

Three Rivers District Council

Policy and Resources Report

Review of Strategic Risks

11 March 2024

POLICY AND RESOURCES COMMITTEE – 11 MARCH 2024

PART I

REVIEW OF STRATEGIC RISKS (ADSPH)

1 Summary

- 1.1 This report gives details of progress against the Risk Treatment Plans for the Strategic Risks relating to the priorities identified in the Corporate Framework 2023-2026.

2 Details

- 2.1 The Council's Risk Management Strategy was approved by the Policy and Resources Committee at its meeting on 5 November 2018 and was last reviewed by the Audit Committee at its meeting on 29 September 2022. In accordance with the Strategy, the Policy and Resources Committee determines which of the Council's risks are 'strategic' and receives progress reports on their treatment. A strategic risk is defined as one that would seriously prejudice the achievement of the objectives of the Corporate Framework.

- 2.2 The risks on the Strategic Risk Register are aligned to the Objectives of the Corporate Framework 2023-2026:

- Provide responsive and responsible local leadership.
- Expand our position as a great place to do business.
- Support and enable sustainable communities.
- Achieve net carbon zero and be climate resilient.

- 2.3 There are currently 8 risks on the Strategic Risk Register:

ST01	Failure to achieve the target of nett additional homes
ST02	Failure to achieve Community Safety targets
ST03	Failure to make progress on the Climate Change Strategy and action plan
ST04	Failure to make progress on the development of an Economic Strategy
ST06	Failure to deliver the Property Investment Strategy
ST07	The Medium term financial position worsens.
ST08	Failure to retain or recruit well trained and experienced staff, resulting in reduction of high quality services
ST09	Loss of ICT service to internal departments and therefore external customers and / or potential for financial or data fraud

- 2.3 The Corporate Management Team has reviewed the current register and has proposed the following amendments:

- 2.3.1 It is proposed to redefine Risk ST02 (Failure to achieve Community Safety targets) as an Operational Risk, to be managed in the Strategy and Partnerships

Risk Register. This is proposed because the Council has limited control over the risk and mitigations.

- 2.3.2 Risk ST03 (Failure to make progress on the Climate Change Strategy and action plan) has been replaced with Risk ST10 – Failure to deliver net-zero carbon commitments which is in line with the new Climate Emergency and Sustainability Strategy 2023-2027.
- 2.3.3 It is proposed to redefine Risk ST04 (Failure to make progress on the development of an Economic Strategy) as an Operational Risk, to be managed in the Property Services Risk Register. This is proposed because there is limited resource to progress the development of the strategy and can be better managed as an operational risk going forward.
- 2.3.4 It is proposed to redefine Risk ST06 (Failure to deliver the Property Investment Strategy) as an Operational Risk, to be managed in the Property Services Risk Register. The risk will continue to be monitored at the Property Investment Board meetings.
- 2.4 The relevant Heads of Service have reviewed the other risks for which they are responsible and have updated the Strategic Risk Register, which is attached at appendix 1.
- 2.5 Final service plans for individual departments were agreed at Council on 20th February 2024 and include all operational, current strategic risks and the new climate adaptation and resilience risks.

3 Options and Reasons for Recommendations

- 3.1 The Policy and Resources Committee is responsible for monitoring the treatment of strategic risks.

4 Policy/Budget Reference and Implications

- 4.1 The recommendations in this report are within the Council's agreed policy and budgets. The relevant policy is entitled Risk Management Strategy which was agreed on 5 November 2018 and most recently reviewed by the Audit Committee in September 2022.

5 Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications

- 5.1 None specific.

6 Recommendation

- 6.1 That Policy and Resources Committee agree the revised Strategic Risk Register (Appendix A).

Report prepared by: Phil King, DP and Resilience Manager

Data Quality

Data sources:

Strategic Risk Register.

Data checked by:

Phil King, DP and Resilience Manager

Data rating: Tick

1	Poor	
2	Sufficient	✓
3	High	

Background Papers

APPENDICES / ATTACHMENTS

Appendix A – Strategic Risk Register (February 2024)

