

## 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.

This report was due to be presented at the Governance, Audit and Standards committee dated 16 March 2020.

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 5 February 2020 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 '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 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				
<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><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></b></p>	20	<b>6</b>	<p>An action was updated to present the Corporate Plan 2020-2024 to Policy and Performance Committee on 5 February 2020 and recommend to Council on 4 March 2020 for adoption.</p> <p>An action was updated to prepare for the Local Government Association (LGA) peer review in May 2020.</p> <p>As the level of uncertainty facing the Council has reduced following the conclusion of the May 2019 Borough elections and significant progress has been made with the production of a new Corporate Plan, the residual risk score was reduced from 9 to 6.</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 <b>Improved</b>.</i></p>	25	12	<p>An action was updated to respond to the loss of car parking income from Nottinghamshire County Council.</p> <p>An action was amended to implement the advice provided by specialist external solicitors and counsel to support the tram compensation claim against Nottingham City Council.</p> <p>The completed actions removed from the action plan include:</p> <ul style="list-style-type: none"> <li>• Complete the disposal of the Town Hall in Beeston</li> <li>• Present an updated Business Strategy to the Finance and Resources Committee.</li> </ul>

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>Improved</b>.</i></p>	25	12	<p>The Acquisitions Policy and the Rent Setting Policy have been added as key controls.</p> <p>The number of void properties and the level of rent arrears have been added as risk indicators.</p> <p>An action has been updated to assess any potential implications from the Social Housing White Paper.</p> <p>An action has been updated to develop the Housing Delivery Plan Phase 1 sites.</p> <p>The completed actions to undertake a review of the Housing Repairs service and to present the Housing Neighbourhood Strategy to the Housing Committee can be deleted.</p>
<p>4. Failure of strategic leisure initiatives</p>	25	15	<p>An action added to review the exit clauses in joint use agreements.</p>
<p>5. Failure of Liberty Leisure trading company</p>	25	12	<p>Updated reference to scrutiny by the Leisure and Health Committee.</p>
<p>6. Failure to complete the re-development of Beeston town centre</p>	25	15	<p>The alignment of Core Strategies by Greater Nottingham local planning authorities has been deleted as a key control.</p> <p>An expired action point to respond as appropriate to any legal challenge arising from the awarding of contracts has been removed.</p>
<p>7. Not complying with domestic or European legislation</p>	25	12	<p>A completed action to present the Equality and Diversity Annual Report to the Policy and Performance Committee has been deleted.</p> <p>Whilst there is an action to react to the impact of legislative changes arising from the United Kingdom 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.</p>

Risk	Inherent Risk	Residual Risk	Changes
8. Failure of financial management and/or budgetary control and to implement agreed budget decisions	25	12	An action point to present an updated Medium Term Financial Strategy to Finance and Resources Committee on 13 February 2020 as part of the Budget Proposals and Associated Strategies report was added.
9. Failure to maximise collection of income due to the Council  <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	<p>The Income Collection Policy has been added as a key control.</p> <p>An action has been added to review the outcomes of the data submitted to the National Fraud Initiative (NFI) premium service in February 2020.</p> <p>An action to undertake a procurement exercise for bill payment services has also been added.</p> <p>The completed and expired tasks removed from the action plan include:</p> <ul style="list-style-type: none"> <li>• monitor the use of different payment methods by customers of the garden waste service.</li> <li>• ensure an appropriate balance between tenancy sustainment and rent collection with regards to the Council's housing tenants.</li> </ul>
10. Failure of key ICT systems  <b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></b>	25	<b>10</b>	<p>The completed action point to resolve outstanding service issues in anticipation of the disposal of the Town Hall has been deleted.</p> <p>Given that the transfer of ICT staff and facilities to the Council Offices was concluded before the Town Hall was sold on 31 January 2020 and that this did not have a significant impact upon service delivery, the residual risk score was reduced from 15 to 10.</p>
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations	20	8	An action was updated to present a report to the Jobs and Economy Committee on 27 February 2020 on proposals to further regulate houses in multiple occupation (HMOs).

