks and opportunities. There are many different sources of high level risks and opportunities which could impact on the priorities of the Councils and these are included in the risks and opportunities register but at the moment there are some key strands of risk and opportunity areas set out below which need to be highlighted as seriously impacting on the delivery of services and priorities for the Councils:-

- Councils finances
- Housing demand, supply and management
- Major Projects development;
- The organisational design of the Councils
- Statutory obligations in compliance
- Issues with data systems

4.6 Local government finance risk looks to be challenging for some time, as does the macro economic environment and the councils' financial approach needs to reflect this against a backdrop of a continuing poor economic outlook with low growth for some time, and resultant higher interest rates and inflation. These affect council finances both in terms of higher borrowing costs and cost of services but also in the impact of growing need within our communities, and this has a knock on effect on the housing related risks especially with respect to people needing support with their housing and at risk of homelessness. This housing risk is reflected across the UK and Local authorities across England spent a record £1bn on temporary accommodation for homeless households last year, up by more than 50% on the year before, and including £417m spent on hostel and bed & breakfast accommodation.

- 4.7 The combined cost of living and housing crises risks have deep impacts for our communities and therefore, the councils will take concerted action to address this. The long term impacts of austerity continue to be felt with respect to low levels of financial and organisational resilience, this is being addressed through the new Financial Strategy and the organisational design but creates difficult operating conditions which take up considerable senior officer capacity to manage. One ongoing and structural issue that continues is the gap between inflationary pressure on the salary bill and the corresponding government grant income which has been flat. The lack of funding certainty for the Councils reduces resilience but is ultimately more expensive as the councils are forced into short term decision making. The new Financial Strategy is proactive and is focused on creating a self-sufficient and resilient financial foundation on which to deliver each councils' priorities and commitments. This means: Creating longer term funding certainty by widening income streams, specifically targeting income to close the gap between government funding and the impacts of inflation, changing the relationship with borrowing to reduce the impact of interest rates and reviewing and consolidating council assets in order to create 'flight to quality' which reduces costs while focusing on assets with the best alignment to council priorities.
- 4.8 The Organisational Design programme has made good progress in redesigning services to help the organisation become more resilient. While making good progress, the programme has a very demanding timetable and some delays have been experienced in the early stages the teams are mobilised. As a result the organisation is bringing forward the savings for 2025/26 into 2024/25 – delivering all savings by April 2025 and accelerating the delivery of redesigns. This accelerated timetable is increasing the pace of change and mitigations to the risk put in place are stronger review and support by Core Services to support the delivery of the redesigns.
- 4.9 On top of the existing sources of Risks and Opportunities identified by the Councils, the new national Government has already identified its intention to revise the National Planning Policy framework in order to achieve sustainable growth in the planning system and these changes if implemented may also impact on the Councils as well as other policy changes that might be implemented from the national Government. The Councils will need to remain aware of the changes to ensure that they do not adversely impact on workloads and a Workforce which is already stretched.

5. Engagement and Communication

5.1 The Council Leadership Team, relevant Officers and Cabinet Members have been consulted on the production of this report.

6. Financial Implications

6.1 There are no direct financial implications as a result of this report but there are financial implications connected with the actual Risks and Opportunities.

7. Legal Implications

7.1 There are no direct legal matters arising as a result of this report. The Joint Strategic Committee has responsibility for receiving a report on the management of the Corporate Risks and Opportunities at least twice a year. The approved Code of Corporate Governance specifies that the Councils should have an effective system of Risk management in place.

Background Papers

Adur and Worthing Councils Risk and Opportunity Management Strategy - 2024 - 2025 [Risks & Opportunities Management Strategy](#)

'Our Plan' - A three year framework for Adur and Worthing Councils
[Our Plan](#)

New Joint Strategic Priorities for Adur and Worthing Councils - [JSC 15/7/24](#)

Sustainability & Risk Assessment

1. Economic

Matter considered. The Risks and Opportunities are directly linked to the projects and work streams that are in place to help deliver the commitments and activities contained in 'Our Plan and the Councils' priorities and some may impact on the economic development of the areas if they occur.

2. Social

2.1 Social Value

Matter considered. Some of the Risks and Opportunities impact on communities.

2.2 Equality Issues

Matter considered. No issues identified. There is a Corporate Risk on equality issues.

2.3 Community Safety Issues (Section 17)

Matter considered and no direct issues identified.

2.4 Human Rights Issues

Matter considered and no direct issues identified.

3. Environmental

Matter considered. There is a Corporate Risk covering 'Climate Emergency' that considers these issues.

4. Governance

The Risks and Opportunities are aligned with the Councils' priorities and the objectives of 'Our Plan. As part of good Governance the Councils need to manage Risks and Opportunities effectively and clear governance controls are contained in the Risk and Opportunity Management Strategy which include the requirement to report on the Corporate Risks and Opportunities to the Joint Strategic Committee twice a year.