

## Report of the 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 Risk Management Strategy approved by this Committee on 3 December 2018, the Strategic Risk Management Group met on 8 May 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.

A summary of the risk management process is included in appendix 1. The Risk Management Strategy includes a '5 x 5' 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.

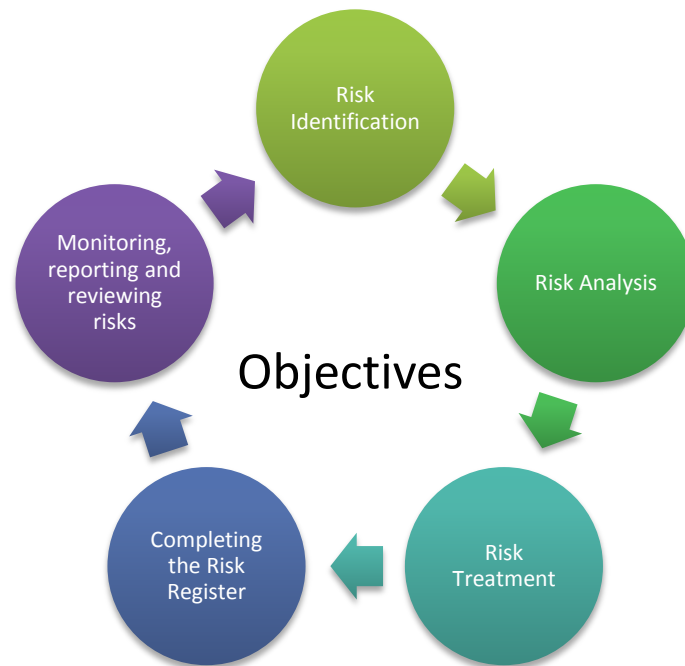
Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with public image (reputation), environment, technology and breach of confidentiality amongst others.

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
<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				
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
1. Failure to maintain effective corporate performance management and implement change management processes	20	9	<p>An action point to produce and obtain approval for a new Corporate Plan has been added.</p> <p>The following items are included as key controls, with the corresponding 'business-as-usual' actions deleted:</p> <ul style="list-style-type: none"> <li>• Business Plans</li> <li>• External auditors and other inspectorates</li> </ul> <p>As it is addressed elsewhere, the action to ensure that area based projects are risk assessed under internal and external monitoring frameworks has been deleted.</p>
2. Failure to obtain adequate resources to achieve service objectives	25	12	<p>An updated Medium Term Financial Strategy will be presented to the Finance and Resources Committee on 10 October 2019.</p> <p>An updated Business Strategy will be presented to Finance and Resources Committee on 10 October 2019.</p> <p>A refreshed Procurement and Commissioning Strategy was presented to Policy and Performance Committee on 3 July 2019.</p> <p>The action to proceed with the sale of Cliffe Hill Avenue and the former Stapleford Police Station sites has been amended by removing the reference to the former Police Station.</p> <p>The actions to subject the Willoughby Street former market site to market testing and to complete the sale of Cavendish Lodge have been deleted.</p>

Risk	Inherent Risk	Residual Risk	Changes
3. Failure to deliver the Housing Revenue Account (HRA) Business Plan	25	12	<p>The support of G L Hearn on business planning issues has been added as a key control.</p> <p>An action point to present an update of the 30 year HRA financial model to the Housing Committee on 18 September 2019 has been added.</p> <p>An action to establish an Introductory and Fixed Term Tenancy Agreement and to update the Secure Tenancy Agreement following statutory consultation has been deleted.</p> <p>The completed actions to implement the recommendations of the Social and Affordable Housing Need report (approved by Housing Committee on 4 December 2018) and to develop a Buy Back Policy for properties sold under the Right to Buy scheme have been deleted.</p>
4. Failure of strategic leisure initiatives	25	15	<p>The action to undertake a detailed property condition survey at Bramcote Leisure Centre has been updated with an action to present the findings of the property condition survey to the Leisure and Environment Committee on 12 June 2019.</p>
5. Failure of Liberty Leisure trading company	25	12	<p>The completed action to assist with the detailed property condition survey at Bramcote Leisure Centre has been removed.</p> <p>A new action is added for the Managing Director to deliver a presentation on the work of the company to the Leisure and Environment Committee.</p>
6. Failure to complete the re-development of Beeston town centre	25	15	<p>The action point to make effective temporary use of the Beeston Square Phase 2 site pending redevelopment has been deleted.</p>

