

Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER1. 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 7 August 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
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>	20	9	<p>The action to produce and obtain approval for a new Corporate Plan was replaced with actions to provide a progress update on the production of a new Corporate Plan to Policy and Performance Committee on 2 October 2019 and to present a new Corporate Plan to Policy and Performance Committee for approval on 4 December 2019.</p> <p>An action to propose an LGA (Local Government Association) peer review to Policy and Performance Committee on 2 October 2019 was added.</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 worsened.</i></p>	25	12	<p>A completed action to approve a new Procurement and Commissioning Strategy has been deleted.</p> <p>An action to proceed with the sale of the Cliffe Hill Avenue site in Stapleford has been replaced with an action to submit and consider the outcome of a funding bid to the Local Enterprise Partnership for support to develop an incubator hub for businesses at Council owned sites in Stapleford.</p> <p>The new actions added were:</p> <ul style="list-style-type: none"> • Secure agreement with a tenant for the rental of Durban House. • Report to Jobs and Economy Committee on 5 September 2019 on proposals to develop new industrial units at Mushroom Farm. • Review the operating model for Bramcote Crematorium, given concern about the sustainability of the surplus distribution received. • Consider the implications of a potential loss of car parking income from Nottinghamshire County Council.

Risk	Inherent Risk	Residual Risk	Changes
3. Failure to deliver the Housing Revenue Account (HRA) Business Plan	25	12	<p>The action relating to Phase 2 of the Capita upgrade has been completed.</p> <p>The action to develop a council house building plan has been replaced with an action point to deliver the plan.</p> <p>The new actions added were to present an Acquisitions Policy to Housing Committee on 18 September 2019; and to undertake a review of the Housing Repairs service.</p>
4. Failure of strategic leisure initiatives <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>	25	15	The action to present the findings of the detailed property condition survey at Bramcote Leisure Centre to Leisure and Environment Committee has been updated to produce a suitable programme to address the issues identified in the survey.
5. Failure of Liberty Leisure trading company	25	12	An action to deliver a presentation to Committee on the work of the company has been completed.
6. Failure to complete the re-development of Beeston town centre <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>	25	15	No changes.
7. Not complying with domestic or European legislation <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>	25	12	<p>Whilst there is an action to assess the impact of any relevant legislative changes arising from leaving the EU on 31 October 2019, the uncertainty surrounding this process and its potential legislative, financial and other implications will require scrutiny. There may be a significant impact upon strategic risks and these will have to be addressed in due course.</p> <p>The new actions added were:</p> <ul style="list-style-type: none"> • Present an Equality Action Plan to the Policy and Performance Committee on 2 October 2019. • Conduct a review of Council properties to ensure appropriate measures are in place to mitigate the risk of Legionella.

Risk	Inherent Risk	Residual Risk	Changes
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions	25	12	The external audit of the 2018/19 accounts had been concluded and that the external auditors had issued an unqualified audit opinion and value for money conclusion.
9. Failure to maximise collection of income due to the Council	20	9	An action point to recruit two Business Rates Property Inspectors in association with Gedling BC, Newark and Sherwood DC, and Rushcliffe BC has been added.
10. Failure of key ICT systems	25	10	The Warning, Advice and Reporting Point (WARP) service along with the Cyber Security Information Sharing Partnership (CISP) were added as key controls.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations	20	8	An action to report on proposals to further regulate HMOs to the Jobs and Economy Committee on 30 January 2020 was added.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020	15	6	No changes.
13. Failure to contribute effectively to dealing with crime and disorder	15	6	<p>The action to present a Serious and Organised Crime Policy to the Community Safety Committee was amended to show that this will be presented to the Community Safety Committee on 19 September 2019.</p> <p>An action point to present a Knife Crime Action Plan to the Community Safety Committee on 14 November 2019 was added.</p> <p>The action point to develop and deliver neighbourhood action plans for Eastwood South and Stapleford was deleted.</p>
14. Failure to provide housing in accordance with the Local Development Framework	20	12	The action to develop a house building plan has been updated to deliver the council house building plan.

