

Report of the Interim Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER

1. Purpose of report

To recommend approval of amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. Detail

Further to earlier reports to this Committee and in accordance with the timescales set out in the new Risk Management Strategy approved by this Committee on 3 December 2018, the Strategic Risk Management Group met on 6 February 2019 to review the Strategic Risk Register. The General Management Team (GMT) has since considered the proposals from the Strategic Risk Management Group. The objectives of the review were to:

- Identify the extent to which risks included in the Strategic Risk Register are still relevant
- Identify any new risks to be included in the Strategic Risk Register
- Review action plans to mitigate risks.

Details of proposed amendments to the Strategic Risk Register and action plans resulting from the above process are attached in the appendix.

The new 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 initial inherent and residual risk scores assigned to each strategic risk are shown in the appendix. These will be considered further and amended as necessary in due course.

The risk map is also included in the appendix to assist the understanding of the inherent and residual risk scores allocated to each strategic risk.

The revised Strategic Risk Register incorporating the proposed amendments is available on the intranet. Details of 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 action plans to mitigate risks as set out in the appendix be approved.

Background papers
Strategic Risk Register

APPENDIX**REVIEW OF STRATEGIC RISK REGISTER****Introduction**

The Risk Management Strategy, 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.

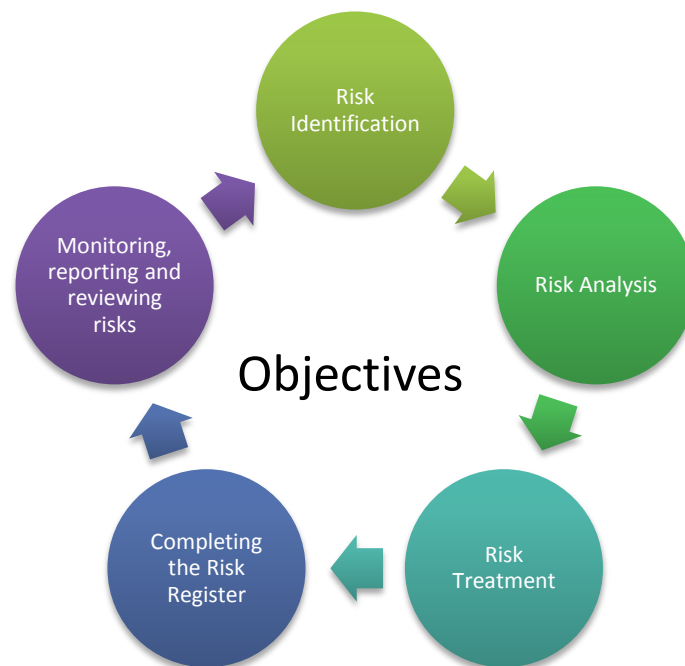
Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with public image (reputation), environment, technology and breach of confidentiality amongst others.

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

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
1. Failure to maintain effective corporate performance management and implement change management processes	20	9	No change.
2. Failure to obtain adequate resources to achieve service objectives	25	12	<p>The action to agree the Section 106 requirements for the Beeston Business Park and Alliance Boots planning applications has been amended by removing the reference to Beeston Business Park.</p> <p>The action to evaluate proposals submitted for the future of the Town Hall has been updated with an action to proceed with the disposal of the Town Hall.</p> <p>The action to progress the disposal of Cavendish Lodge has been updated with an action to complete the disposal of Cavendish Lodge.</p> <p>The following actions are deleted:</p> <ul style="list-style-type: none"> • Agree the lease and necessary processes for the introduction of a new public car park at Technology Drive, Beeston. • Consult with relevant stakeholders, including the public, on the future of the Town Hall in Beeston and seek appropriate and cost effective solutions. • Support the application by Nottinghamshire local authorities to become a business rates retention pilot area from 2019/20.

