

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 26 January 2022 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>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
<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>The action to adopt a new Energy Procurement Strategy was completed having been recently approved by Policy and Performance Committee.</p> <p>The action to negotiate final terms for the tram compensation claim against Nottingham City Council was updated to refer to seeking full recovery of the agreed compensation.</p> <p>The action to review the Bramcote Crematorium operating model given concern about the sustainability of the distribution of the surplus received by the Council was deleted as this action is no longer considered current.</p>
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p>	25	<p>6</p>  <p>Amber</p>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
<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>Red</p>	The action point to consider the TUPE implications for Liberty Leisure Limited employees following the termination of the joint-use agreement for Kimberley Leisure Centre was completed, with Kimberley School agreeing to the staff being transferred across to them from 1 September 2022.

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 improved.</i></p>	25	<p>16</p>  <p>Red</p>	<p>The action point to consider the TUPE implications for Liberty Leisure Limited employees following the termination of the joint-use agreement for Kimberley Leisure Centre was completed.</p> <p>The risk to the financial position of the company has improved with income from swimming almost at 100% of pre-pandemic levels and leisure memberships at around 70%.</p>
<p>6. Failure to complete the re-development of Beeston town centre</p> <p><i>The position with regards to this risk is unchanged.</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>7. Not complying with domestic or European legislation</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>9</p>  <p>Amber</p>	<p>A new action was added to resolve any systems and procedures issues relating to the schedule of annual gas safety checks and to urgently clear any backlog of properties awaiting overdue annual gas safety tests.</p> <p>A new action was added for the Council to ensure compliance with the new Environment Act 2021 legislation.</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>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</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>Amber</p>	<p>The action point to develop a post-pandemic income recovery timetable for Council Tax and Business Rates was updated to monitor the post-pandemic income for Council Tax and Business Rates.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>10. Failure of key ICT systems</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>15</p> <p> Red</p>	<p>There is a heightened risk of a cyber-attack. The potential disruption and recovery from an attack, including the direct/indirect costs of reconstructing loss of data, could be significant. The learning experiences of an authority that was significantly impacted by a cyber-attack will be shared with managers in due course.</p> <p>An independent audit review of the Council's cyber-risk arrangements and key controls was recently completed by an LGA specialist. An action point was added to address the matters raised by the review.</p> <p>As part of their departmental business continuity plans, all service managers should consider the potential impact and how it would respond to and recover from a cyber-attack.</p> <p>The action to present the review of the ICT Strategy to the Policy and Performance Committee will now be presented on 24 March 2022.</p> <p>Given the heightened risk and potential impact of a cyber-attack, it was agreed that the residual risk score be increased from 10 to 15.</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>

Risk	Inherent Risk	Residual Risk	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>  <p>Green</p>	<p>CHANNEL Panel Meetings and Police Local Priority Setting Meetings were added as key controls.</p> <p>The action to seek to maximise joint working opportunities with Police, was extended to include partners.</p> <p>The action point to support the Nottinghamshire County Council 'Family Service' team was deleted.</p>
<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>Amber</p>	<p>A new action point to consider the implications of the new Environment Act 2021, including Biodiversity Net Gain, in planning matters was added.</p> <p>The action point to join an investment partnership to be able to access and optimise Homes England funding was completed and replaced by an action to optimise the benefits of joining the investment partnership.</p> <p>An action was completed to develop baseline Business Rates data for the Toton and Chetwynd Barracks site.</p>
<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 worsened.</i></p>	15	<p>12</p>  <p>Amber</p>	<p>A new action to enhance the use of Resilience Direct to support emergency planning was added.</p> <p>The increased risk of a cyber-attack was noted. A new action for service managers to review their business continuity plans to consider the potential impact of a cyber-attack and how services would respond to and recover from an attack was added.</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 the key controls, risk indicators and action points for this strategic risk.</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>No changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>

Risk	Inherent Risk	Residual Risk	Changes
<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>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
<p>19. High levels of sickness</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>	16	<p>6</p>  <p>Amber</p>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
<p>20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations.</p> <p><i>The position with regards to this risk is unchanged</i></p>	20	<p>12</p>  <p>Amber</p>	<p>The Job Evaluation/Re-evaluation of Posts Policy was added a key control. The action points to produce a new Job Evaluation/Re-evaluation of Posts Policy for presentation to Personnel Committee; to implement the action plan in response to the latest employee survey; and to promote the salary sacrifice car lease scheme were all completed.</p>
<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>The position with regards to this risk is unchanged</i></p>	20	<p>6</p>  <p>Amber</p>	Broxtowe Learning Zone Training was added as a key control.
<p>22. Unauthorised access of data</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>	20	<p>6</p>  <p>Amber</p>	<p>The increased risk of a cyber-attack was also noted for this risk. The significant majority of data breaches are caused by human error so the regular training provided via Broxtowe Learning Zone is vital.</p> <p>An action to address the matters raised by the independent audit review of the Council's cyber-risk arrangements and key controls by an LGA specialist was added.</p> <p>An action for service managers to review their business continuity plans to consider the potential impact of a cyber-attack and how services would respond and recover was added.</p>

Risk	Inherent Risk	Residual Risk	Changes
23. High volumes of employee or client fraud <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.