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates	Comments on last risk review
Jan-21	ST01	Head of Planning Policy	Strategic	Failure to achieve the target of nett additional homes	Government 'standard method' target now advisory starting point as set out in the updated 2023 NPPF. As such, where justified we do not need to meet the target but will have to demonstrate through new Local Plan	2	2	4	Adopt new local plan as soon as possible with site allocations to meet housing targets.	Head of Planning Policy	2	2	4	⇒	Local Plan Sub-Committee , Policy and Resources Committee and full Council have to agree Regulation 18, 19 and submission of the Local Plan in accordance with the Local Development Scheme	Head of Planning Policy	Dec-24	Reg. 18 consultation undertaken and number of representations received together with resourcing issues over the last year meant that Reg 19 stage has been delayed until Q4 of 2023. LDS has been updated to reflect the new Local Plan timetable.
Apr-08	ST02	Head of Strategy and Partnerships	Strategic	Failure to achieve Community Safety targets	There is a risk of increased crime and ASB as a consequence of the cost of living crisis but overall this does not impact the risk scores	3	2	6	Quarterly performance reports to Community Safety Board and Co-ordination Group; Briefings with Leader and Lead Member; Participation in Families First, Community Support Service, Offender Management Group, South West Herts Youth Action Panel, Domestic Abuse Partnership Board and ASB Action Group; Strategy overall is on target and reviewed annually with Police; Where individual targets not met new action plans have been put in place and targets revised annually.	Community Safety & Safeguarding Manager	1	2	2	⇒	Continue to develop joint funding bids for projects and bid to PCC funds each year when available; Community Safety Board to review funding position of successful project and alternative funding strategies to be explored	Community Safety & Safeguarding Manager	Ongoing	Impact and likelihood scores have not changed since last review. Action Plan has been updated. Propose to redefine as Operational Risk to be managed in the Strategy and Partnerships Risk Register.
Jan-21	ST04	Head of Property Services & Economic Growth	Strategic	Failure to make progress on the development of an Economic Strategy		4	3	12	Recruit part time Economic Growth Officer shared role with UKSPF coordinator (50:50). Handover from Planning Policy to Economic Growth Team and no dedicated staffing resources have necessitated the need to move the development and adoption of the Economic Strategy back to 2023/24.	Head of Property Services & Economic Growth	3	2	6	⇒	Appointment of part-time Economic Growth Officer	Head of Property Services & Economic Growth	Mar-24	Following the departure of the former Planning Policy Manager, the responsibility for the Economic Strategy has passed over to the Economic Growth Team. There are no immediate staffing resources available and so it has been necessary to reconsider how the Economic Strategy can be developed & adopted. The intention is to utilise 50% of the (yet to be appointed) UKSPF Officer's time to support the development of the Economic Strategy. Propose to redefine as Operational Risk to be managed in the Property Services Risk Register.
Jan-21	ST06	Head of Property Services & Economic Growth	Strategic	Failure to deliver the Property Investment Strategy		3	3	9	Property Investment Board. Property Strategy approved.	Head of Property Services & Economic Growth	2	3	6	⇒	Continue with PIB meetings	Head of Property	Ongoing	There have been no fundamental changes to the impact or likelihood of the risk since the last review. Continued monitoring and regular oversight from the PIB will ensure that this risk is managed adequately and within acceptable limits. Propose to redefine as Operational Risk and manage in the Property Services Risk Register.
Jul-14	ST07	Director of Finance	Strategic	The Medium term financial position worsens.	In that the general fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme. This appears as item no.8 in the Council's strategic risk register.	4	4	16	The Council has a robust financial management framework which includes regular budget monitoring reports to committees; Budgetary and Financial Risk Register reviewed and updated as part of the budget monitoring process; identification of budgetary pressure when reviewing the medium term financial plan during the budget setting process; Audited Statement of Accounts, including Annual Governance Statement. Currently the 2019/20 annual accounts are awaiting sign off from the external auditors and 2020/21 annual accounts are well progressed.	Head of Finance	3	2	6	⇒	Regular budget monitoring reports to committees; Budgetary and Financial Risk Register reviewed and updated as part of the budget monitoring process; identification of budgetary pressure when reviewing the medium term financial plan during the budget setting process which includes a risk assessment for the prudent level of general balances and an assessment of financial resilience with reference to the CIPFA Financial resilience index.	Head of Finance / Heads of Service	Ongoing	Impact and likelihood scores have not changed since last review
Nov-21	ST08	Executive Head of HR and Organisational Development (WBC)	Strategic	Failure to retain or recruit well trained and experienced staff resulting in reduction of high quality services	Low morale, uncompetitive salary/terms and conditions. Bouyant local job market and competition from London authorities and other local organisations. Lack of career opportunities. Retirement and lack of succession planning	3	3	9	Monitoring of staff workloads, staff appraisals, staff satisfaction survey, bechmarking of salaries, consider market factor supplements. Each service area to develop succession planning	Executive Head of HR and OD / Heads of Service	3	3	9	⇒	Continue with existing risk controls	Executive Head of HR and OD / Heads of Service	Ongoing	We will continue to monitor this risk. It will form part of the service review discussions with AD's in Q3. It has also been incorporated in all HR Business Partner's PDRs as a way of monitoring and managing the risk at a local level.
Nov-21	ST09	Associate Director of ICT and Shared Services (WBC)	Strategic	Loss of ict service to internal departments and therefore external customers and / or potential for financial or data fraud.	Lack of appropriate security controls, failure to report security breaches, lack of training for all staff to identify when a security incident has taken place, failure to remediate identified vulnerabilities, failure to patch systems appropriately, unsupported software in place	3	4	12	Systems regularly backed up. IT Health check conducted once a year and follow-up actions completed. All non-supported operating systems and third party software either removed or isolated from the network. Annual external audit focussing on Cybersecurity. Threat alerts and advice received from National Cyber Security Centre. Active member of South East Government Warning, Advisory and Reporting Point (SEGWARP)	Associate Director of ICT and Shared Services	2	4	8	⇒	Increased all backup frequencies across all major systems. Threat management on desktops mitigated by implementation of Qualys as at December 2023	Head of ICT	Ongoing	December 2023 Risk Register reviewed and updated quarterly Applied MFA to O365/Teams and Admin management portals to provide extra layer of security for user and admin accounts. BullWall Ransomware product renewed. Mimecast managing email and web filtering. Desktop threat management addressed by procurement and deployment of Qualys which reports all vulnerabilities on user devices Mobile Device Management migrated to MS Intune - access to Outlook now closed unless MDM is being used. ie BYOD restricted to devices with Intune. Working abroad controls in place - access restricted if abroad without a service request approved by line manager and also by ICT where the visited territories are considered safe. Windows updates - Servers patched quarterly. End user devices patched monthly ICT Healthcheck completed by MTI in October 2023 PSN compliance submitted to Cabinet Office for both Watford and Three Rivers.