Risk	Inherent Risk	Residual Risk	Changes
3. Failure to deliver the Housing Revenue Account (HRA) Business Plan	25	12	<p>The Housing Business Plan 2019-2022 is added as a key control.</p> <p>New actions have been added to:</p> <ul style="list-style-type: none"> • Implement the recommendations of the Social and Affordable Housing Need report approved by the Housing Committee in December 2018. • Undertake a full condition survey of the Council's housing stock in 2019/20. • Develop two dementia friendly bungalows on the former Beeston Market site. • Develop a Buy Back Policy in respect of properties sold under the right to buy scheme. • Model the potential impact of the rollout of Universal Credit on rental income and minimise the level of rent arrears. <p>The action to upgrade the Capita Housing system is updated with an action to complete Phase 2 of the Capita Upgrade by June 2019.</p> <p>The following actions are deleted:</p> <ul style="list-style-type: none"> • Assess the implications of any requirement to dispose of high value properties. • Implement pre-eviction protocol for rent arrears and the actions arising from the KPMG report.
4. Failure of strategic leisure initiatives	25	15	<p>The action point to provide for the replacement of the Combined Heat and Power Unit at Bramcote Leisure Centre when the extended warranty expires in 2020/21 can be deleted.</p>
5. Failure of Liberty Leisure trading company	25	12	<p>The Get Active Strategy 2018-2021 is added as a key control.</p>

Risk	Inherent Risk	Residual Risk	Changes
6. Failure to complete the re-development of Beeston town centre	25	15	<p>Specialist VAT advice is added as a key control.</p> <p>The action to agree heads of terms with the proposed cinema operator has been amended to include food and beverage operators.</p> <p>The action to prepare all necessary documentation for the sale of part of the site for residential development has been updated with an action to complete the sale of part of the site for residential development.</p> <p>A further action point to seek external funding (where available) for the re-development of Beeston town centre has been added.</p>
7. Not complying with domestic or European legislation	25	12	See further details below.
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions	25	12	No change.
9. Failure to maximise collection of income due to the Council	20	9	No change.
10. Failure of key ICT systems	25	10	No change.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations	20	8	<p>The Enforcement Policy and Houses in Multiple Occupation (HMO) Standards is added as key controls.</p> <p>The availability of staff to deal with HMO licences is a new risk indicator.</p> <p>An action point to license HMO in accordance with adopted standards and legal requirements is added</p> <p>The action to deliver a Warm Homes on Prescription (WHOP) scheme in Broxtowe has been deleted.</p>

Risk	Inherent Risk	Residual Risk	Changes
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020	15	6	<p>The Partnership Working Strategy has been replaced as a key control with the Partnership Board.</p> <p>Progress on Action Plans is added as a risk indicator.</p> <p>The action point to implement the Action Plans within the Broxtowe Sustainable Community Strategy is replaced with an action to implement the Action Plans generated from the Broxtowe Partnership.</p>
13. Failure to contribute effectively to dealing with crime and disorder	15	6	<p>The Alcohol Licensing Policy needs to be added as a key control</p> <p>The Police and Crime Panel is replaced as a key control with the Police and Crime Plan 2018-2021.</p> <p>Partnership working with other agencies and the Nottinghamshire Community Safety Agreement has been deleted as key controls.</p> <p>The completed action to review the Alcohol Licensing Policy is deleted.</p>
14. Failure to provide housing in accordance with the Local Development Framework	20	12	<p>The Housing Needs Survey needs to be added as a key control.</p> <p>The following actions are deleted:</p> <ul style="list-style-type: none"> • Commission a housing needs assessment • Prepare for a public examination of the Part 2 Local Plan.
15. Natural disaster or deliberate act, which affects major part of the Authority	15	10	<p>An action point to recruit a new Health and Safety Manager has been added.</p>

