

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 in December 2018, the Strategic Risk Management Group met on 5 August 2020 to review the Strategic Risk Register. 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

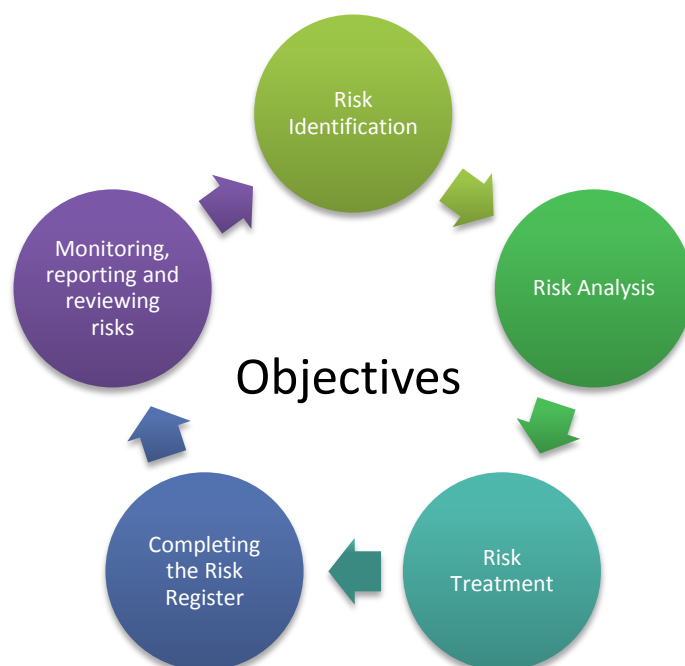
Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

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 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> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	20	<p>4</p> 	<p>The action to adopt the Corporate Plan 2020-2024 has been completed.</p> <p>The action to prepare for the Local Government Association (LGA) peer review was amended to refer to 2021.</p> <p>As the level of uncertainty facing the Council has reduced following the conclusion of the Borough elections and with approval of the Corporate Plan, it was agreed that the residual risk score be reduced from 6 to 4.</p>
<p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>16</p> 	<p>New action points have been added:</p> <ul style="list-style-type: none"> • Assess the implications of the Spending Review 2020. • Utilise the available 'Reopening the High Streets Safely' funding. • Produce a new Commercial Strategy. <p>The following actions were deleted:</p> <ul style="list-style-type: none"> • Address the areas identified in the LGA review of the Council's finances. • Assess the implications of the outcome of the Oakervee Review into the future of HS2. <p>An action has been updated to submit a 'Town Deal' bid for Stapleford in accordance with MHCLG deadlines.</p> <p>Given the financial impact upon both the Council and the wider economy of the coronavirus outbreak and the resulting uncertainty going forward, it was agreed that the residual risk score be increased from 12 to 16.</p>




Risk	Inherent Risk	Residual Risk	Changes
<p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	25	<p>9</p> 	<p>New action points have been added:</p> <ul style="list-style-type: none"> • Implement a new approach for services charges in Independent Living accommodation. • Provide permanent accommodation for former service personnel at the former garage site at Oakfield Road, Stapleford. <p>An action to monitor progress of the consultation on greater flexibility in the use of Right-to-Buy receipts was deleted.</p> <p>An action was updated to review the 30-year Housing Asset Management Plan to incorporate the results of the stock condition survey.</p> <p>As new strategies/policies relating to the Council's housing stock have been introduced in response to long-standing issues and progress is being made with the Housing Delivery Plan, it was agreed that the residual risk score be reduced from 12 to 9.</p>
<p>4. Failure of strategic leisure initiatives</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>20</p> 	<p>External legal advice and support was added as a key control.</p> <p>An action was amended to present a new Leisure Facilities Strategy for review, consultation and approval.</p> <p>An action was updated to liaise with Kimberley School following receipt of notice of termination of the joint-use agreement governing the operation of Kimberley Leisure Centre and to determine an approach to leisure provision in the north of the Borough.</p> <p>An action to utilise external legal advice and support as required from Continuum was added.</p> <p>Given a Leisure Facilities Strategy has yet to be approved and the uncertainty concerning the continued use of Kimberley Leisure Centre, it was agreed that the residual risk score be increased from 15 to 20.</p>