Risk	Inherent Risk	Residual Risk	Changes
<p>15. Natural disaster or deliberate act, which affects major part of the Authority</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>	15	10	<p>The Nottinghamshire County Council (NCC) Flood Risk Management Strategy was added as a key control.</p> <p>The action to support NCC in implementing their Flood Risk Management Strategy was updated to contact NCC for the latest position concerning the Strategy.</p>
<p>16. Failure to mitigate the impact of the Government's welfare reform agenda</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	10	<p>The Financial Inclusion Policy was added as a key control.</p> <p>The action to prepare for the further rollout of Universal Credit including learning from the experience of the pilot authorities has been deleted.</p> <p>Actions to implement the Welfare Reform Action Plan and to recruit a second Financial Inclusion Officer to provide additional financial advice to tenants were added.</p>
<p>17. Failure to maximise opportunities and to recognise the risks in shared services arrangements</p>	20	9	<p>The actions to integrate the building control ICT systems with Erewash BC and to assist Rushcliffe BC with the development of a new crematorium were deleted.</p> <p>The action to provide regular updates to the Policy and Performance Committee on current shared service arrangements and proposals for the future was replaced with an action to present a Shared Services Annual Report to the Policy and Performance Committee on 2 October 2019.</p>
<p>18. Corporate and/or political leadership adversely impacting upon service delivery</p>	20	8	<p>Coalition Group Away Days was added as a key control.</p> <p>An action to implement a committee management system was updated to rollout use of the system to members and officers by December 2019.</p> <p>The completed action to address any changes required following the outcome of the Stapleford South East election was deleted.</p> <p>A new action to recruit to the Strategic Director, Monitoring Officer and Head of Housing posts was added.</p>

Risk	Inherent Risk	Residual Risk	Changes
<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 improved.</i></p>	16	9	<p>The Personnel Committee was added as a key control.</p> <p>The completed action to present a revised Attendance Management Policy to the Policy and Performance Committee was deleted.</p>
<p>20. Lack of skills and/or capacity to meet increasing initiatives and expectations.</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>	20	12	<p>The Personnel Committee; annual Performance Appraisal (including a Core Abilities Assessment); and the Apprenticeship Strategy were added as key controls.</p> <p>The identification of training needs in the production of service delivery plans and number of apprenticeships were deleted as key controls.</p> <p>The number of apprenticeships was added as a risk indicator.</p> <p>The actions to ensure that employees receive an annual Performance Appraisal and to identify difficult areas and how these will be dealt with within service plans were deleted.</p> <p>There is a significant degree of overlap with Risk 21 "Inability to attract or retain key individuals or staff". Consideration will be given as to whether these could be consolidated into a single risk.</p>
<p>21. Inability to attract or retain key individuals or groups of staff</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>	20	12.	<p>The risk owner has been changed to the Chief Executive.</p> <p>The Personnel Committee was added as a key control.</p> <p>An action point to seek advice from East Midlands Councils on the pay structure to address skill shortage issues in particular areas was added.</p> <p>A further action to review the use of agency staff was also added.</p> <p>There is a significant degree of overlap with Risk 20 above. Consideration will be given as to whether these could be consolidated into a single risk.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>22. Failure to fully utilise investment in ICT infrastructure</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>	16	9	<p>There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. The only ICT investment that required further work in the short-term in order to function as intended was the Civica intelligent scanning module that will shortly be rolled out to departments.</p> <p>GMT supported the removal of this risk from the strategic risk register.</p>
<p>23. Processes or procedures not followed leading to ill informed decisions and/or abuse of Council facilities</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	9	<p>There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. The respective policies and guidance were regularly reviewed and revised as necessary with appropriate communication to members/officers.</p> <p>GMT supported the removal of this risk from the strategic risk register.</p>
<p>24. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.</p>	20	9	<p>New actions were added to present a Customer Service Strategy to the Policy and Performance Committee on 2 October 2019; and to present a review of the armed forces covenant to the Community Safety Committee on 14 November 2019.</p> <p>The action to implement changes following the review of Independent Living Service was deleted.</p>
<p>25. Failure to ensure appropriate levels of data quality</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>	8	4	<p>There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. The respective policies and guidance were regularly reviewed and revised as necessary with appropriate communication to members/officers.</p> <p>GMT supported the removal of this risk from the strategic risk register.</p>

Risk	Inherent Risk	Residual Risk	Changes
26. Unauthorised access of data <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	9	The building works presently taking place and introduction of new ICT hardware as part of the rollout of the New Ways of Working project meant that there was a need to be vigilant to ensure that the unauthorised access of data was prevented.
27. High volumes of employee or client fraud <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	9	The action to present a report on counter fraud, corruption and money laundering prevention activity to the Governance, Audit and Standards Committee was completed.
28. Failure to effectively communicate either externally or internally <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>	12	6	There was a consensus that the various mitigating measures that had been implemented to address this risk were operating in such a manner that this now represented an operational as opposed to a strategic risk. There were regular briefings, newsletters and other forms of communication to members and officers that were now in place. GMT supported the removal of this risk from the strategic risk register.