

Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER1. Purpose of report

To recommend approval of amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. Detail

Further to earlier reports to this Committee and in accordance with the timescales set out in the Risk Management Strategy approved by this Committee in December 2018, the Strategic Risk Management Group met on 14 October 2020 to review the Strategic Risk Register. General Management Team (GMT) has since considered the proposals from the Strategic Risk Management Group. The objectives of the review were to:

- Identify the extent to which risks included in the Strategic Risk Register are still relevant
- Identify any new risks to be included in the Strategic Risk Register
- Review action plans to mitigate risks.

A summary of the risk management process is included in appendix 1. The Risk Management Strategy includes a '5 x 5' risk map matrix to assess both the threats and opportunities for each strategic risk in terms of both the likelihood and impact. The risk map is included to assist the understanding of the inherent and residual risk scores allocated to each strategic risk. These scores will be considered further and amended as necessary in due course.

Details of proposed amendments to the Strategic Risk Register and the actions resulting from the process are attached in appendix 2. The revised Strategic Risk Register incorporating the proposed amendments is available on the intranet. Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

Recommendation

The Committee is asked to RESOLVE that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out in appendix 2 be approved.

Background papers

Nil

APPENDIX 1**REVIEW OF STRATEGIC RISK REGISTER****Introduction**

The Risk Management Strategy, as revised in December 2018, aims to improve the effectiveness of risk management across the Council. Effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving its ability to deliver priorities, improve outcomes for residents and mitigating legal action and financial claims against the Council and subsequent damage to its reputation.

The Strategy provides a comprehensive framework and process designed to support both Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. The Strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that the Council has in place to manage risk successfully. The risk management process outlined within the Strategy should be used to identify and manage all risks to the Council's ability to deliver its priorities. This covers both strategic priorities, operational activities and the delivery of projects or programmes.

The Council defines risk as "the chance of something happening that may have an impact on objectives". A risk is an event or occurrence that would prevent, obstruct or delay the Council from achieving its objectives or failing to capture business opportunities when pursuing its objectives.

Risk Management

Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with reputation, environment, technology and breach of confidentiality amongst others. The benefits of successful risk management include:

- Improved service delivery with fewer disruptions, efficient processes and improved controls
- Improved financial performance and value for money with increased achievement of objectives, fewer losses, reduced impact and frequency of critical risks
- Improved corporate governance and compliance systems with fewer legal challenges, robust corporate governance and fewer regulatory visits
- Improved insurance management with lower frequency and value of claims, lower impact of uninsured losses and reduced premiums.

Risk Management Process

The Council's risk management process has five key steps as outlined below.



Process Step	Description
Risk Identification	Identification of risks which could significantly impact the Council's aims and objectives – both strategic and operational.
Risk Analysis	Requires consideration to the identified risks potential consequences and likelihood of occurring. Risks should be scored against the Council's risk matrix
Risk Treatment	Treat; Tolerate; Transfer; Terminate – Identify which solution is best to manage the risk (may be one or a combination of a number of treatments)
Completing the Risk Register	Document the previous steps within the appropriate risk register. Tool for facilitating risk management discussions. Standard template to be utilised to ensure consistent reporting.
Monitoring, reporting and reviewing the risks	Review risks against agreed reporting structure to ensure they remain current and on target with what is expected or manageable.

Risk Matrix

		Risk – Threats				
Likelihood	Almost Certain – 5	5	10	15	20	25
	Likely – 4	4	8	12	16	20
	Possible – 3	3	6	9	12	15
	Unlikely – 2	2	4	6	8	10
	Rare – 1	1	2	3	4	5
		Insignificant – 1	Minor – 2	Moderate – 3	Major – 4	Catastrophic – 5
		Impact				




Risk Rating	Value	Action
Red Risk	25	Immediate action to prevent serious threat to provision and/or achievement of key services or duties
	15 to 20	Key risks which may potentially affect the provision of key services or duties
Amber Risk	12	Important risks which may potentially affect the provision of key services or duties
	8 to 10	Monitor as necessary being less important but still could have a serious effect on the provision of key services
	5 to 6	Monitor as necessary to ensure risk is properly managed
Green Risk	1 – 4	No strategic action necessary




APPENDIX 2





Strategic Risk Register – Summary of Proposed Changes





Inherent Risk – Gross risk **before** controls and mitigation







Residual Risk – Risk remaining **after** application of controls and mitigating measures




