

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. Recommendation

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

3. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 7 June 2023 to review the Strategic Risk Register. General Management Team (GMT) has since considered the proposals made by 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 the proposed amendments to the Strategic Risk Register and actions resulting from the process are attached in appendix 2. The full 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.

A new strategic risk has been proposed namely the "failure to deliver a Housing Repairs and Compliance Service which meets Right to Repair and Compliance legislation". This strategic risk includes elements of physical, reputational and financial risks. A copy of the new risk is also provided below in Appendix 3.

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. Climate Change Implications

The comments from the Waste and Climate Change Manager were as follows:

Not applicable

9. Data Protection Compliance Implications

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

10. Equality Impact Assessment

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

11. 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

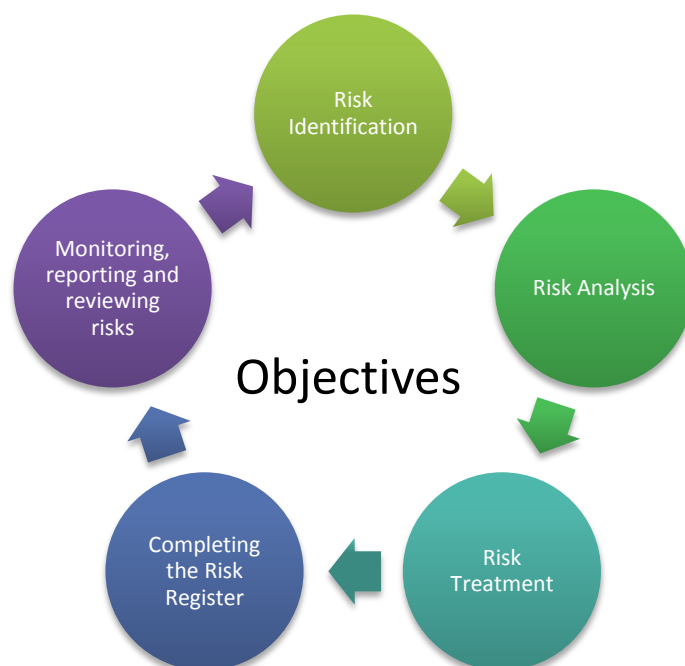
Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

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.</i></p>	20	<p>4</p>  <p>Green</p>	<p>The action to consider the outcomes of the Local Government Association (LGA) Peer Review and produce an agreed improvement plan for Cabinet in March 2023 was completed. This action has been replaced with an action to deliver the agreed LGA Peer Review Improvement Plan.</p> <p>The action to consider undertaking an audit of project management was completed. Although the audit was not included in the latest Internal Audit Plan, this risk will be picked up again as part of audit planning for 2024/25.</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>	20	<p>16</p>  <p>Red</p>	<p>The group noted the ongoing ‘cost of living crisis’ and high inflation which is keeping this risk as one of the highest rated red risks.</p> <p>No changes were proposed at this stage to the existing key controls, risk indicators and action points for this strategic risk.</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>12</p>  <p>Amber</p>	<p>The group noted that high pay and price inflation and the cost of living crisis continues to have an impact upon the HRA service provision and financial position.</p> <p>A new action was added to complete the review of the HRA 30-Year Business Plan, in conjunction with external consultants, with the outcome to be reported to Cabinet on 5 September 2023.</p>

Risk	Inherent Risk	Residual Risk	Changes
<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 action to assess the financial implications and risks associated with options for a replacement for Bramcote Leisure Centre has been updated to present the outcomes of external consultancy reports (RIBA1 and financial due diligence) to further develop the business case for a replacement for Bramcote Leisure Centre to Cabinet on 25 July 2023 for the next steps to be agreed.</p> <p>A new action was added to consider and respond to the request from The Kimberley School regarding the financial viability of keeping the swimming pool open at Kimberley Leisure Centre – Cabinet 4 July 2023.</p>
<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>12</p>  <p>Amber</p>	<p>A new action was added to consider and respond to the request from The Kimberley School regarding the financial viability of keeping the swimming pool open at Kimberley Leisure Centre – Cabinet 4 July 2023.</p>
<p>6. Failure to complete the re-development of Beeston town centre</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>No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.</p>
<p>7. Not complying with legislation</p> <p><i>The position with regards to this risk is unchanged.</i></p>	25	<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>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>4</p>  <p>Green</p>	<p>The action to review and update the Council's Financial Regulations and Contract Procedure Rules was completed with the updated rules due to be presented to Governance, Audit and Standards Committee on 19 June 2023 for recommendation onto full Council for adoption in July 2023.</p>

