AUDIT COMMITTEE – 4TH SEPTEMBER 2018

Report of the Head of Strategic Support

Part A

ITEM 07   RISK MANAGEMENT (RISK REGISTER) UPDATE

Purpose of Report

The purpose of this report is to provide the Committee with details of the interim Strategic Risk Register produced for 2018/19.

Recommendation

The Committee notes the report.

Reason

To ensure the Committee is kept informed of progress against the strategic risks that should they crystallise would cause the Council to be unable to operate and/or provide key services leading to a significant adverse effect on public wellbeing'.

Policy Justification and Previous Decisions

The interim Strategic Risk Register for 2018/19 was approved by Cabinet on the 14th June 2018. Cabinet resolved that the Audit Committee monitor progress against those risks on the register by receiving and considering monitoring reports on a quarterly basis.

Implementation Timetable including Future Decisions

Reports will continue to be submitted to the Committee on a quarterly basis.

Report Implications

The following implications have been identified for this report.

Financial Implications

None

Risk Management

There are no specific risks associated with this decision.

Background Papers: None

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Part B

<u>Background</u>

1. In accordance with the Committee's work programme the Committee receives monitoring reports in respect of the Councils risk management arrangements. The reports provide a detailed commentary against the risks included in the strategic risk register.

2. During March 2018, the Council was subject to a Local Government Association (LGA) Peer Challenge review. One of the recommendations (Recommendation 7) arising from the review was for the Council to:

   - **Establish risk appetite and strengthen approach to risk management.** To provide stronger assurance around risk and identify a risk tolerance level that is right for Charnwood to further its commercial activities.

   To address this recommendation, the Council's risk management framework will be reviewed and a revised risk management framework and strategy proposed to Members. The format of the Strategic Risk Register will also be considered as part of the review.

   To ensure that the Council has adequate risk management processes in place during the period of the review an interim Strategic Risk Register has been developed in accordance with the Council's incumbent risk management framework.

3. Following the review of the risk management framework a revised Risk Management Strategy and Strategic Risk Register will be proposed to Cabinet. The target date for this is December 2018.

<u>Development of the Register</u>

4. The interim Strategic Risk Register for 2018/19 was compiled following consultation with Cabinet Members, Audit Committee Members and the Senior and Corporate Management Teams. The register was approved by Cabinet on the 14th June 2018.

3. The register, and the position with the identified risks as at 30th June 2018, is shown at Appendix A. Following the quarterly review of the register, there have been some additions and amendments to the mitigating actions and controls recorded, as shown in **_bold italics_** on the register and progress with 'Future Actions' updated.

4. In reading the risk register attached at the Appendix it is important to understand that the 'Overall Score' shown in the middle column of the table is the risk that the Council would bear if *no* actions were taken to mitigate the risk. In the vast majority of cases the Council is able to operate risk mitigation processes which result in the lower 'Net Risk Score' shown in the right hand column. It is this latter score which represents the current assessment of strategic risks faced by the Council.

5. To ensure that the Strategic Risk Register can be kept up to date and relevant in light of any changes in circumstances during the year, Cabinet have delegated authority to the Head of Strategic Support to make amendments to the risk register where required, in consultation with the relevant Strategic Director and Lead Member.

6. Ongoing work will be undertaken to fully identify mitigating controls and actions, and to review the residual risk scores.

7. The Council's current risk matrix is shown at Appendix B to assist the Committee in considering the status of the identified strategic risks.

Appendices

Appendix A – Strategic Risk Register 2018/19 as at 30th June 2018.

