Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER

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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 in December 2018, the Strategic Risk Management Group met on 15 October 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

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.

Risk Identification

Risk Analysis

Objectives

Monitoring, reporting and reviewing risks

Risk Treatment

Completing the Risk Register

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				
	Almost Certain – 5	5	10	15	20	25
	Likely – 4	4	8	12	16	20
Likelihood	**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	An updated action was added to provide a progress report on the production of a new Corporate Plan to Policy and Performance Committee on 4 December 2019. An updated action was added to invite the Local Government Association (LGA) to conduct a peer review.
2.	Failure to obtain adequate resources to achieve service objectives *Although the residual risk score does not need to change, it was considered that the position with regards to this risk had* **worsened***.*	25	12	The new actions added were to: • Appoint specialist external solicitors and counsel to support the tram compensation claim against Nottingham City Council. • Appoint a Project Manager to lead on consulting with all relevant stakeholders to generate suitable proposals for a submission for a Stapleford 'Town Deal'. • Assess the implications of the outcome of the Oakervee Review into the future of HS2. The completed actions removed from the action plan include: • Present an updated Medium Term Financial Strategy to the Finance and Resources Committee on 10 October 2019 • 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. • Secure agreement 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.

Risk	Inherent Risk	Residual Risk	Changes
3. Failure to deliver the Housing Revenue Account (HRA) Business Plan	25	12	The Housing Engagement Strategy has been added as a key control. An action point to present a Housing Neighbourhood Strategy 2019-2022 to the Housing Committee on 27 November 2019 was added. Completed actions to present an update of the 30 year HRA financial model and the Acquisitions Policy to the Housing Committee on 18 September 2019 have been deleted.
4. Failure of strategic leisure initiatives	25	15	No changes.
5. Failure of Liberty Leisure trading company	25	12	No changes.
6. Failure to complete the re-development of Beeston town centre *Although the residual risk score does not need to change, it was considered that the position with regards to this risk had **worsened**.*	25	15	Interest rates are added as a risk indicator. This is increasingly important following the recent rise in borrowing rates announced by the Public Works Loan Board (PWLB). An action to agree heads of terms with the proposed cinema operator has been completed. An action to respond as appropriate to any legal challenge arising from the awarding of contracts was added.
7. Not complying with domestic or European legislation	25	12	Whilst there is an action to assess the impact of any relevant legislative changes arising from the UK leaving the European Union, 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. An action has been updated to present the Equality and Diversity Annual Report 2018/19 to the Policy and Performance Committee on 4 December 2019.
8. Failure of financial management and/or budgetary control and to implement agreed budget	25	12	The ongoing action to submit budget monitoring reports to GMT (salaries, capital, income etc.) has been added as a key control.

Risk	Inherent Risk	Residual Risk	Changes
decisions			
9. Failure to maximise collection of income due to the Council *Although the residual risk score does not need to change, it was considered that the position with regards to this risk had **improved**.*	20	9	Following the recruitment of two Business Rates Property Inspectors, in association with Gedling BC, Newark and Sherwood DC and Rushcliffe BC, the Business Rates Property Inspectors have been added as a key control.
10. Failure of key ICT systems ***The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.***	25	**15**	An action point to resolve outstanding service issues with Virgin Media in anticipation of the forthcoming disposal of the Town Hall was added. Given that the imminent transfer of ICT staff and facilities from the Town Hall to the Council Offices will be influenced by a number of variables (including the support of third parties) and that this could have a significant impact upon service delivery, it was agreed that the residual risk score be increased from 10 to 15.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations	20	8	No changes.
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	An action point to support the Nottinghamshire Police Knife Crime Strategy has been added. The completed actions to present a Serious and Organised Crime Policy and a Knife Crime Action Plan to the Community Safety Committee on 19 September and 14 November 2019 have been deleted.
14. Failure to provide housing in accordance with the Local	20	12	No changes.

Risk	Inherent Risk	Residual Risk	Changes
Development Framework			
15. Natural disaster or deliberate act, which affects major part of the Authority *The residual risk score has been revised after it was considered that the position with regards to this risk had improved.*	15	**8**	As the Council is in regular contact with other organisations and agencies through networks such as the Local Resilience Forum to reduce the likelihood of and mitigate the potential impact of natural disasters/deliberate acts (including participating in various training exercises), it was agreed that the residual risk score be reduced from 10 to 8.
16. Failure to mitigate the impact of the Government's welfare reform agenda	20	10	The completed action to recruit a second Financial Inclusion Officer to provide additional financial advice to tenants has been removed.
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements	20	9	It was noted that the shared ICT Partnership with Rushcliffe BC and Newark and Sherwood DC may change significantly in the next few months.
18. Corporate and/or political leadership adversely impacting upon service delivery *Although the residual risk score does not need to change, it was considered that the position with regards to this risk had **improved**.*	20	8	The completed actions to rollout the use of the committee management system to members and officers and recruit to the vacant Strategic Director and Head of Housing posts are deleted.
19. High levels of sickness	16	9	No changes.
20. Lack of skills and/or capacity to meet increasing initiatives and expectations.	20	12	Succession planning has been added as a key control. 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.
21. Inability to attract/retain key individuals or groups of staff *Although the residual risk score does not need to*	20	12	No changes. There is a significant degree of overlap with Risk 20 above. Consideration will be given as to

Risk	Inherent Risk	Residual Risk	Changes
*change, it was considered that the position with regards to this risk had **worsened**.*			whether these could be consolidated into a single risk.
22. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.	20	9	The completed action to present a Customer Service Strategy to the Policy and Performance Committee on 2 October 2019 has been deleted.
23. Unauthorised access of data *Although the residual risk score does not need to change, it was considered that the position with regards to this risk had **worsened**.*	20	9	Previously, it was commented that the building works presently taking place as well as the introduction of new ICT hardware as part of the rollout of the New Ways of Working project along with the forthcoming disposal of the Town Hall meant that there was a need to be vigilant to ensure that the unauthorised access of data was prevented.
24. High volumes of employee or client fraud	20	9	An action to participate with other local authorities and agencies in a review of the eligibility of individuals claiming the single person council tax discount was added.

Further Details

The following items are highlighted for the attention of Members.

1. Climate Change

On 17 July 2019 the Council resolved that a 'climate emergency' be declared and that a new Carbon Management Plan be produced which will include the setting of a net carbon neutral target by 2027. It was agreed that climate change be considered further at the next meeting of the Strategic Risk Management Group with a view to establishing a specific risk for this within the strategic risk register with a risk owner, inherent and residual risk scores, key controls, risk indicators and action points.