

## 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 be approved.**

3. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 17 October 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.

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. Climate Change Implications

Climate Change is considered in this report as a strategic risk.

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**

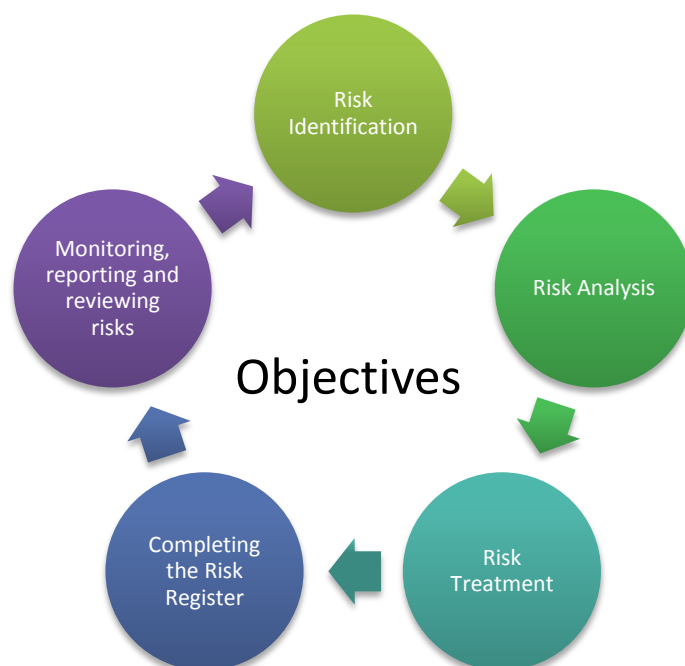
Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

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
<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>A new action was added linked to the PRINCE2 project management framework to review and re-launch the 'Project Centre' on the Intranet.</p>
<p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	20	<p>16</p>  <p>Red</p>	<p>The ongoing 'cost of living crisis' and high inflation which is keeping this risk as one of the highest rated red risks.</p> <p>An updated Medium Term Financial Strategy and Business Strategy has been considered at Policy Overview Working Group and recommended onto Cabinet for approval on 7 November 2023.</p> <p>A new action was added to assess the impact of the Government's food waste policies and the potential receipt of New Burdens Funding to meet the anticipated additional capital and revenue costs associated with its delivery.</p> <p>The action to be alert to potential funding opportunities for town centre re-generation initiatives was extended to also refer to other capital investment schemes.</p> <p>The action to identify potential budget saving opportunities was extended to also include maximising income generating opportunities.</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 <b>worsened</b>.</i></p>	25	<p>12</p> <p> Amber</p>	<p>High inflation and the 'cost of living crisis' continues to have an impact upon the HRA service provision and financial position.</p> <p>Uncertainty with the Government's rent setting policy in a high inflation environment is impacting on key budgetary decisions in planning for reasonable and sustainable rent increases. It was noted that 2024/25 is the final year of the current Government rent setting policy, with future plans not yet being known adding to the uncertainty and risk.</p> <p>The action to complete the review of the HRA 30-Year Business Plan, in conjunction with external consultants, with the outcome to be reported to Cabinet was updated to refer to the meeting on 5 December 2023.</p>
<p>3a. Failure to deliver a Housing Repairs and Compliance Service which meets Right to Repair and Compliance 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 <b>worsened</b>.</i></p>	20	<p>12</p> <p> Amber</p>	<p>The Council has seen an increase in Housing Disrepair claims. This is being linked to two companies 'claims farming' in Eastwood and Stapleford. GMT has approved additional resources to support and respond to all cases within deadlines. A new action was added to monitor the position regarding Housing Disrepair claims and to respond efficiently and effectively to claims being received.</p> <p>A new action was added for Internal Audit to complete an audit of Housing Repairs and Compliance and for managers to respond accordingly to recommendations and agreed actions.</p>
<p>4. Failure of strategic leisure initiatives</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	25	<p>20</p> <p> Red</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. A report has been prepared for consideration by Cabinet on 7 November 2023.</p>



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 <b>worsened</b>.</i></p>	25	<p>12</p>  <p>Amber</p>	<p>As above, 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.</p> <p>Another new action was added for officers to work with Liberty Leisure Limited on identifying suitable cost effective and deliverable energy efficiency measures at Bramcote Leisure Centre.</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 <b>worsened</b>.</i></p>	25	<p>8</p>  <p>Amber</p>	<p>This strategic risk has changed considerably since its first inclusion in the risk register. It was agreed to re-name this risk as “Failure to effectively manage the Beeston town centre development (The Square)”.</p> <p>The action to identify suitable tenants and complete the letting of units in Phase 3 of the redevelopment (the ‘Argos block’) was updated to refer to the option of a potential sale to a suitable third party.</p>
<p>7. Not complying with legislation</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	25	<p>6</p>  <p>Amber</p>	<p>A new action was proposed to create a legal register for each service to provide the necessary assurance and to highlight any gaps where further action may be required.</p> <p>The action to ensure compliance with the Environment Act 2021 was extended to also refer to other waste related legislation and regulations.</p> <p>The action to regularly review the policy and guidance in respect of the Regulation of Investigatory Powers Act 2000 was deleted as this is now managed under ‘business as usual’.</p>