Risk	Inherent Risk	Residual Risk	Changes
<p>5. Failure of Liberty Leisure trading company</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>16</p> 	<p>External legal advice and support was added as a key control.</p> <p>New action points have been added:</p> <ul style="list-style-type: none"> • Provide a safe environment for users, visitors and staff in accordance with the latest official guidance in response to the coronavirus outbreak. • Maximise financial support towards staff costs from the Coronavirus Job Retention Scheme • Address the impact of reduced income from member subscriptions and other sources. • Utilise external legal advice and support from Continuum. <p>Given the impact of the coronavirus outbreak upon Liberty Leisure in terms of its ability to provide leisure and cultural services as well as the significant financial implications, it was agreed that the residual risk score be increased from 12 to 16.</p>
<p>6. Failure to complete the re-development of Beeston town centre</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	25	<p>16</p> 	<p>The action to complete the sale of part of the site for residential development was updated to refer to the anticipated completion date of November 2020.</p> <p>An action to consider initial 'pop-up' uses for the proposed food and beverage outlets to generate activity and footfall needs before tenants can be secured was added.</p> <p>Given economic impact of the coronavirus outbreak and how this may impact upon the cinema operator and the ability to secure tenants for the food and beverage outlets, it was agreed that the residual risk score be increased from 15 to 16.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>7. Not complying with domestic or European legislation</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	25	<p>8</p> 	<p>An action to conduct a review of Council premises to ensure measures are in place to mitigate the risk of legionella was deleted.</p> <p>Whilst there is an action to react to the impact of legislative changes arising from the UK leaving the EU, 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> <p>Given the effectiveness of the key controls and risk indicators in place for this risk and the progress being made in addressing the actions, it was agreed that the residual risk score be reduced from 12 to 8.</p>
<p>8. Failure of financial management and/or budgetary control and to implement agreed budget decisions</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	25	<p>8</p> 	<p>New action points have been added:</p> <ul style="list-style-type: none"> • Present an updated Medium Term Financial Strategy and a revised Business Strategy to the Finance and Resources Committee on 8 October 2020. • Complete monthly returns to MHCLG on the additional costs incurred and income lost as a result of the coronavirus outbreak. <p>Given the effectiveness of the key controls/risk indicators in place and the progress made in addressing the action points, it was agreed to reduce the residual risk score from 12 to 8.</p>
<p>9. Failure to maximise collection of income due to the Council</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had worsened.</i></p>	20	<p>12</p> 	<p>An action was added to recommence debt recovery activity following the temporary suspension in response to the coronavirus outbreak.</p> <p>Given the potential financial impact of the coronavirus outbreak upon many debtors' ability to meet their liabilities it was agreed to increase the residual risk score from 9 to 12.</p>

Risk	Inherent Risk	Residual Risk	Changes
10. Failure of key ICT systems <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	10 	The key ICT systems have been rigorously tested by the coronavirus pandemic outbreak, particularly with the move to agile working and the introduction of virtual committees. There has been negligible impact upon service delivery with few major difficulties encountered.
11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i>	20	4 	The action to present a report to the Jobs and Economy Committee on 27 February 2020 on proposals to further regulate houses in multiple occupation (HMOs) was completed. Given the effectiveness of the key controls and risk indicators in place for this risk and the progress that is being made in addressing the action points, it was agreed that the residual risk score be reduced from 8 to 4.
12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose 2018-2020 <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i>	15	4 	No changes. Given the effectiveness of the key controls and risk indicators in place for this risk and the progress that is being made in addressing the action points, it was agreed that the residual risk score be reduced from 6 to 4.
13. Failure to contribute effectively to dealing with crime and disorder <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i>	15	3 	The action to present a Knife Crime Action Plan to the Community Safety Committee on 4 June 2020 was completed. Given the effectiveness of the key controls and risk indicators in place for this risk and the progress that is being made in addressing the action points, it was agreed that the residual risk score be reduced from 6 to 3.