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	No changes.
13. Failure to contribute effectively to dealing with crime and disorder	15	6	An action point was added to present a Knife Crime Action Plan to the Community Safety Committee on 4 June 2020.
14. Failure to provide housing in accordance with the Local Development Framework	20	12	An action to monitor progress on the potential creation of a Development Corporation, including land at Toton and the Chetwynd Barracks site was added.
<p>15. Natural disaster or deliberate act, which affects major part of the Authority</p> <p><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></b></p>	15	<b>12</b>	<p>Following the increase in the number of coronavirus cases across the world and in response to measures being taken at national and international level to address this, new actions to brief the Senior Management Team on the Flu Pandemic Plan (and implement this plan if necessary) and to provide a coronavirus awareness module accessible to all staff within Broxtowe Learning Zone (BLZ) have been added.</p> <p>Given the severity of the coronavirus outbreak and the potential impact this may have upon Council employees and their families as well as upon the local community (particularly the most vulnerable), the residual risk score be increased from 8 to 12.</p>
<p>16. Failure to mitigate the impact of the Government's welfare reform agenda</p> <p><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></b></p>	20	<b>6</b>	Given the various measures that the Council has implemented to mitigate the impact of the Government's welfare reform agenda and the recent announcement of a delay in the full rollout of universal credit to 2024, the residual risk score was reduced from 10 to 6.

Risk	Inherent Risk	Residual Risk	Changes
17. Failure to maximise opportunities and to recognise the risks in shared services arrangements	20	9	An action point was updated to report annually on shared car parking management arrangements to the Environment and Climate Change Committee.
18. Corporate and/or political leadership adversely impacting upon service delivery  <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>	20	8	The Member Induction Programme has been added as a key control.  The completed action to deliver the Member Induction Programme has been deleted.
19. High levels of sickness  <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>	16	9	An action point to provide wellbeing checks for any employees who may be interested has been added.
20. Lack of skills and/or capacity to meet increasing initiatives and expectations.  <b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></b>	20	<b>16</b>	An action to present a report on future skills requirements to Personnel Committee on 30 June 2020 was added.  A further action point to present a Learning and Development Strategy to Personnel Committee on 30 June 2020 was also added.  Given the difficulties that have been encountered in recruiting suitably qualified and experienced staff in a number of key areas including ICT Services, Finance Services and Planning and the impact that this is having upon service delivery, the residual risk score was increased from 12 to 16.  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.

Risk	Inherent Risk	Residual Risk	Changes
<p>21. Inability to attract/retain key individuals or groups of staff</p> <p><b><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></b></p>	20	<b>16</b>	<p>An action has been updated to present the findings of the recent work undertaken by East Midlands Councils on the Broxtowe Borough Council pay and reward model to Personnel Committee on 30 June 2020.</p> <p>Given the difficulties that have been encountered due to the inability to attract or retain key individuals or groups of staff, the residual risk score was increased from 12 to 16.</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>
<p>22. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc.</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>The Disclosure and Barring Service Policy was added as a key control.</p> <p>The following completed/expired actions have been deleted:</p> <ul style="list-style-type: none"> <li>• Produce a Disclosure and Barring Service (DBS) Policy</li> <li>• Maintain face-to-face/phone access for service users who may be digitally excluded</li> <li>• Review the Legionella Policy</li> <li>• Present a review of the armed forces covenant to the Community Safety Committee.</li> </ul>
<p>23. Unauthorised access of data</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>The action point to introduce the latest preventative software for the Council's ICT systems to deny unauthorised access (as launched at Rushcliffe) has been deleted.</p>
<p>24. High volumes of employee or client fraud</p>	20	9	<p>The actions to conduct a fraud risk assessment exercise, in conjunction with GMT, and to develop a fraud risk register has been amended to include a revised date of 31 March 2020.</p>

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 should be considered further by the Strategic Risk Management Group with a view to establishing a specific risk within the strategic risk register, with a dedicated risk owner, inherent and residual risk scores, key controls, risk indicators and action points. The outcome of this consideration will be reported to the next meeting of this Committee.