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Jan-24	ST10	Head of Strategy and Partnerships	Strategic	Failure to deliver net-zero carbon commitments	<p>Failure to meet targets in regard to net zero for Council operations by 2030, and implement climate resilience measures. Resulting in reputational risk, lack of contribution to Paris CC agreement of 1.5 degrees and service exposure to impacts of extreme weather.</p> <p>Failure to make progress towards district net zero 2045 target. Resulting in reputational risk, lack of contribution to Paris CC agreement of 1.5 degrees and greater district exposure to impacts of extreme weather.</p>	4	4	16	<p>Assisted by the Net Zero Living Programme from Innovate UK a financially modelled plan must be agreed which identifies the cost, the financial barriers and how to overcome them. External funding bids made whenever available and suitable. Resilience Risk Register completed for council services.</p> <p>Continue to actively encourage partners to develop net zero plans, pursuing social housing retrofit programmes. Expand the green economy so the district has the skills to deliver the work required. Through the Net Zero Living Programme establish a retrofit one stop shop for the able to pay. Encourage community energy projects in community buildings including schools. Working with partners Develop a programme to encourage businesses to achieve net zero. Ensure resilience risk register actions are implemented to minimise impact of the changing climate to Three Rivers residents.</p>	Climate Change and Sustainability Strategy Officer	3	3	9	⇒	Ensure the action plan is delivered and monitored regularly. BI annual updates at CCLC Committee. Grant opportunities sought to ensure funding and partnerships can deliver strategy.	Climate Change and Sustainability Strategy Officer	Ongoing	Replaces ST03 - Failure to make progress on the Climate Change Strategy and action plan.

CLOSED RISKS

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates	Comments on last risk review
Jan-21	ST05	Head of Planning Policy	Strategic	Failure to make progress on infrastructure investment by Hertfordshire Growth Board (Accelerated housing provision)		3	3	9	Hertfordshire Growth Board prepare consolidated bid for the whole county	Head of Planning Policy	2	3	6	⇒	Accelerating housing delivery project - assessing list of potential sites	Head of Planning Policy	Dec-21	Advised that Herts Growth Board are waiting for the Autumn Statement to see if Hertfordshire have been successful in a bid. No potential sites in Three Rivers have been identified. Recommend that risk is closed (Dec 2021)
Jan-21	ST03	Head of Community Partnerships	Strategic	Failure to make progress on the Climate Change Strategy and action plan	Good progress is being made on this work but further progress will be largely dependent on available funding which could be limited in the coming year	3	3	9	Permanent staff recruited and in post. Strategy and Action plan agreed.	Head of Community Partnerships	2	2	4	⇒	Ensure the action plan is delivered and monitored regularly. BI annual updates at LEC Committee. Grant opportunities sought to ensure funding and partnerships can deliver strategy.	Head of Community Partnerships	Ongoing	Replaced with ST10 Failure to deliver net-zero carbon commitments (January 2024)

Risk Management scoring matrix

	LIKELIHOOD			
IMPACT	1 Remote (≤5%)	2 Unlikely (6-20%)	3 Likely (21-79%)	4 Very Likely (≥80%)
4 Catastrophic	4 LOW	8 HIGH	12 VERY HIGH	16 VERY HIGH
3 Critical	3 LOW	6 MEDIUM	9 HIGH	12 VERY HIGH
2 Significant	2 LOW	4 LOW	6 MEDIUM	8 HIGH
1 Marginal	1 LOW	2 LOW	3 LOW	4 LOW

Impact Classification	Service disruption	Financial loss	Reputation	Failure to meet legal obligation	People
4 Catastrophic Impact	Total loss of service	>£500k	Adverse national media coverage / many complaints	Litigation, claim or fine >£500k	Fatality of one or more clients or staff
3 Critical Impact	Significant service disruption	£100k - £500k	Adverse local media coverage / several complaints	Litigation, claim or fine £100k - £500k	Serious injury, permanent disablement of one or more clients or staff
2 Significant Impact	Service disruption	£25k - £100k	Local public interest / some complaints	Litigation, claim or fine £25k - £100k	Major injury to an individual
1 Marginal Impact	Minor service disruption	<£25k	Isolated complaints	Litigation, claim or fine <£25k	Minor injury to less than 5 people

