



**Finance, Resources, Audit and Governance Committee**  
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## **Strategic Risk Update**

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**Portfolio:** Governance and Efficiency

**Ward(s) Affected:** None

### **Purpose of the Report:**

The purpose of this report is to provide an overview of the current position of the Strategic Risk Register and approach for South Norfolk Council.

### **Recommendations:**

1. Review and note the Strategic Risk Register for the Council.

1.1 This report provides the committee with an update and overview of the current position in terms of strategic risk for South Norfolk Council.

## **2 BACKGROUND**

2.1 The Risk Management Policy sets out the approach for the Council in terms of how it will identify, manage, reduce and mitigate risks of all levels to the organisation.

2.2 To facilitate the management of risk throughout the organisation, the Council maintains a system of risk registers. The risks are identified through the Corporate Management Leadership Team's (CMLT) assessment of the risks to the delivery of the Council's Strategic Plan and Delivery Plan. The Strategic Risk Register records the strategic risks faced by the Council. Attached to this report is the latest update of the Strategic Risk Register.

2.3 The Strategic Risk Register forms part of the Council's quarterly (reported formally to Cabinet three times a year in Q2, Q3 and Q4) performance, risk and finance reports. The Strategic Risk Register is a document which is reviewed on a regular basis and subject to change depending upon the current circumstances in which the Council is operating.

2.4 As set out in the Policy, Cabinet has ultimate responsibility for:

- Setting the culture for risk management at the Council
- Approving the Policy
- For developing and approving Risk Appetite

2.5 Detailed oversight of the risk management process is delegated to the Finance, Resources, Audit and Governance Committee, who are responsible for scrutinising the scope and effectiveness of the risk management systems in place.

2.6 In developing the Strategic Risk Register, CMLT are responsible for identifying, evaluating and reporting on significant strategic risk faced by the Council. Strategic risks are risks that are significant in size, impact and duration and could impact on the performance of the Council as a whole. This may include operational risks escalated from particular services to the leadership level due to the potential scale of their impact.

2.7 Risks in the Strategic Risk Register are assessed for both their likelihood (on a scale of 1-5) and their impact if they were to happen (on a scale of 1-5), which are then combined to give each risk a severity score. Once all ongoing and planned mitigating actions are taken in consideration, each risk's "residual severity score" is recorded. The higher the severity score, the more significant the risk is.

2.8 Alongside the Strategic Risk Register, each directorate across the Council manages their Directorate Risk Registers. Directorate Risk Registers detail the more operational risks to the organisation and are the responsibility of the Director and Assistant Directors in that directorate to manage. If a risk on a Directorate

Risk Register scores a high severity score above our risk appetite as a council, this will be escalated to the Strategic Risk Register and reported to Cabinet and the Committee. There is also support, guidance and templates on identifying and managing risk (including project risk) available on our internal intranets for staff, as well as risk training available on our training platform; SkillsGate.

### 3 CURRENT POSITION/FINDINGS

3.1 During Q1 22/23 to Q2 22/23, CMLT have reviewed and updated the Strategic Risk Register to ensure we are managing the risks effectively and that we are taking the right action to prevent the risk from escalating and ultimately reduce the risk where possible. As part of reviewing the register, CMLT have taken into consideration:

- Whether risks are still relevant
- Any emergent risks which have been identified
- Whether the likelihood and impact of risks has changed
- Whether controls which are in place are still effective

3.2 The below heatmap provides an overview of the current risk register with the risks which are being managed at a strategic level. A full version of the Strategic Risk Register can be found in appendix 1, alongside a summary of the key changes to the risks since the last committee meeting.