Risk	Inherent Risk	Residual Risk	Changes
9. Failure to maximise collection of income due to the Council <i>The position with regards to this risk is unchanged</i>	20	9  Amber	A new action was added to migrate a larger proportion of Housing Rent accounts to regular rent collection by Direct Debit.
10. Failure of key ICT systems <i>The position with regards to this risk is unchanged.</i>	25	15  Red	The action to complete the relocation of the Backup Server from the Council Offices to Kimberley Depot has been delayed due to various issues involving contractors and supplies. Work is still planned and likely to be completed as part of the new SAN and ESX server environment. Target date extended to 31 December 2023. The action to review and refresh the corporate and departmental Business Continuity Plans is almost complete. Work is ongoing to complete the last remaining plans.
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 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 unchanged</i>	15	4  Green	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 unchanged</i>	15	3  Green	No changes were proposed to the key controls, risk indicators and action points for this strategic risk.
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	The action to adopt the Toton Supplementary Planning Document has been completed.

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  Amber	The action to review and refresh the corporate and departmental Business Continuity Plans is almost complete. Work is ongoing to complete the last remaining plans.
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	4  Green	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 unchanged</i>	20	9  Amber	No significant 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>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	8  Amber	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 unchanged</i>	16	6  Amber	The action to provide an update to managers on the Attendance Management Policy, including the application of the trigger point mechanism was completed by the Human Resources Manager in a presentation to SMT.
20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations. <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>	20	12  Amber	A new action was added to ensure that an updated Job Evaluation review of all established posts has been completed in accordance with the agreed JE Panel work programme.

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	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.
22. Unauthorised access of data <i>The position with regards to this risk is unchanged</i>	20	6  Amber	The action to complete the latest SIRO audit has been concluded, with a report being presented to GMT before the end of June 2023. The action to review and refresh the corporate and departmental Business Continuity Plans is almost complete. Work is ongoing to complete the last remaining plans.
23. High volumes of employee or client fraud <i>The position with regards to this risk is unchanged</i>	20	9  Amber	The action to participate with other local authorities and agencies in a review of the eligibility of individuals claiming the single person council tax discount has been completed. The action to complete the final elements of any post-assurance work for central government relating to the various Covid-19 related support grants was also considered to be concluded.
24. <i>Failure to achieve commitment of being carbon neutral for the Council's own operations by 2027</i> <i>The position with regards to this risk is unchanged</i>	20	12  Amber	No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk.

APPENDIX 3

**EXTRACT OF THE STRATEGIC RISK REGISTER – FEBRUARY 2023 –
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. Be alert to potential funding opportunities 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. Progress with the delivery of the successful Levelling Up Fund bid for Kimberley.
16. Seek full recovery of the agreed tram compensation claim against Nottingham City Council.
17. Monitor the impact of rising inflation and the cost of living crisis on the Council's service provision and its financial position.
18. Present an updated Medium Term Financial Strategy and Business Strategy to Cabinet in September/October 2023

Risk 3a - Failure to deliver a Housing Repairs and Compliance Service which meets Right to Repair and Compliance legislation

Risk Owner(s)	Inherent Risk	Residual Risk
Chief Executive Head of Housing	25	15

Key Controls

- Membership of Association of Retained Council Housing (ARCH)
- Membership of Chartered Institute of Housing (CIH)
- Housing Strategy
- Housing Revenue Account (HRA) Business Plan
- Repairs Policy
- Void Management Policy
- Garage Management Policy
- Gas Servicing Policy
- Electrical Servicing Policy
- Damp and Mould procedure
- Tenant Satisfaction Measures

Risk Indicators

- Gas Servicing compliance
- Electrical Servicing compliance
- Number of unallocated jobs
- Number of appointments made and kept
- Number of repairs completed at first visit

Action Points

1. Recruit to all posts following restructure
2. Fully establish new Housing Repairs Contact Centre
3. Fully establish new Compliance team
4. Update Capita Open Housing with M3 software to improve diagnosis of repair at first point of contact
5. Complete training programme for new and existing employees
6. Review and retender clean and clearance contract
7. Implement new caretaking service
8. Implement recharges, to increase HRA income
9. Update Lettable Standard for void properties
10. Review access procedures and use of legal powers.

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. Establish a cross-party Task and Finish Group to consider options for potential leisure sites in the north and south of Broxtowe.
6. Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Cabinet.
7. Forward plan any necessary capital repair works anticipated at Bramcote Leisure Centre and to submit, consider and profile the financial impact as part of the Capital Programme.
8. Further develop the business case for a replacement for Bramcote Leisure Centre and present the outcomes of the external consultancy reports (RIBA1 and financial due diligence) to Cabinet on 25 July 2023 for the next steps to be agreed.
9. Consider and respond to the request from The Kimberley School regarding the financial viability of keeping the swimming pool open at Kimberley Leisure Centre – Cabinet 4 July 2023.

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 31 December 2023.
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 July 2023.