



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 SUMMARY

- 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 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				SNCGE1 – Leisure Memberships (no change) SNCM11 – One Team Capacity and Capability (no change)	
3	Likely			SNCM9 – Collaborative Working (no change) SNCGE3 – Regulatory Functions (no change)	SNCM6 – Reform and Devolution (no change) SNCSI2 – Energy costs and disruption (reduced from 4x4 risk score) <New> SNCSI14 – Cost of Living Crisis	SNCM12 – Cyber Attack (no change) SNCSI3 – Ukrainian Refugee Safeguarding (no change)
2	Not Likely					<New> SNCSI4 – housing demand <New> SNCP2 Gypsy/Traveller site identification SNCM1 – Financial (no change)
1	Rare					

3.3 Two strategic risks have been removed or de-escalated from the risk register since the last committee meeting. These are:

- SNC A1 – risk of failure of our ICT Infrastructure.
- SNC SI1 – risk of the council being unable to respond effectively to further waves of the Covid-19 Pandemic.

Rationale

- 3.4 SNC A1 – risk of failure of our ICT Infrastructure. The risk has been closed and removed from the risk register as the mitigating actions have now all been completed.
- 3.5 SNC SI1 – Further waves of the Covid-19 pandemic. The risk has been de-escalated and removed from the Strategic Risk Register as the risk is now within our appetite. The risk continues to be monitored at an operational level.
- 3.6 One strategic risk has had its risk score changed:
- SNC S12 – Energy costs and disruption. The score reduced during Q2. The costs of diesel and electricity have begun to stabilise, the decision not to switch to HVO fuel has helped to reduce fuel costs at the depot and while electricity costs will remain high from Oct to March 2023 to unit costs, will then reduce down to pre-inflated levels. The project to install solar panels on the leisure centres is progressing and will reduce electricity costs from April 2023.
- 3.7 Three new risks have been added to the risk register:
- SNC SI14 - risk of insufficient private and social housing stock to meet growing demand on the Council and Temporary Accommodation
 - SNC P2 – inability to fund Gypsy and Traveller sites to meet the need and enable the Greater Norwich Local Plan to be found sound
 - SNC SI15 – impacts on demand for council services as a result of the cost of living crisis
- 3.8 These risks are new to the organisation, therefore an update on mitigating actions will be brought forward to Cabinet in the Q3 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 Q3 Performance, Risk and Finance reports.
- 4.2 Moving forward, options are being reviewed for further training of staff across the One Team on identifying and managing risk, aiming to compliment the Policy and Guidance which has been developed to date.

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 further implications from those already considered within this report..

7 RECOMMENDATIONS

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