Appendix B – Current Risk Matrix

Risk Ref	Risk	Events (possible underlying cause)	Potential Consequences	Inherent Risk Rating			Mitigating Actions and Controls	Residual Risk Rating		
				Likelihood	Impact	Overall Risk Rating		Likelihood	Impact	Overall Risk Rating
SR1	Inadequate business continuity and recovery arrangements, resulting in major internal and/or external disruption to services in the event of an incident.	• Failure of IT systems • Loss of site due to fire or other severe incident. • Severe space weather e.g. solar storm • Severe weather; high/low temperatures, snow. • Fuel strike/shortages • Industrial Action (internal and external, e.g. teachers, to the Council). • Major power failure and other utilities at Council buildings • Effects of pandemics • Flooding to Council sites • Internal factors i.e. effect on service delivery caused by external factors e.g. staff affected by school closures, • Major infrastructure changes • Loss of key personnel • Contractor /supplier failure • Suppliers not GDPR compliant	• Inability to deliver key/critical services e.g.: benefits, refuse collection, homelessness applications, emergency repairs. • Reduction in access channels available to residents/customers i.e. contact centre, customer services, telephony.	3 (Possible)	5 (Severe)	**15** ⬆⬆	**Current Controls & Actions:** • Corporate Business Continuity Plan (BCP) is in place that identifies critical services and systems and required recovery timescales. Latest revisions July 2017. • IT disaster recovery and business continuity arrangements reviewed and ICT Team Recovery Plan produced and uploaded to Resilience Direct. • Periodic testing of business continuity arrangements – most recent test - September 2016. • External website is hosted off site. • Arrangements in place for recruiting interim staff where specialist knowledge/skills required. • Robust procurement processes, contract monitoring arrangements and review of media to maintain awareness of any issues affecting contractors/ key suppliers. • Team Recovery Plans for designated critical services signed off. • Business continuity checklist now included in procurement process checklists. • Review of Team Recovery Plans with newly appointed Heads of Service (ongoing as required). • Enhanced, disk based, off -site backup storage of the Council's data in place • Standby generator for the ICS building in place • Cloud based telephony infrastructure in place that is hosted offsite with resilient connections. • Contingency plans in place in event of failure of major contractor.	3 (Possible)	4 (Major)	**12** ⬆⬆
	Future Actions Planned: Implementation of electronic document management system(s)			**By When:** Ongoing		**Current Status:** Digital Mail – being rolled out across services, target for completion is Q4 2018/19. Backscanning – outline business cases have been passed to service areas to deliver. In relation to the back scanning of HR files, an option has been explored with a partner to iTrent. The		**Responsible Officer:** Strategic Director of Housing, Planning & Regeneration and Regulatory Services.		

						cost is quite significant therefore wider options are being considered. Hybrid Mail – the business case was approved by the Project Board in May 2018 and awaits sign off by the Programme Board at the next meeting.					
SR2	Inadequate data sharing and data security arrangements.	• Ineffective processes for sharing of data with appropriate agencies/authorities leading to safeguarding failure. • Theft or loss of data • Theft or loss of equipment • Failure to maintain Public Services Network accreditation and being denied access to PSN data. • Viral attack • Improper disclosure of confidential information. • Disposal of IT equipment • Non – communication between parties e.g. of data security incidences. • Failure to comply with GDPR requirements**.**	• Major reputational damage • Loss of public confidence in the organisation. • Inability to operate key business processes	4 (Probable)	5 (Severe)	**20** ⬆⬆⬆	**Current Controls & Actions** • Policies and processes are in place for interagency referrals and data sharing in safeguarding matters. • Membership and attendance at meetings of county wide groups e.g. the District Implementation Group (DIG), a county wide group involving district, borough and county councils within Leicestershire and the Local Safeguarding Children's Board that brings together all the main organisations who work with children and families in Leicestershire. • Annual IT Health Checks including penetration testing. • Data Protection guidance and training for staff. • IT Security Policies in place. Plans in place to meet Government standards (PSN/GDPR) • Protective marking and security controls on emails which allow appropriate labelling of protect and restricted information**.** • Staff and Member training on Information Security Policies and practice and sign up to policies – implementation of annual sign up. • Training of key staff with designated information security responsibilities • Data Protection Officer in place • Improvement Plan signed off by Information Commissioners Office July 2017. Completed January 2018. • Refresher data protection training provided and has been completed by all staff. • Information Asset Register and processes for its management in place. • ***Roles and responsibilities of senior officers have been reviewed.*** • ***Information management processes have been reviewed to ensure compliance with GDPR.***	3 (Possible)	4 (Major)	**12** ⬆⬆

