**CABINET – 15TH JUNE 2017**

**Report of the Head of Strategic Support**
**Lead Member: Councillor Poland**

**Part A**

ITEM 9 STRATEGIC RISK REGISTER 2017/18

Purpose of Report

The report proposes a revised Strategic Risk Register for 2017/18 that identifies the strategic risks to the Council.

Recommendations

1. That the Strategic Risk Register set out in Appendix 1 is adopted, and that the Audit Committee monitor progress against those risks on the register by receiving and considering monitoring reports quarterly on an exception basis.

2. That authority is delegated 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.

Reasons

1. To ensure that the Council has adequate risk management arrangements in place and to ensure that the most significant strategic risks which could impact on the delivery of the Corporate Plan objectives are identified and actively managed

2. 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.

Policy Justification and Previous Decisions

By concentrating on the management of the risks associated with the Corporate Plan objectives, the Strategic Risk Register will support the delivery of all the Council's corporate goals. In particular, sound risk management arrangements will contribute to the aim by ensuring that resources and activity are concentrated on those areas of greatest risk and the priority areas for the Council.

Implementation Timetable including Future Decisions and Scrutiny

If approved, the Risk Register will come into effect for the financial year 2017/18. The register will be monitored quarterly on an exception basis by the Senior Management Team and the Audit Committee.

Report Implications

The following implications have been identified for this report.

*Financial Implications*

There are no financial implications associated with these decisions

*Risk Management*

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

| Risk Identified | Likelihood | Impact | Risk Management Actions Planned |
|---|---|---|---|
| A significant Strategic Risk has not been identified and therefore may not be appropriately managed. | Unlikely | Moderate | The register has been developed following consultation with Members and the Senior and Corporate Management Teams, and will be reviewed, and updated if necessary, on a quarterly basis. |
| Risks may have been wrongly assessed resulting in insufficient risk management actions being taken. | Unlikely | Minor | The risk register will be reviewed, and updated if necessary, on a quarterly basis. |

Key Decision: No

Background Papers: None

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## Part B

Background

1. Cabinet receives this annual report on establishing a Strategic Risk Register and the embedding of risk management in the authority. The Council has a risk management framework which sets out the arrangements for identifying, monitoring and controlling the authority's risks.

2. The Council's approach to risk management incorporates three levels of risk, these being; strategic, corporate and operational.

   Under this approach the following definitions apply:

   **Strategic Risk** - 'An event or occurrence that would cause the Council to be unable to operate or provide key services leading to a significant adverse effect on public wellbeing.'

   **Corporate Risk**– 'An event or occurrence that would lead to a significant adverse effect on the Council's ability to provide important public services.'

   **Operational Risk** – 'An event or occurrence arising from inadequate or failed internal processes, people and systems, or from external events, leading to an adverse impact on service provision.'

   The strategic risk register will continue to be produced in consultation with Cabinet and Audit Committee members and the Senior and Corporate Management Teams.
   The corporate risk register is reviewed and monitored by the Corporate Management Team through the Risk Management Group on a quarterly basis.

3. Quarterly reports on the strategic risk register and progress against actions and controls designed to manage risks are considered throughout the year by the Senior Management Team and the Audit Committee. The Internal Audit team undertakes internal audit work designed to provide assurance that the risks identified in the strategic and corporate risk registers are being managed appropriately. The Audit Committee and Senior Management Team receive quarterly progress reports on the outcome of internal audit work to inform them in their role of managing and overseeing the risk management process.

4. The Council's project management and capital appraisal processes include risk management elements to ensure that the risks associated with all new projects and capital bids are identified and assessed, and form part of the process of determining whether projects should proceed. In addition, all Cabinet reports include a risk management section so that Members can take into account the associated risks before making decisions.

Development of the Risk Register

5. The proposed Strategic Risk Register for 2017/18 has been compiled following consultation with Cabinet Members, Audit Committee Members, the Senior Management Team and the Corporate Management Team.

6. In reading the risk register attached at Appendix 1 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.

7. Ongoing work will be undertaken with Services to fully identify existing mitigating controls and actions, and to review the residual risk scores.