Risk	Inherent Risk	Residual Risk	Changes
<p>1. Failure to maintain effective corporate performance management and implement change management processes</p> <p><i>The position with regards to this risk is unchanged from the previous meeting.</i></p>	20	<p>4</p> 	No changes.
<p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>16</p> 	<p>No changes.</p> <p>The timeframe for the Fair Funding Review and accompanying proposals for greater localisation of business rates has been moved back due to other government priorities. Any significant changes to the Local Government finance system will probably not take place until 2022/23 at the earliest.</p>
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>9</p> 	<p>New action points have been added:</p> <ul style="list-style-type: none"> Consider the results of the public consultation on options for the future of the Fishpond Cottage site in Bramcote. Undertake consultation exercises on options for developing garage sites in Chilwell and Watnall. <p>An updated Asset Management Plan for the Council's housing stock has been produced so the action to review the Housing Asset Management Plan to incorporate the results of the stock condition survey has been deleted.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>4. Failure of strategic leisure initiatives</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had improved.</i></p>	25	<p>20</p> 	<p>The completed action to present a new Leisure Facilities Strategy for review, consultation and approval has been deleted.</p> <p>New action points have been added:</p> <ul style="list-style-type: none"> • Assess the financial implications and risks associated with two options for a replacement for Bramcote Leisure Centre • Establish a cross-party Task and Finish Group to consider options for potential leisure sites in the north and south of Broxtowe. • Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Policy and Performance Committee.
<p>5. Failure of Liberty Leisure trading company</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>16</p> 	<p>An action was added to report to Finance and Resources Committee on 10 December 2020 on the anticipated financial performance of Liberty Leisure Limited in 2020/21 and support required from the Council.</p> <p>The action point to maximise financial support towards staff costs from the Coronavirus Job Retention Scheme was amended to include reference to the Job Support Scheme.</p>
<p>6. Failure to complete the re-development of Beeston town centre</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>20</p> 	<p>An action to progress with a scheme to construct public conveniences adjacent to the tram stop at Beeston Square was added.</p> <p>Whilst the Beeston Phase 2 construction should be finished on time, the main risk is the deteriorating food and beverage operators market due to the coronavirus pandemic, resulting in significant revenue shortfalls in the initial period (circa £0.5m in the first 2 years). It was agreed with GMT that the residual risk score be increased from 16 to 20.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>7. Not complying with domestic or European legislation</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>12</p> 	<p>No changes.</p> <p>Whilst there is an action to react to the impact of legislative changes arising from the UK leaving the EU, the uncertainty surrounding this process and its potential legislative, financial and other implications will require close scrutiny. There may be a significant impact upon a number of strategic risks and these will have to be addressed in due course.</p> <p>In the meantime, GMT felt that given the increasing concerns around a 'no-deal' Brexit, the overall risk had worsened. The specific risks include an impact on supply chains, shortages of workers within the farming and care sector, and potentially increasing food prices due to tariffs. The Council's mitigation includes the financial inclusion officers, support to CAB, supplier analysis etc.</p> <p>It was duly agreed that the residual risk score be increased from 8 to 12.</p>
<p>8. Failure of financial management and/or budgetary control and to implement agreed budget decisions</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>8</p> 	<p>An action was revised to present an updated Medium Term Financial Strategy and a revised Business Strategy to Finance and Resources Committee on 11 February 2021.</p>
<p>9. Failure to maximise collection of income due to the Council</p> <p><i>The position with regards to this risk is unchanged.</i></p>	20	<p>12</p> 	<p>No changes.</p>
<p>10. Failure of key ICT systems</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>10</p> 	<p>An action to present a review of the ICT Strategy to the Policy and Performance Committee on 2 December 2020 was added.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations</p> <p><i>The position with regards to this risk is unchanged.</i></p>	20	<p>4</p> 	<p>An action for the Jobs and Economy Committee to consider whether to confirm an Article 4 Direction restricting permitted development rights for changes of use of houses of multiple occupation (HMOs) in parts of Beeston was added.</p> <p>An action point to introduce a Civil Penalties Policy for Public Sector Housing was also added.</p>
<p>12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020</p> <p><i>The position with regards to this risk is unchanged.</i></p>	15	<p>4</p> 	No changes.
<p>13. Failure to contribute effectively to dealing with crime and disorder</p> <p><i>The position with regards to this risk is unchanged.</i></p>	15	<p>3</p> 	An action point to provide an update on the Anti-Social Behaviour Action Plan to the Community Safety Committee on 10 November 2020 was added.
<p>14. Failure to provide housing in accordance with the Local Development Framework</p> <p><i>The position with regards to this risk is unchanged.</i></p>	20	<p>12</p> 	<p>New action points have been added:</p> <ul style="list-style-type: none"> Respond to the Government's "Planning for the Future" consultation on proposed changes to the planning system by the 29 October 2020 deadline. Undertake a consultation on the Toton and Chetwynd Masterplan. Provide an update on the Development Corporation to Policy and Performance Committee on 2 December 2020. <p>The completed action to consider the outcome of the Government's review of the Community Infrastructure Levy (CIL) was deleted.</p>