Risk	Inherent Risk	Residual Risk	Changes
<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 <b>unchanged</b>.</i></p>	25	<p>4</p>  <p>Green</p>	<p>An updated Medium Term Financial Strategy and Business Strategy was considered at Policy Overview Working Group and recommended onto Cabinet for approval on 7 November 2023.</p> <p>The action to establish a Capital Working Group to consider the risks associated with the delivery of key strategic capital projects was completed. The Capital Working Group was added as a key control.</p>
<p>9. Failure to maximise collection of income due to the Council</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p>9</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>In respect of the action to monitor the rate of void Housing premises and to actively identify suitable actions to relet and/or reuse these properties, it was noted that void rates and periods have improved considerably.</p>
<p>10. Failure of key ICT systems</p> <p><i>The position with regards to this risk is <b>unchanged</b>.</i></p>	25	<p>15</p>  <p>Red</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 review Business Continuity Plans is almost complete with work continuing to complete the last remaining plans.</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 <b>unchanged</b>.</i></p>	20	<p>4</p>  <p>Green</p>	<p>A new action was added to effectively deal with complaints about private rented properties.</p> <p>There was some discussion as to whether this specific risk remains 'strategic' in nature or if this could now be considered as an operational compliance risk. If so, this strategic risk will be deleted.</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 <b>unchanged</b></i></p>	15	<p>4</p>  <p>Green</p>	<p>A key control was extended to refer to Community Action Teams and/or enhanced Member surgeries.</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 <b>unchanged</b></i></p>	15	<p>3</p>  <p>Green</p>	<p>A new action was added to assess the impact on local resources following the implementation of the PCC's Nottinghamshire ASB Pilot due to start in January 2024.</p>
<p>14. Failure to provide housing in accordance with the Local Development Framework</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>	20	<p>12</p>  <p>Amber</p>	<p>With the cancellation of the eastern leg of HS2 there is added risk to the action to support committees and other interested parties in considering the strategic location for growth at Toton and the surrounding area.</p> <p>There is also risk and potential opportunities with regards to the establishment of the proposed East Midlands Combined Authority.</p> <p>At this stage, no significant changes were proposed at this stage to the key controls, risk indicators and action points for this strategic risk.</p>
<p>15. Natural disaster or deliberate act, which affects major part of the Authority</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	15	<p>12</p>  <p>Amber</p>	<p>The action to review the Flu Pandemic Plan, to include 'living with Covid' has been completed and is now managed as 'business as usual' activity.</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 <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>The context of this risk has changed significantly since its first inclusion on the risk register and many of the current actions are now managed under 'business as usual' activity. It may be appropriate to consolidate this with Risk 9 'failure to maximise collection of income due'.</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 <b>unchanged</b></i></p>	20	<p>9</p>  <p>Amber</p>	<p>No significant 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 <b>unchanged</b></i></p>	20	<p><b>8</b></p> <p> Amber</p>	<p>The action for regular contact to be maintained between leaders of political groups and the Chief Executive was moved to a key control.</p> <p>The regular meetings of Portfolio Holders with the respective senior managers was also added as a key control.</p>
<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 <b>improved</b>.</i></p>	16	<p><b>6</b></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>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 <b>unchanged</b></i></p>	20	<p><b>12</b></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>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 <b>unchanged</b></i></p>	20	<p><b>6</b></p> <p> Amber</p>	<p>The Prevent Strategy was added as a key control.</p>
<p>22. Unauthorised access of data</p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p><b>6</b></p> <p> Amber</p>	<p>The action to review the corporate and departmental Business Continuity Plans is almost complete. Work is continuing to complete the last remaining plans.</p> <p>The use of regular awareness communications through employee briefings was added as a key control.</p>

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><b>9</b></p> <p></p> <p><b>Amber</b></p>	<p>The importance of management is a key part of the first and second lines of defence for the internal control framework. Managers can review processes to provide strategic oversight and challenge of the key controls within the system. Internal Audit, as the third line of defence, will continue to be active in identifying ways to mitigate potential fraud in the course of their planned and risk assessed assurance work.</p> <p>The Annual Counter Fraud Report of the Chief Audit and Control Officer was presented to the Governance, Audit and Standards Committee in September 2023.</p>
<p>24. <i>Failure to achieve commitment of being carbon neutral for the Council's own operations by 2027</i></p> <p><i>The position with regards to this risk is <b>unchanged</b></i></p>	20	<p><b>12</b></p> <p></p> <p><b>Amber</b></p>	<p>A report to appoint University of Nottingham consultants to inform the Council's approach towards meeting 2050 net-zero carbon emissions targets is being considered at Cabinet on 7 November 2023. If approved, the outcomes of this review would be added as an action in due course.</p>

## APPENDIX 3

EXTRACT OF THE STRATEGIC RISK REGISTER – OCTOBER 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 and other capital investment schemes.
7. Identify potential budget savings and maximising income generating 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 November 2023.
19. Consider opportunities to utilise any identified surplus office space.
20. Assess the impact of the government's food waste policies and the potential receipt of New Burdens Funding to meet the additional capital and revenues costs associated with its delivery.

**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. Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Cabinet.
6. 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 proposed capital programme.
7. Consider and respond to the latest request from The Kimberley School regarding the financial viability of keeping the swimming pool open at Kimberley Leisure Centre. A report has been prepared for consideration by Cabinet on 7 November 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.