

## Report of the Deputy Chief Executive

**REVIEW OF STRATEGIC RISK REGISTER**1. Purpose of report

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

2. 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.**

3. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 17 August 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 full revised Strategic Risk Register incorporating the proposed amendments is available on the intranet. An extract from the register of the entries relating to the highest rated 'red' risks are included in appendix 3 for Members consideration.

Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial implications that arise from this report. Any future additional budgetary requirements will be considered separately by Cabinet.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The Strategic Risk Register is the main mechanism used by the Council to identify, assess and monitor key risks. Whilst there are no direct legal implications arising from this report, it is important to assess whether the risks identified are being effectively mitigated and managed.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Union comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. 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**

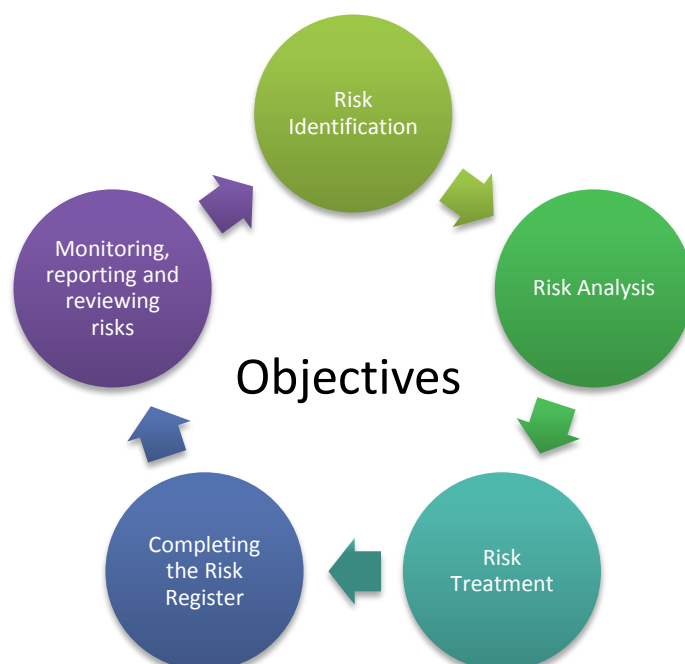
Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

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

**Risk Matrix**

		Risk – Threats				
<b>Likelihood</b>	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
		<b>Impact</b>				




Risk Rating	Value	Action
<b>Red Risk</b>	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
<b>Amber Risk</b>	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
<b>Green Risk</b>	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 <b>unchanged</b>.</i></p>	20	<p>4</p>  <p>Green</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</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 <b>worsened</b>.</i></p>	25	<p>16</p>  <p>Red</p>	<p>The group noted the ongoing ‘cost of living crisis’ and the significant rises in inflation which is keeping this risk as one of the highest rated red risks.</p> <p>Two new actions were added to monitor the impact of rising inflation and the cost of living crisis on both the Council’s service provision and its financial position and to present an updated Medium Term Financial Strategy and revised Business Strategy to Cabinet on 4 October 2022.</p> <p>The action to submit bids to the Levelling Up Fund for Eastwood and Kimberley was updated to await the outcome of the bids submitted.</p> <p>The action to retender the gas supply contract was completed, with the Council continuing with a procurement compliant ESPO Framework.</p>
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p> <p><i><b>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</b></i></p>	25	<p>12</p>  <p>Amber</p>	<p>A new action was added to monitor the impact of rising inflation and the cost of living crisis on the HRA service provision and financial position.</p> <p><b>Given the potential impact of ‘cost of living crisis’ and the significant rises in inflation on the HRA Business Plan, pending further information regarding any central government support, it was agreed that the residual risk score be increased from 6 to 12.</b></p>