Risk	Inherent Risk	Residual Risk	Changes
15. Natural disaster or deliberate act, which affects major part of the Authority <i>The position with regards to this risk is unchanged</i>	15	12 	New action points have been added: <ul style="list-style-type: none"> • Work with partners to identify appropriate Covid-19 mobile testing unit sites in the Borough. • Distribute financial assistance (e.g. Test and Trace Support Payments) to residents and businesses as necessary. • Utilise external funding received for Covid-19 related enforcement and compliance activity such as the use of Covid Marshals.
16. Failure to mitigate the impact of the Government's welfare reform agenda <i>The position with regards to this risk is unchanged</i>	20	6 	An action was updated to present the Local Council Tax Support Scheme 2021/22 to Finance and Resources Committee on 7 January 2021 for approval.
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements <i>The position with regards to this risk is unchanged</i>	20	9 	The action point to present the Shared Services Annual Report to Committee was amended so as to refer to a future Policy and Performance Committee meeting.
18. Corporate and/or political leadership adversely impacting upon service delivery <i>The position with regards to this risk is unchanged</i>	20	8 	No changes.
19. High levels of sickness <i>The position with regards to this risk is unchanged</i>	16	6 	The completed action to present a report on employee wellbeing and wellbeing at work to the Personnel Committee was deleted.
20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations. <i>The position with regards to this risk is unchanged</i>	20	12 	As discussed previously, the degree of overlap between the two existing risks meant that it was considered appropriate to combine them into a single strategic risk. Further details are provided in the comments section below.

Risk	Inherent Risk	Residual Risk	Changes
21. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc. <i>The position with regards to this risk is unchanged</i>	20	6 	An action to provide updates on the Safeguarding Children and Adults Policies to the Community Safety Committee on 12 November 2020 was added. A further action to take a Welfare Funerals Policy to the Environment and Climate Change Committee for consideration and approval by 31 March 2021 was also added.
22. Unauthorised access of data <i>The position with regards to this risk is unchanged</i>	20	6 	An action point to undertake a review to assess the cyber security risk within the Council's supply chain was added.
23. High volumes of employee or client fraud <i>The position with regards to this risk is unchanged</i>	20	9 	The completed action to conduct a fraud risk assessment exercise, in conjunction with GMT, and develop a fraud risk register was deleted.

Further Details

The following items are highlighted for the attention of Members.

1. Coronavirus Outbreak

The impact of the coronavirus outbreak upon the Council's strategic risks was again the main issue for discussion. Whilst a significant number of residual risk scores were amended at the previous Committee meeting, only limited amendments to scoring are proposed this time.

2. Devolution and Local Recovery White Paper

The Devolution and Local Recovery White Paper was originally due to be published in the autumn and now expected in the spring. This, could, in theory, pose an existential threat to the Council. The Strategic Risk Management Group will consider how this might be addressed in the Strategic Risk Register once it has been published.

3. New Risk 20 "Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations"

As discussed previously, the degree of overlap between former risks, namely "Lack of skills and/or capacity to meet increasing initiatives and expectation";

and “Inability to attract or retain key individuals or groups of staff” created an opportunity to combine them into a single strategic risk.

The risk owner will be the Chief Executive with delegation to the Head of Public Protection where appropriate. The group agreed the key controls and risk indicators for the newly combined risk. The current action points are as follows:

- Implement the priorities set out in People Strategy.
- Monitor the impact on performance levels and employee well-being of reductions in employee numbers and other structure changes.
- Conduct annual Performance Appraisals.
- Increase the number of apprenticeship positions utilising funding available through the Apprenticeship Levy.
- Undertake succession planning where appropriate with particular emphasis on factors such as an ageing workforce and market forces.
- Review the use of agency and temporary staff.
- Explore opportunities for partnership working/shared service arrangement.
- Review the Recruitment and Selection Policy and Procedures.
- Present a report on succession planning to Personnel Committee on 1 December 2020.
- Present a review of the Annual Performance Appraisals process to Personnel Committee on 1 December 2020.
- Present a Market Premium Policy for consideration and approval to Personnel Committee on 1 December 2020.

Given the effectiveness of the key controls and risk indicators in place and the progress that is being made in addressing the action points, it was agreed that the new residual risk score be unchanged from that of the previous risks.