Risk	Inherent Risk	Residual Risk	Changes
7. Not complying with domestic or European legislation	25	12	<p>Further narrative is provided below.</p> <p>In addition, the following actions have been completed:</p> <ul style="list-style-type: none"> <li>• Support the LGA defence of claims against reimbursement of personal search fees;</li> <li>• Recruit a Procurement and Contracts Officer; and</li> <li>• Ensure adequate staffing levels for houses in multiple occupation licensing (HMO).</li> </ul>
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions	25	12	The action to assess the impact of any fuel and other price increases due to either a fall in the exchange rate or other factors has been deleted.
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	No change.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020	15	6	No change.
13. Failure to contribute effectively to dealing with crime and disorder	15	6	An action point to present a Serious and Organised Crime Policy to the Community Safety Committee has been added.
14. Failure to provide housing in accordance with the Local Development Framework	20	12	No change.
15. Natural disaster or deliberate act, which affects major part of the Authority	15	10	The completed action point to recruit a Health and Safety Manager has been deleted.

Risk	Inherent Risk	Residual Risk	Changes
16. Failure to mitigate the impact of the Government's welfare reform agenda	20	10	<p>The Local Council Tax Support Scheme is added as a key control.</p> <p>Ring fencing of posts for potential "at risk" staff is deleted as a key control.</p> <p>The action points to host a series of stakeholder workshops before the full rollout of Universal Credit and to implement the Welfare Reform Action Plan are deleted. The completed actions to integrate the Rents team into the Housing Department and to move to the agreed new structure for the Rents team are also removed.</p>
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements	20	9	The action to explore further shared service opportunities through the Managed Revenues and Benefits Service with Erewash Borough Council has been deleted.
18. Corporate and/or political leadership adversely impacting upon service delivery	20	8	The action to address any changes required following the outcome of the Borough elections now includes reference to the Stapleford South East by-election on 13 June 2019.
19. High levels of sickness	16	9	<p>The provision of regular sickness absence reports to GMT is added as a key control, with the corresponding 'business-as-usual' action deleted.</p> <p>A revised Attendance Management Policy was presented to the Policy and Performance Committee on 3 July 2019.</p>
20. Lack of skills and/or capacity to meet increasing initiatives and expectations.	20	12	No change.
21. Inability to attract or retain key individuals or groups of staff	20	12.	No change.
22. Failure to fully utilise investment in ICT infrastructure	16	9	No change.



Risk	Inherent Risk	Residual Risk	Changes
23. Processes or procedures not followed leading to ill informed decisions and/or abuse of Council facilities	20	9	No change.
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 Safety Advisory Group is added as a key control.</p> <p>Action points to produce a Disclosure and Barring Service (DBS) Policy and to review the Legionella Policy have been added.</p> <p>The actions to produce an annual Equality and Diversity Report and to produce annual statistics on safeguarding referrals are deleted.</p>
25. Failure to ensure appropriate levels of data quality	8	4	No change.
26. Unauthorised access of data	20	9	<p>The unauthorised publication of exempt committee papers and other Council documents has been added as a key control.</p> <p>The actions to monitor and prevent unauthorised access to Council buildings and to review the impact of the General Data Protection Regulations have been deleted.</p>
27. High volumes of employee or client fraud	20	9	<p>The annual report on counter fraud, corruption and money laundering prevention activity is presented to the Governance, Audit and Standards Committee on 23 July 2019.</p> <p>This annual counter fraud report has been added as a risk indicator.</p> <p>An action to conduct a fraud risk assessment exercise in conjunction with GMT by 31 October 2019 has been added, along with a further action to develop a fraud risk register by 30 November 2019.</p>
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. Action Points

It has been felt for some time that a number of the action points for particular strategic risks do not meet the 'SMART' criteria of being specific, measurable, achievable, realistic and time-bound. In some cases, it may be more appropriate to show 'business-as-usual' actions as key controls or risk indicators. Attempts will be made at future meetings to assess the action points to ensure that they meet the SMART criteria where possible.

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 on the scheduled date of 31 October 2019, the uncertainty surrounding this process and its potential legislative, financial and other 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.