

Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER1. Purpose of report

To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 5 May 2021 to review the Strategic Risk Register. General Management Team (GMT) has since considered the proposals from the Group. The objectives of the review were to:

- Identify the extent to which risks included in the Register are still relevant
- Identify any new strategic risks to be included in the 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 '5x5' 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

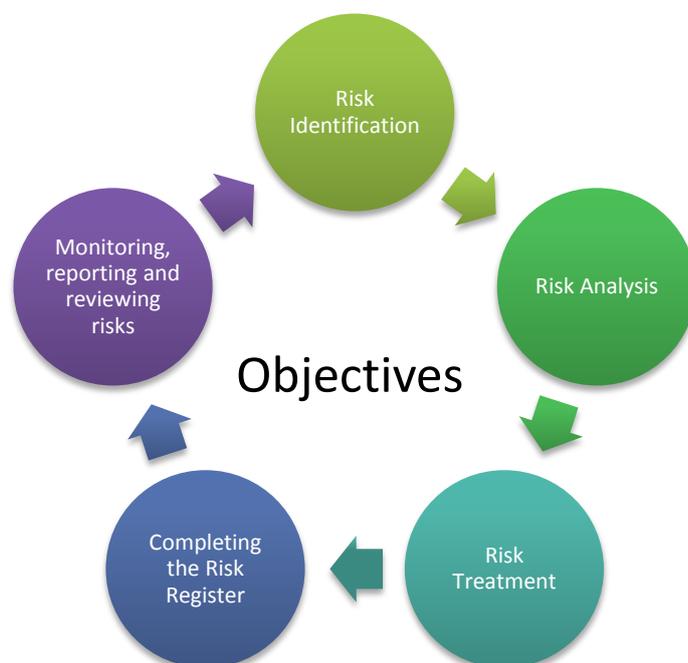
Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

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> <p> Green</p>	<p>No changes.</p> <p>It was noted that an update on the Corporate Governance Arrangements and the draft Annual Governance Statement 2020/21 was presented to the Governance, Audit and Standards Committee on 17 May 2021.</p>
<p>2. Failure to obtain adequate resources to achieve service objectives</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>16</p> <p> Red</p>	<p>New actions have been added to:</p> <ul style="list-style-type: none"> • Produce a new Asset Management Strategy to replace the previous was added. • Submit bids to the Levelling Up Fund for Eastwood and Kimberley. <p>The timeframe for the Fair Funding Review and accompanying proposals for greater localisation of business rates have been moved back due to other Central Government priorities and are now due to be considered as part of the next Spending Review scheduled to be announced in November 2021. This meant that any significant changes to the Local Government finance system would probably not take place until 2022/23 at the earliest.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</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>9</p>  <p>Amber</p>	<p>New actions have been added to:</p> <ul style="list-style-type: none"> Implement a customer portal to allow tenants to report requests for repairs and to review their rent account. Utilise funding from the Green Homes Grant (LAD Phase 2) for heating replacements and other energy efficiency works on the Council's housing stock. <p>The completed action to implement a new approach for service charges in Independent Living accommodation from 2021/22 has been replaced with an action to implement service charges to fully recover costs at general needs properties from 2022/23.</p> <p>The action to undertake a consultation exercise on options for developing the garage site at Barn Croft in Chilwell has been updated with an action to seek approval for a preferred option for developing the site.</p>
<p>4. Failure of strategic leisure initiatives</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>20</p>  <p>Red</p>	<p>The actions to liaise with Kimberley School following notice of termination of the joint-use agreement governing the operation of Kimberley Leisure Centre and to determine an approach to leisure provision in the north of the Borough has been deleted given that there is an existing action point to establish a cross-party Task and Finish Group to consider options for potential leisure sites in the north and south of Broxtowe.</p>
<p>5. Failure of Liberty Leisure (LLL) trading company</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>16</p>  <p>Red</p>	<p>No changes proposed to the key controls, risk indicators and actions.</p>

Risk	Inherent Risk	Residual Risk	Changes
<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 improved.</i></p>	25	<p>12</p>  <p>Amber</p>	<p>Actions to seek external funding for the re-development of Beeston town centre and to consider initial “pop up” uses for proposed food and beverage outlets to generate activity before tenants can be secured were deleted.</p> <p>Completed actions to seek approval to increase the capital budget to enhance the offer to potential food and beverage outlets (Finance and Resources Committee on 11 February 2021) and to ensure that appropriate insurance cover is in place for the re-development and that all insurance requirements are being complied with have also been deleted.</p> <p>Given that the new cinema is now open and that there is strong interest from food and beverage operators in the available units, it was agreed that the residual risk score be reduced from 16 to 12.</p>
<p>7. Not complying with domestic or European legislation</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<p>12</p>  <p>Amber</p>	<p>No changes. It was noted that as the UK had now left the European Union that the action point to react to the impact of any legislative changes arising from this would have increased significance in the short-term.</p>
<p>8. Failure of financial management and/or budgetary control and to implement agreed budget decisions</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>8</p>  <p>Amber</p>	<p>New action points have been added:</p> <ul style="list-style-type: none"> • Present an updated Medium Term Financial Strategy and a revised Business Strategy to the Finance and Resources Committee on 7 October 2021. • Provide a report on the Council’s status as a going concern to the Governance, Audit and Standards Committee on 19 July 2021. <p>Actions to present the Internal Audit Plan 2021/22 and the external auditor’s Broxtowe Audit Strategy Memorandum to the Governance, Audit and Standards Committee on 15 March 2021 were completed.</p>