Risk	Inherent Risk	Residual Risk	Changes
16. Failure to mitigate the impact of the Government's welfare reform agenda	20	10	<p>The Income Management Policy and the Welfare Reform Working Party have been added as key controls.</p> <p>The number of tenants claiming Universal Credit; the number of referrals to the Financial Inclusion Service; Citizens' Advice (CAB); and the number of evictions are added as risk indicators.</p> <p>The following actions are added:</p> <ul style="list-style-type: none"> • Implement the Welfare Reform Action Plan • Integrate the Rents team into the Housing Department • Move to the agreed new structure for the Rents team. <p>The completed action to assess the staffing implications of the introduction of Universal Credit has been deleted.</p>
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements	20	9	<p>An action point has been added to assist Rushcliffe Borough Council with the development of a new crematorium.</p> <p>The following actions have been removed:</p> <ul style="list-style-type: none"> • Explore further shared service opportunities through the Managed Revenues and Benefits Service with Erewash Borough Council. • Develop closer working with Rushcliffe in respect of democratic and electoral services.
18. Corporate and/or political leadership adversely impacting upon service delivery	20	8	<p>An action point to address any changes required following the outcome of the forthcoming Borough elections has been added.</p>
19. High levels of sickness	16	9	No change.

Risk	Inherent Risk	Residual Risk	Changes
20. Lack of skills and/or capacity to meet increasing initiatives and expectations.	20	12	<p>The Apprenticeship Levy has been added as a key control. The amount of Levy needing to be spent and the number of apprenticeships are also added as key controls.</p> <p>The following actions are completed:</p> <ul style="list-style-type: none"> • Develop a new People Strategy and present to Committee for approval • Develop a formal Apprenticeship Strategy.
21. Inability to attract or retain key individuals or groups of staff	20	12.	The number of apprenticeships and the Learning and Development Policy are added as key controls. The use of the scarcity rating in recruiting staff is added as a risk indicator.
22. Failure to fully utilise investment in ICT infrastructure	16	9	See further details below.
23. Processes or procedures not followed leading to ill informed decisions and/or abuse of Council facilities	20	9	The Driving at Work Policy is added as a key control. The costs awarded following the overturning of Planning Committee decisions is added as a risk indicator.
24. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.	20	9	<p>The Vulnerable Persons Panel has been replaced as a key control by the Complex Cases Panel.</p> <p>The following actions have been removed:</p> <ul style="list-style-type: none"> • Monitor the effect of actions taken in response to water safety concerns at Beeston Weir • Set up a task and finish group to capture the Council's approach to those with mental health issues. • Provide a guidance document for staff when dealing with people who threaten suicide • Implement a care leavers council tax reduction scheme.
25. Failure to ensure appropriate levels of data quality	8	4	No change.

Risk	Inherent Risk	Residual Risk	Changes
26. Unauthorised access of data	20	9	No change.
27. High volumes of employee or client fraud	20	9	No change.
28. Failure to effectively communicate either externally or internally	12	6	No change.

Further Details

The following items are highlighted for the attention of Members.

1. Risk Map

Following the approval of the new Risk Management Strategy for the Council, a '5x5' risk map matrix is now being used to assess both the threats and opportunities for each strategic risk in terms of both the likelihood and impact.

The initial inherent and residual risk scores assigned to each strategic risk by the Strategic Risk Management Group are set out above. These will be considered further and amended as necessary at future meetings.

2. Not complying with domestic or European legislation (Risk 7)

Whilst there is an action point under this risk to assess the impact of any relevant legislative changes arising from the United Kingdom leaving the European Union, the uncertainty regarding this process and its potential implications will require close scrutiny. There may be a significant impact upon a number of strategic risks and these will have to be addressed in due course.

3. Failure to fully utilise investment in ICT infrastructure (Risk 22)

Concern was expressed with regards to the capacity of the ICT team to deliver a number of key corporate projects. It is considered imperative that the ICT team possess the appropriate level of resources and skills to support such projects and enable the Council to fully utilise its investment in ICT infrastructure.