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	Future Actions Planned:			Target Date:		Current Status:		Responsible Officer:		
	1. Information Asset Register to be completed to include data sharing agreements.			1. Aug 2018		Information Asset Register is in place but there are gaps in respect of data sharing agreements. Heads of Service have been asked to provide the data sharing agreements in place in their service areas.		Strategic Director of Corporate Services		
	2. Project initiated January 2018 to ensure full compliance with Payment Card Industry Data Security Standards.			2. Jan 2019		The project plan was presented to the ICT Steering Board in May 2018.		Strategic Director of Corporate Services		
SR3	Inadequate civil contingency arrangements resulting in failure to respond appropriately to a major incident.	• Major incident/catastrophic event • Terrorism threat • Flooding • External fuel shortage • Pandemics • Major failure of power and other utilities within the Borough and wider area. • Major civil unrest. • Lack of adequately trained staffed to respond to an emergency.	• Inability to deliver key/critical services e.g. benefits, refuse collection, homelessness applications, emergency repairs. • Increased short term demand for services e.g. housing - alternative accommodation, repairs.	2 (Unlikely)	5 (Severe)	10 ⬆⬆	**Current Controls & Actions** • Participation in the Local Resilience Forum • Emergency plans in place for major events e.g. flood, fire and mass evacuation. • Emergency planning documents and contacts available on Resilience Direct website. • Testing of emergency plans e.g. flood exercise. • Business Continuity arrangements as for Strategic Risk 1. • 24/7 call out arrangements for senior managers and Emergency Management Officer. • LRF call out documents updated. • Rolling LRF programme of training and exercising for major incidents, recovery process and emergency centres. • Participation in LRF lead teleconferencing on likelihood of terrorist threat being heightened and all partners response should this occur. • Participation in Events Safety Advisory Group. • SMT/CMT on call duty rota in place	2 (Unlikely)	4 (Major)	8 ⬆
	Future Actions Planned: 1. Increase numbers of staff trained to both support emergency centres and fulfil loggist role.			**Target Date:** Dec 18		**Current Status:** Two members of staff have been identified to complete the loggist training.		**Responsible Officer:** Strategic Director of Corporate Services.		

APPENDIX B – RISK MATRIX

LIKELIHOOD

	Remote 1	Unlikely 2	Possible 3	Probable 4	Highly Probable 5
Severe 5	5 ⬆	10 ⬆⬆	15 ⬆⬆	20 ⬆⬆⬆	25 ⬆⬆⬆
Major 4	4 =	8 ⬆	12 ⬆⬆	16 ⬆⬆⬆	20 ⬆⬆⬆
Moderate 3	3 =	6 ⬆	9 ⬆	12 ⬆⬆	15 ⬆⬆
Minor 2	2 =	4 =	6 ⬆	8 ⬆	10 ⬆⬆
Insignificant 1	1 =	2 =	3 =	4 =	5 ⬆

IMPACT (vertical axis label)

Table 1: Description and definitions of the LIKELIHOOD of the RISK occurring

Scale / Level	Descriptor	Description
1	**Remote**	May only occur in exceptional circumstances
2	**Unlikely**	Is unlikely to occur, but could occur at some time
3	**Possible**	Fairly likely to occur at some time, or in some circumstances
4	**Probable**	Will probably occur at some time, or in most circumstances
5	**Highly Probable**	Is expected to occur in most circumstances

Table 2: An example of the description and definition of the IMPACT of the RISK should it occur (these are not set in stone – they are merely a guide)

Risk	Scale	Effect - Service Delivery	Effect - Financial	Effect Health & Safety	Effect – Environment	Effect – Reputation
Severe	5	Severe disruption to CBC. Loss of service	Severe financial loss >£1,000,000	Loss of life. Intervention by HSE	Significant local, national and/or international environmental damage	Extensive coverage in the national press and broadsheet

		delivery for more than seven days				editorial, and/or a national TV item
Major	4	Major disruption to CBC – serious damage to CBC's ability to service its customers. Loss of service for more than 48 hours but less than 7 days	Major financial loss >£100,000 -<£1,000,000	Extensive / multiple injuries. Intervention by HSE	Major damage to the local environment	Coverage in national broadsheets, the press, and/or low national TV reporting
Moderate	3	Noticeable disruption to CBC – some customers would be affected. Loss of service no more than 48 hours	High financial loss >£25,000 - <£100,000	Violence, threat or major injury - medical treatment required. Intervention by HSE	Moderate damage to the local environment	Coverage in the national tabloid press and/or extensive front page coverage in local press, and/or TV
Minor	2	Some disruption to internal business only - no loss of customer service	Medium financial loss >£5,000 -<£25,000	Minor injury - first aid treatment only required	Minor damage to the local environment	Minimal reputation damage. Minimal coverage in the local press
Insignificant	1	Insignificant disruption to internal business – no loss of customer service	Low financial loss <£5,000	No injuries	No, or insignificant environmental damage	No reputational damage