Risk	Inherent Risk	Residual Risk	Changes
4. Failure of strategic leisure initiatives <i>The position with regards to this risk is <b>unchanged</b>.</i>	25	<b>20</b>  <b>Red</b>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
5. Failure of Liberty Leisure (LLL) trading company <b>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</b>	25	<b>12</b>  <b>Amber</b>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.  <b>Given the improvement in the company's financial position with swimming income at pre-pandemic levels and memberships at around 70% and the company posting a surplus in 2021/22, it was agreed that the residual risk score be reduced from 16 to 12.</b>
6. Failure to complete the re-development of Beeston town centre <i>The position with regards to this risk is <b>unchanged</b>.</i>	25	<b>8</b>  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
7. Not complying with legislation <i>The position with regards to this risk is <b>unchanged</b>.</i>	25	<b>9</b>  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions <i>The position with regards to this risk is <b>unchanged</b>.</i>	25	<b>8</b>  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
9. Failure to maximise collection of income due to the Council <i>The position with regards to this risk is <b>unchanged</b>.</i>	20	<b>12</b>  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.

Risk	Inherent Risk	Residual Risk	Changes
10. Failure of key ICT systems <i>The position with regards to this risk is <b>unchanged</b>.</i>	25	15  <b>Red</b>	The review and refresh of corporate and departmental Business Continuity Plans to consider the potential impact of a cyber-attack was ongoing.  The action to complete the relocation of the Backup Server from the Council Offices to Kimberley Depot will be completed shortly once electrical upgrade works are concluded.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations <i>The position with regards to this risk is <b>unchanged</b>.</i>	20	4  <b>Green</b>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
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 <b>unchanged</b>.</i>	15	4  <b>Green</b>	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
13. Failure to contribute effectively to dealing with crime and disorder <i>The position with regards to this risk is <b>unchanged</b>.</i>	15	3  <b>Green</b>	The Violence Reduction Unit was added as a key control.
14. Failure to provide housing in accordance with the Local Development Framework <i>The position with regards to this risk is <b>unchanged</b>.</i>	20	12  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
15. Natural disaster or deliberate act, which affects major part of the Authority <i>The position with regards to this risk is <b>unchanged</b>.</i>	15	12  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.  Emergency Planning Documents have been revised and are ready for the Health and Safety meeting.  The review and refresh of corporate and departmental Business Continuity Plans to consider the potential impact of a cyber-attack was ongoing.



Risk	Inherent Risk	Residual Risk	Changes
16. Failure to mitigate the impact of the Government's welfare reform agenda <i>The position with regards to this risk is <b>unchanged</b></i>	20	6  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements <i>The position with regards to this risk is <b>unchanged</b></i>	20	9  <b>Amber</b>	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 <b>unchanged</b></i>	20	8  <b>Amber</b>	New Constitution and arrangements under the Cabinet and Scrutiny model should provide more robust governance and decision making. No significant 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 <b>unchanged</b></i>	16	6  <b>Amber</b>	The level of sickness absence has improved and is close to the target for this year based on outturn for Q1.
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 <b>unchanged</b></i>	20	12  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
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 <b>unchanged</b></i>	20	6  <b>Amber</b>	The White Ribbon Action Plan, Violence Action Plan and Serious Violence and Violence against Women and Girls Strategy were added as key controls. The number of referrals to CHANNEL Panel was added to the risk indicators.
22. Unauthorised access of data <i>The position with regards to this risk is <b>unchanged</b></i>	20	6  <b>Amber</b>	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.

Risk	Inherent Risk	Residual Risk	Changes
<p>23. High volumes of employee or client fraud</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>9</p> <p></p> <p>Amber</p>	<p>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p> <p>The action to undertake fraud risk assessments for the Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund and Local Discretionary Grant Fund awards was completed. There are final elements of planned post-assurance work that may still need to be concluded for central government so the action point was updated accordingly.</p>

## APPENDIX 3

EXTRACT OF THE STRATEGIC RISK REGISTER – AUGUST 2022  
ENTRIES RELATING TO HIGHEST RATED ‘RED’ RISKS

## Risk 2 - Failure to obtain adequate resources to achieve service objectives

Risk Owner(s)	Inherent Risk	Residual Risk
Deputy Chief Executive Head of Finance Services	20	16

**Key Controls**

- Medium Term Financial Strategy
- Business Strategy
- Economic Regeneration Strategy
- Commissioning and Procurement Strategy
- Capital Strategy
- Asset Management Strategy
- Energy Procurement Strategy
- Commercial Strategy
- Land Disposals Policy