Risk	Inherent Risk	Residual Risk	Changes
9. Failure to maximise collection of income due to the Council <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>	20	12  Amber	The completed action to present a report to Finance and Resources Committee on 30 March 2021 with proposals to enhance bill payment services has been replaced with an action to implement the Allpay cash payment facility for council house tenants and council tax payers.
10. Failure of key ICT systems <i>The position with regards to this risk is unchanged.</i>	25	10  Amber	The action point to present a new ICT Strategy to Policy and Performance Committee in 2021 was amended to refer to a date of 2 December 2021.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations <i>The position with regards to this risk is unchanged.</i>	20	4  Green	No changes were proposed to the key controls, risk indicators and actions.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose <i>The position with regards to this risk is unchanged.</i>	15	4  Green	No changes were proposed to the key controls, risk indicators and actions.
13. Failure to contribute effectively to dealing with crime and disorder <i>The position with regards to this risk is unchanged.</i>	15	3  Green	An action point for a project group to be formed to consider CCTV related issues was added.
14. Failure to provide housing in accordance with the Local Development Framework <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>	20	12  Amber	New actions have been added to: <ul style="list-style-type: none"> • Present the Toton Supplementary Planning Document to Jobs and Economy Committee (24 June). • Respond as necessary to the outcome of the referendum on the Awworth Neighbourhood Plan held on 10 June 2021. The action to provide an update on the East Midlands Development Corporation to Council on 3 March 2021 was completed.

Risk	Inherent Risk	Residual Risk	Changes
<p>15. Natural disaster or deliberate act, which affects major part of the Authority</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>	15	<p>12</p>  <p>Amber</p>	<p>No changes were proposed to key controls, risk indicators and actions.</p> <p>At the time of the meeting (May) the reduction in the number of cases of Covid-19 both locally and nationally as well as the reduction in the number of hospitalisations and deaths due to the pandemic was noted.</p>
<p>16. Failure to mitigate the impact of the Government's welfare reform agenda</p> <p><i>The position with regards to this risk is unchanged</i></p>	20	<p>6</p>  <p>Amber</p>	<p>No changes were proposed to key controls, risk indicators and actions.</p>
<p>17. Failure to maximise opportunities and to recognise the risks in shared services arrangements</p> <p><i>The position with regards to this risk is unchanged</i></p>	20	<p>9</p>  <p>Amber</p>	<p>An action to present a review of CCTV cameras to the Community Safety Committee on 4 March 2021 was completed.</p>
<p>18. Corporate and/or political leadership adversely impacting upon service delivery</p> <p><i>The position with regards to this risk is unchanged</i></p>	20	<p>8</p>  <p>Amber</p>	<p>No changes were proposed to key controls, risk indicators and actions.</p>
<p>19. High levels of sickness</p> <p><i>The position with regards to this risk is unchanged</i></p>	16	<p>6</p>  <p>Amber</p>	<p>No changes were proposed to key controls, risk indicators and actions.</p>
<p>20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations.</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>	20	<p>12</p>  <p>Amber</p>	<p>The Succession Planning Framework was added as a key control.</p> <p>Actions were added to implement a salary sacrifice car lease scheme and to produce an action plan in response to the latest employee survey.</p> <p>The actions to present a Market Premium Policy to Personnel Committee for consideration and approval and to present a progress update on the Organisational Development Strategy were updated to refer to a date of 29 June 2021.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>21. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.</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>	20	<p>6</p>  <p>Amber</p>	<p>The Child Poverty Action Plan was added as a key control.</p> <p>A new action was added to provide an update on the Child Poverty Action Plan to Policy and Performance Committee on 30 September 2021.</p>
<p>22. Unauthorised access of data</p> <p><i>The position with regards to this risk is unchanged</i></p>	20	<p>6</p>  <p>Amber</p>	<p>No changes were proposed to the key controls, risk indicators and actions.</p>
<p>23. High volumes of employee or client fraud</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>	20	<p>9</p>  <p>Amber</p>	<p>The action to report on the framework of safeguards, key controls and fraud checks in respect of Covid-19 business support grants to the Governance, Audit and Standards Committee on 17 May 2021 was completed.</p> <p>An action to provide the Annual Counter Fraud Report 2020/21 to the Governance, Audit and Standards Committee was added.</p>

Further Details

The following item is highlighted for the attention of Members.

1. Climate Change

The Council on 17 July 2019 resolved that a “climate emergency” be declared whilst the Corporate Plan 2020-2024 has protecting the environment for the future as one of its priorities with an objective to develop plans to reduce the Borough’s carbon emissions to net zero by 2027 and start implementing them.

It was agreed that climate change be considered further at the next meeting of the Strategic Risk Management Group with a view to establishing a specific risk for this within the strategic risk register with a risk owner, inherent and residual risk scores, key controls, risk indicators and action points.