Risk Scoring Matrix		1	2	3	4	5
		Insignificant	Minor	Moderate	Significant	Severe
5	Expected				SNCP1 – Nutrients Neutrality Impacts (no change)	
4	Highly Likely				SNCSI2 – Energy costs and disruption (no change) SNCGE1 – Leisure Memberships (increased from score 12 to 16) SNCM11 – One Team Capacity and Capability (increased from score 12 to 16)	
3	Likely			SNCM9 – Collaborative Working (no change) SNCGE3 – Regulatory Functions (no change)	SNCM6 – Reform and Devolution (no change)	SNCM12 – Cyber Attack (no change) SNCSI3 – Ukrainian Refugee Safeguarding (no change) <New> SNCSI4 – housing demand
2	Not Likely					SNCM1 – Financial (no change) <New> SNCP2 Gypsy/Traveller site identification
1	Rare					

3.3 There are three risks that have had their risk score changed:

- SNC S11 – Further waves of the Covid-19 pandemic
- SNC M11 – Capability and capacity of the organisation
- SNC GE1 – Membership and income levels at the leisure centres

## Rationale

- 3.4 SNC S11 – Further waves of the Covid-19 pandemic. The risk score has been reduced from 12 to 6 due to the changing environment rather than mitigation implementation, which remains in place. The One Team continues to monitor the national and local position, with a vaccination programme planned by Government for the deemed at risk in advance of winter. Incidents appear stable and low, without due effect on residents. Staff COVID related sickness is still occurring but at a manageable level. Structures remain in place to respond accordingly if necessary. This risk will now be de-escalated to the People and Communities Directorate Risk Register to continue to be managed.
- 3.5 SNC M11 – Capability and capacity of the organisation. The risk score has increased from 12 to 16 to reflect the changing likelihood score due to the current environment. The increase is due to current market pressures and the retention and recruitment risk that this is bringing. Some areas of the organisation with high qualification/experience requirements are feeling this increased difficulty in recruitment/retention. Grow our own and apprenticeship/Career Grade strategy are unlikely to bear significant fruit until at least 2023/24.
- 3.6 SNC GE1 – Membership and income levels of the leisure centres. The risk score has increased from 12 to 16 due to the changing environment. The service continues to provide a range of incentives and marketing to encourage membership take up, which while ahead of the previous projections is showing signs of plateauing. The current issues around the increased cost of living could have a negative impact upon membership and usage levels as residents cut back on unnecessary expenditure, but it is too early to see any impacts. Also, the increase in utility costs, particularly electricity will have a negative impact upon expenditure currently projected to be in the order of c£150K.
- 3.7 Two risks will be removed from the risk register:
- As above SNC S11 – Further waves of the Covid-19 pandemic - The risk score has reduced and will be de-escalated to the People and Communities Directorate Risk Register.
  - SNC A1 – ICT Infrastructure. The risk is to be closed as the mitigating actions have all been completed. The risk score has reduced from 15 to 3 as new infrastructure is all in place and data transfer has been completed and we are now running on the new infrastructure. There is a maintenance contract in place to assist with any issues while consideration is given to longer term support provides resilience if any issues occur.
- 3.8 Two new risks have been added to the risk register:
- SNC S14 – Private and social housing stock to meet demand on the Council
  - SNC P2 – Gypsy/Traveller site identification
- 3.9 These risks are new to the organisation, therefore an update on mitigating actions will be brought forward to Cabinet in Quarter 2 Performance, Risk and Finance reports.

#### **4 PROPOSED ACTION**

- 4.1 The Strategic Risk Register, alongside the Directorate Risk Registers will continue to be managed and reviewed into the next quarter. An update on the Strategic Risk Register will be brought forward to Cabinet as part of the Quarter 2 Performance, Risk and Finance reports.

#### **5 OTHER OPTIONS**

- 5.1 None.

#### **6 ISSUES AND RISKS**

- 6.1 **Resource Implications** – each risk has associated resources aligned to each action.
- 6.2 **Legal Implications** – no implications.
- 6.3 **Equality Implications** – no implications.
- 6.4 **Environmental Impact** – no implications.
- 6.5 **Crime and Disorder** – no implications.
- 6.6 **Risks** – no implications.

#### **7 RECOMMENDATIONS**

- 1. Review and note the Strategic Risk Register update for the Council.