**Risk Indicators**

- Formula grant
- Budget gap
- Fuel and energy prices
- Income levels
- Failed bids for external funding
- General economic indicators
- Interest rates

**Action Points**

1. Review service objectives in response to changing resources
2. Identify and assess external funding opportunities and ensure any accompanying targets are met
3. Investigate and develop opportunities for shared service working
4. Monitor the impact of the collection of business rates upon resources available to the Council
5. Seek the disposal of surplus assets to generate additional capital receipts
6. Submit bids for town centre re-generation initiatives
7. Identify potential budget saving opportunities
8. Maximise income from Commercial Property and Industrial Units.
9. Assess the impact of the transfer of responsibility for land charges from local authorities to HM Land Registry.

10. Work collaboratively with Nottinghamshire local authorities to maximise the recovery of business rates income.
11. Assess the potential outcome of the Fair Funding Review, including proposals for greater localisation of business rates, upon the Council's finances.
12. Produce a new Commercial Strategy to replace the previous Commercial Strategy 2017-2020.
13. Respond as necessary to the outcome of the 'Town Deal' bid for Stapleford.
14. Develop Town Investment Plans for Eastwood and Kimberley.
15. Produce a new Asset Management Strategy to replace the Asset Management Strategy 2015/16 to 2019/20.
16. Await the outcome of the Levelling Up Fund bids submitted for Eastwood and Kimberley.
17. Seek full recovery of the agreed tram compensation claim against Nottingham City Council.
18. Monitor the impact of rising inflation and the cost of living crisis on the Council's service provision and its financial position.
19. Present an updated Medium Term Financial Strategy and a revised Business Strategy to Cabinet on 4 October 2022.

**Risk 4 - Failure of strategic leisure initiatives**

Risk Owner(s)	Inherent Risk	Residual Risk
Deputy Chief Executive	25	20

**Key Controls**

- Leisure Facilities Strategy
- Leisure and Culture Service Specification
- Liberty Leisure Limited Business Plan
- External legal advice and support

**Risk Indicators**

- Results of consultation exercises
- Progress against business plans
- Progress against capital programme
- Events impacting upon joint use agreements
- Visitor numbers at leisure facilities
- Income at leisure facilities
- Financial viability of Liberty Leisure Limited

**Action Points**

1. Determine future strategy for investment in leisure facilities.
2. Review leisure opportunities arising from major developments.
3. Produce a programme to address the issues identified in the detailed property condition survey at Bramcote Leisure Centre.
4. Utilise external legal advice and support as required.
5. Assess the financial implications and risks associated with two options for a replacement for Bramcote Leisure Centre
6. Establish a cross-party Task and Finish Group to consider options for potential leisure sites in the north and south of Broxtowe.
7. Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Cabinet.

**Risk 10 - Failure of key ICT systems**

Risk Owner(s)	Inherent Risk	Residual Risk
Executive Director Chief Information Officer	25	15

**Key Controls**

- ICT Strategy
- Service agreements
- Systems mainly supplied by external supplier
- Back-up server offsite
- Security Policies
- System availability
- Server virtualisation
- Provision of emergency power supply
- Identification of failure at points of entry
- Shared service arrangements with other local authorities
- Geo-location blocking on the firewall
- Warning, Advice and Reporting Point (WARP) service
- Cyber Security Information Sharing Partnership (CISP)

**Risk Indicators**

- Viruses
- Computer downtime
- Overrun/failure of overnight processing
- Key financial reconciliation processes
- Customer complaints
- Backlog of works
- Appropriate staffing resources to support key systems
- Number of security incidents

**Action Points**

1. Monitor implementation of and regularly test the Business Continuity Plan for ICT Services
2. Pursue partnership working initiatives, where appropriate
3. Assess the impact of the National Cyber Security Standard.
4. Complete the relocation of the Backup Server from the Council Offices to Kimberley Depot by August 2022.
5. Address the matters raised by the independent LGA specialist review of the Council's cyber-risk arrangements and key controls.
6. Review and refresh the corporate and departmental Business Continuity Plans by 31 August 2022.