Appendix 1 – Strategic Risk Register 2017/18

| 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<br>• Loss of site due to fire or other severe incident.<br>• Severe space weather e.g. solar storm<br>• Severe weather; high/low temperatures, snow.<br>• Fuel strike/shortages<br>• Industrial Action (internal and external, e.g. teachers, to the Council).<br>• Major power failure and other utilities at Council buildings<br>• Effects of pandemics<br>• Flooding to Council sites<br>• Internal factors i.e. effect on service delivery caused by external factors e.g. staff affected by school closures,<br>• Major infrastructure changes<br>• Loss of key personnel<br>• Contractor /supplier failure | • Inability to deliver key/critical services e.g.: benefits, refuse collection, homelessness applications, emergency repairs.<br>• Reduction in access channels available to residents/customers i.e. contact centre, customer services, telephony. | 3 (Possible) | 5 (Severe) | **15** ↑↑ | **Current Controls & Actions:**<br>• Corporate Business Continuity Plan (BCP) is in place that identifies critical services and systems and required recovery timescales. Latest revisions July 2016.<br>• IT disaster recovery and business continuity arrangements reviewed and ICT Team Recovery Plan produced and uploaded to Resilience Direct.<br>• Periodic testing of business continuity arrangements – most recent test - September 2016.<br>• External website is hosted off site.<br>• Arrangements in place for recruiting interim staff where specialist knowledge/skills required.<br>• Robust procurement processes, contract monitoring arrangements and review of media to maintain awareness of any issues affecting contractors/ key suppliers.<br>• Team Recovery Plans for designated critical services signed off.<br>• Business continuity checklist now included in procurement process checklists.<br>▪ Review of Team Recovery Plans with newly appointed Heads of Service (ongoing as required).<br>• Enhanced, disk based, off -site backup storage of the Council's data<br>• Procurement of a standby generator approved by Cabinet.<br>• Business Continuity arrangements refreshed to include DWP.<br><br>**Future Actions Planned:**<br>• Implementation of electronic document management system(s)<br>• Procurement of generator during Spring 2017. | 3 (Possible) | 4 (Major) | **12** ↑↑ |
| **SR2** | Inadequate data sharing and data security arrangements. | • Ineffective processes for sharing of data with appropriate agencies/authorities leading to safeguarding failure.<br>• Theft or loss of data<br>• Theft or loss of equipment<br>• Failure to maintain Public Services Network accreditation and being denied access to PSN data.<br>• Viral attack<br>• Improper disclosure of confidential information.<br>• Disposal of IT equipment<br>• Non – communication between parties e.g. of data | • Major reputational damage<br>• Loss of public confidence in the organisation.<br>• Inability to operate key business processes | 4 (Possible) | 5 (Severe) | **20** ↑↑↑ | **Current Controls & Actions**<br>• Policies and processes are in place for interagency referrals and data sharing in safeguarding matters.<br>• Information Sharing Steering Group in place to oversee data sharing arrangements.<br>• 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.<br>• Roll out of VDI across the Council that improves network security.<br>• Annual IT Health Checks including penetration testing.<br>• Data Protection guidance and training for staff.<br>• IT Security Policies have been reviewed and updated | 3 (Possible) | 4 (Major) | **12** ↑↑ |

| 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 |
| | | security incidences. | | | | | through PSN Project.<br>• Receipt of PSN Accreditation (Mar 2016)<br>• Changes to the way in which staff and councillors access and send emails through the introduction of improved security controls and protective marking controls which will allow appropriate labelling of protect and restricted information.<br>• Staff and Member training on Information Security Policies and practice and sign up to policies – implementation of annual sign up.<br>• Training of key staff with designated information security responsibilities<br><br>**Future Actions Planned:**<br>• Review of information security framework including roles and responsibilities of senior officers.<br>• Information Asset Register to be revised to incorporate data sharing policies and arrangements.<br>• Create an Improvement Plan in response to Information Commissioners Office.<br>• Creation of Data Protection Officer post.<br>• Review of processes to ensure compliance with GDPR requirements | | | |
| **SR3** | Inadequate civil contingency arrangements resulting in failure to respond appropriately to a major incident. | • Major incident/catastrophic event<br>• Terrorism threat<br>• Flooding<br>• External fuel shortage<br>• Pandemics<br>• Major failure of power and other utilities within the Borough and wider area.<br>• Major civil unrest.<br>• 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.<br>• Increased short term demand for services e.g. housing - alternative accommodation, repairs. | 2 (Unlikely) | 5 (Severe) | **10** ↑↑ | **Current Controls & Actions**<br>• Participation in the Local Resilience Forum<br>• Emergency plans in place for major events e.g. flood, fire and mass evacuation.<br>• Testing of emergency plans e.g. flood exercise.<br>• Business Continuity arrangements as for Strategic Risk 1.<br>• 24/7 call out arrangements for senior managers and Emergency Management Officer.<br>• LRF call out documents updated.<br>• Rolling LRF programme of training and exercising for major incidents, recovery process and emergency centres.<br>• Participation in LRF lead teleconferencing on likelihood of terrorist threat being heightened and all partners response should this occur.<br>• Participation in Events Safety Advisory Group.<br><br>. | 2 (Unlikely) | 4 (Major) | **8** ↑ |