Risk	Inherent Risk	Residual Risk	Changes
<p>14. Failure to provide housing in accordance with the Local Development Framework</p> <p><i>The position with regards to this risk is unchanged.</i></p>	20	12 	<p>Development Corporation Working Groups was added as a key control.</p> <p>The action to consider the outcome of the Government's review of the Community Infrastructure Levy was replaced with one to consider the possible implications of the Government's proposals to deliver new housing by overhauling the planning system, including a new Infrastructure Levy.</p>
<p>15. Natural disaster or deliberate act, which affects major part of the Authority</p> <p><i>The position with regards to this risk is unchanged.</i></p>	15	12 	<p>New action points have been added:</p> <ul style="list-style-type: none"> • Review the Flu Pandemic Plan • Prepare for a potential second wave of coronavirus over the winter months. <p>Actions to brief Senior Management Team on the Flu Pandemic Plan and to provide a coronavirus awareness training to staff were completed.</p> <p>Given the Council's response to the threat from the coronavirus outbreak across all services, including the Recovery Plans that have been presented to various committees, it was felt that the risk scores did not need to change.</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 worsened.</i></p>	20	6 	<p>Whilst it was felt that the inherent and residual risk scores did not need to change, it was considered that the potential economic impact of the coronavirus outbreak upon the local community meant that the position with regards to this particular risk had worsened since the previous meeting.</p>
<p>17. Failure to maximise opportunities and to recognise the risks in shared services arrangements</p> <p><i>The position with regards to this risk is unchanged.</i></p>	20	9 	<p>The Integrated Revenues and Benefits Service Framework Agreement has been removed as a key control.</p> <p>An action point to present the Shared Services Annual Report to Policy and Performance Committee on 1 October 2020 was added.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>18. Corporate and/or political leadership adversely impacting upon service delivery</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	8 	<p>The new Corporate Plan 2020-2024 is added as a key control.</p> <p>The actions to address the findings of the external investigation into complaints and grievances involving the conduct of officers of the Council and to recruit to the vacant Monitoring Officer position have been deleted.</p>
<p>19. High levels of sickness</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	16	6 	<p>An action point to present a report on employee wellbeing and wellbeing at work to Personnel Committee on 29 September 2020 was added.</p> <p>Sickness absence levels improved considerably since staff were instructed where possible to work from home in response to the coronavirus pandemic. This has been a real positive of the agile working arrangements introduced as part of the New Ways of Working Project.</p> <p>Given the effectiveness of the key controls and risk indicators in place and the progress made in addressing the action points, the residual risk score has been reduced from 9 to 6.</p>
<p>20. Lack of skills and/or capacity to meet increasing initiatives and expectations.</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	20	12 	<p>The Organisational Development Strategy is added as a key control.</p> <p>An action was added to present a coaching and mentoring report to Personnel Committee.</p> <p>An action to present a report on future skills requirements and a Learning and Development Strategy to Personnel Committee was completed.</p> <p>Given the effectiveness of the key controls and risk indicators in place and the progress made in addressing the actions, the residual risk score has been reduced from 16 to 12.</p> <p>There is significant overlap with Risk 21 below. Consideration will be given to consolidating these risks.</p>

Risk	Inherent Risk	Residual Risk	Changes
<p>21. Inability to attract/retain key individuals or groups of staff</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	20	<p>12</p> 	<p>The Organisational Development Strategy was added as a key control.</p> <p>The completed action to present the findings of East Midlands Councils review of the Broxtowe pay and reward model to Personnel Committee in June 2020 is deleted.</p> <p>Given the effectiveness of the key controls and risk indicators in place for this risk and the progress that is being made in addressing the action points, it was agreed that the residual risk score be reduced from 16 to 12.</p> <p>There is significant overlap with Risk 20 above. Consideration will be given to consolidating these risks..</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>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	20	<p>6</p> 	<p>Actions to develop Fuel Poverty and Food Poverty Strategies were added.</p> <p>Given the response of the Council to the coronavirus outbreak it was considered that the position with regards to this particular risk had improved since the previous meeting and it was agreed that the residual risk score be reduced from 9 to 6.</p>
<p>23. Unauthorised access of data</p> <p><i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i></p>	20	<p>6</p> 	<p>No changes.</p> <p>Given the effectiveness of the key controls and risk indicators in place and the progress being made in addressing the actions, the residual risk score was reduced from 9 to 6.</p>
<p>24. High volumes of employee or client fraud</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	<p>9</p> 	<p>The action to conduct a fraud risk assessment exercise, in conjunction with GMT, and develop a fraud risk register has been completed.</p> <p>An action to undertake fraud risk assessments for the Small Business Grant Fund; Retail Hospitality/Leisure Grant Fund; and Local Discretionary Grant Fund awards and planned post-assurance work was added.</p>

Further Details

The following items are highlighted for the attention of Members.

1. Coronavirus Outbreak

The impact of the coronavirus outbreak upon the Council's strategic risks was the main issue for discussion. The majority of residual risk scores were subsequently amended (upwards or downwards) as a result.

The coronavirus outbreak and the notice of termination by Kimberley School of the joint-use agreement governing the operation of Kimberley Leisure Centre were considered to be particularly significant for Risk 4 (Failure of Strategic Leisure Initiatives) and Risk 5 (Failure of Liberty Leisure Trading Company).

2. Horizon Scanning – July 2020

It was noted that the Devolution and Local Recovery White Paper due to be published in the autumn could, in theory, pose an existential threat to the Council. The Strategic Risk Management Group will consider how this might be addressed in the Strategic Risk Register once the White Paper has been published.

3. Business Continuity Planning

The coronavirus outbreak has tested departmental business continuity plans in a manner that few could have expected and they have been proved robust and capable of adapting to changing circumstances as required. Most services continued to operate in some form with additional capacity provided in areas such as Bramcote Crematorium and feedback has been overwhelmingly positive.

The Council should not neglect the opportunity to learn from this experience and steps should be taken to review departmental business plans to see how they may be enhanced, particularly in view of a potential second wave of coronavirus over the winter months.