

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 13 October 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></p> <p>Green</p>	A new action point was added to deliver updated awareness training on the PRINCE2 project management framework.
<p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>The position with regards to this risk is unchanged from the previous meeting.</i></p>	25	<p>16</p> <p></p> <p>Red</p>	<p>The group noted that work has started on producing an updated Asset Management Strategy.</p> <p>A new action point was added to produce a new Energy Procurement Strategy to replace the current version.</p>
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</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>6</p> <p></p> <p>Amber</p>	<p>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p>Given the effectiveness of the key controls and risk indicators in place for this risk and the progress that is being made in addressing the action points, it was agreed that the residual risk score be reduced from 9 to 6.</p>
<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 worsened.</i></p>	25	<p>20</p> <p></p> <p>Red</p>	The action to negotiate the terms of the exit agreement following the termination of the joint-use agreement with the Kimberley School for Kimberley Leisure Centre has been updated with an action to consider the TUPE implications for Liberty Leisure Limited employees following the termination of the joint-use agreement for Kimberley Leisure Centre.

Risk	Inherent Risk	Residual Risk	Changes
<p>5. Failure of Liberty Leisure (LLL) 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>Red</p>	<p>A new action was added to consider the TUPE implications for Liberty Leisure Limited employees following the termination of the joint-use agreement for Kimberley Leisure Centre with the Kimberley School.</p> <p>A new action point was added to produce a refreshed Get Active Strategy or similar to replace the previous version.</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 improved.</i></p>	25	<p>8</p>  <p>Amber</p>	<p>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p>Given that this major project has been completed and the positive progress being made with finalising lease terms for the food and beverage outlets, it was agreed that the residual risk score be reduced from 12 to 8.</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>9</p>  <p>Amber</p>	<p>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</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>Amber</p>	<p>The action to present an updated Medium Term Financial Strategy and a revised Business Strategy to the Finance and Resources Committee on 7 October 2021 was completed.</p> <p>A new action point was added to present a further update of the Medium Term Financial Strategy and Business Strategy to the Finance and Resources Committee on 10 February 2022.</p>

Risk	Inherent Risk	Residual Risk	Changes
<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>Amber</p>	<p>The action point to refresh the Corporate Debt Policy for approval by Policy and Performance Committee in October 2021 was completed.</p> <p>The action point to develop new partnership working arrangements for Property Inspectors utilised to identify business premises for rating purposes was updated to manage and monitor the outcomes and returns generated by the Business Rates Property Inspectors working in partnership with other authorities.</p> <p>A new action point was added to develop a post-pandemic income recovery timetable for Council Tax and Business Rates.</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>Amber</p>	<p>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<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>Green</p>	<p>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<p>12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose</p> <p><i>The position with regards to this risk is unchanged.</i></p>	15	<p>4</p>  <p>Green</p>	<p>No changes were proposed to the key controls, risk indicators and actions.</p>
<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>  <p>Green</p>	<p>Progress continues to be made with the action to implement the Home Office's 'Surveillance Camera Code of Practice'.</p> <p>The completed action to establish a project group to consider CCTV related issues was deleted.</p>

Risk	Inherent Risk	Residual Risk	Changes
14. Failure to provide housing in accordance with the Local Development Framework <i>The position with regards to this risk is unchanged</i>	20	12  Amber	A new action point was added to develop baseline Business Rates data for the Toton and Chetwynd Barracks site.
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  Amber	The risk and potential impact of a cyber-attack was noted. Recovery from an attack, including the direct and indirect costs of reconstructing loss of data, could be significant.
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  Amber	A new action point was added to undertake a consultation on the new Homelessness Strategy for presenting to Housing Committee in February 2022.
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  Amber	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
18. Corporate and/or political leadership adversely impacting upon service delivery <i>The position with regards to this risk is unchanged</i>	20	8  Amber	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
19. High levels of sickness <i>The position with regards to this risk is unchanged</i>	16	6  Amber	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
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  Amber	The Market Supplement Policy was added as a key control. A new action was added to produce a new Job Evaluation/Re-evaluation of Posts Policy for presentation to the Personnel Committee. This will continue to provide a consistent application and approach to the job evaluation scheme for all posts.

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  Amber	The action point to provide an update on the Child Poverty Action Plan to Policy and Performance Committee on 30 September 2021 was updated to refer to a future meeting of the Leisure and Health Committee.
22. Unauthorised access of data <i>The position with regards to this risk is unchanged</i>	20	6  Amber	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
23. High volumes of employee or client fraud <i>The position with regards to this risk is unchanged</i>	20	9  Amber	The action point to provide an Annual Counter Fraud Report to the Governance, Audit and Standards Committee on 20 September 2021 was completed.