

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

16 October 2018

Strategic Risk Update

1. Contacts

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2. Recommendation

- 2.1. That the Committee notes the current strategic risk register and the internal controls in place, plus any associated action plans to manage those risks, and raises any issues or concerns.**
- 2.2. That the Committee notes both the high scoring programme board and organisational risks, and the mitigation actions in place, and raises any issues or concerns.**

3. Background

- 3.1. In accordance with the governance arrangements as set out in the Council's Risk Management Strategy and Policy, the Strategic Risk Group (SRG) reviews the strategic and programme board risk registers, and the high scoring organisational risk register bi-annually. The outcome of their review is then reported to this Committee, which last received an update on the risk registers on 29 March 2018.
- 3.2. The SRG met on 20 September 2018 to consider the latest position of the risk registers and is the purpose of this report.
- 3.3. Under the current Risk Management Policy the Strategic Leadership Team (SLT) review the Council's risk registers on a quarterly basis; a review took place in July/August with a further update in September.

4. Outcomes to be achieved

- 4.1. The Strategic, Programme Board Risk and Organisational Risk Registers are current, and relevant to the Council and its operation, and that those risks are well managed in accordance with the Council's Risk Strategy and Policy.

5. Update on the Strategic Risk Register

- 5.1. The strategic risk register was considered by the relevant risk owner prior to the reviews by the Strategic Leadership Team and the Strategic Risk Group.
- 5.2. SRG considered the updated risk register, with its discussion focussed on the current risk scores, the latest situation affecting the risk position, and the

mitigation action plans that are in place or being developed to manage the identified risks.

- 5.3. The risk map below shows the risk numbers and where they currently appear on the heat map for the strategic risk register:

LIKELIHOOD				
	8	1, 149	147, 148	
		145	9,97, 165	
			88	68
IMPACT				

Key to Risk Numbers:

1 = Financial Resilience, 8 = Skills, Capability/Capacity, 9 = Business Continuity, 68 = Health & Safety, 88 = Recycling Target, 97 = Cyber Risk, 145 = Breach of Data Protection Act, 147 = Southern Gateway Regeneration, 148 = Local Plan, 149 = Impact of Universal Credit (UC) on working claimants across the district, 165 = Brexit.

- 5.4. Since the last report to the Committee in March 2018, the risk score for **CRR 01 Financial Resilience** has increased from a score of 4 to a risk score of 6. This change took place in the second quarterly review in September, and is due to the effect of uncertainty in relation to future budget pressures from both Brexit and budget changes at West Sussex County Council affecting the Council's financial position; so the likelihood score has been increased to probable (3) and impact still assessed as significant (2).
- 5.5. All other existing risks, the scores remained unchanged; however risk CRR 145 Data protection Act Breach - Data Loss was increased by the Strategic Risk Group from a score of 4 to 6.
- 5.6. A new strategic risk has been added to the risk register by the Strategic Leadership Team (SLT), in respect of:
- CRR 165 – Brexit
- 5.7. Appendices 1 (a) and (b) show the updated Strategic Risk Register taking into account the following comments from SRG:
- a. **CRR 01 Financial Resilience** – Two changes were requested: That item 10 within the internal controls for Financial Strategy Principles relating to the use of the New Homes Bonus is reworded. The revised wording is reflected in Appendix 1. This was previously stated as “New Homes Bonus (NHB should be reserved to reward communities that have accepted growth, whilst also considering the fact that this is not new funding, and to some extent may have to be used to protect services. This should be allocated annually, and only committed once received.” Secondly that within the latest position statement the reference in the last paragraph “Links to other funding partners...” to add “, *including WSCC,*”

- b. **CRR 08 Skills / Capability / Capacity** – To amend the internal control for Staff Satisfaction Survey by adding to the end of the sentence “*and action plans progressed.*”
 - c. **CRR 09 Business Continuity** – To amend the risk description by removing the reference to “*suffer*” reputational damage”.
 - d. **CRR 97 Cyber Risk Attack Across ICT Estate** – To add the following risk description “*Failure to protect the council against a cyber-attack across the ICT estate resulting in service disruption and reputational damage.*” The latest position statement to reflect the current status for the back-up solution and encryption.
 - e. **CRR 147 Southern Gateway** – This risk is to be divided into the different phases of the project, this current phase should have a target date of 30 June 2019 instead of 28 September 2018 and the risk register amended as necessary. Appendix 1 (a) reflects the updated risk register.
 - f. **CRR 148 Local Plan** – Amend the risk description second bullet point to read as follows; “making it highly likely that it would not be able to possible to demonstrate...”
 - g. **CRR 149 Impact of Universal Credit (UC) on working claimants across the district** – The internal control for the UC Focus Group which was rated as poor, required further explanation to support that assessment. This has been updated in Appendix 1 (a).
 - h. **CRR 145 Data Protection Act Breach – Loss of data** – Three items were amended; the target score was amended from 4 to 3, with the current assessment the risk score was increased from 4 to 6. The following comment was added to the latest position statement; “*To assess the progress of compliance at the Council, the Data Protection Officer has recently completed the Information Commissioner’s Office (ICO) self-assessment toolkit.*”
- 5.8. Previously when reported the strategic risk register had ten strategic risks, of which six were considered to be controlled, and the remaining four with controls pending, as the actions planned are still in progress to control or mitigate the risk.

6. Programme Board Risk Registers

- 6.1. Three Programme Boards were set up for Business Improvement, Commercial and Infrastructure matters with head of service leads along with the relevant portfolio holder. A risk register, if necessary, is compiled for each board. Any high scoring risks from these risk registers would be escalated within the Risk Management Framework for consideration by senior officers and members as necessary.
- 6.2. There are currently no high scoring risks for any of the Programme Boards.

7. Update of the Organisational Risk Register

- 7.1. The SRG considered the high scoring risks and the associated mitigation plans which are shown in appendix 2 reflects the changes recommended by the group.

8. Risk Management Loss Control Allowance

- 8.1. The Council receives an allowance under the insurance contract with Zurich Municipal to use their Risk Management Consultants. This has been used to deliver training on corporate inspection regimes for specific service areas on 12 September, including car parks and those responsible for the council's administrative buildings. Other training may also be arranged to assist those officers that have taken on new responsibilities due to the implementation of the new management structure.
- 8.2. It is also intended to undertake a risk appetite review similar to the one previously undertaken by Zurich approximately 8 years ago, and for Zurich to help deliver a strategic business continuity exercise.

9. Conclusion

- 9.1. The SRG considered the high scoring risks and the associated mitigation plans which are shown in appendix 1 (a) and (b) reflects the changes recommended by the group.

10. Other Implications

	Yes	No
Crime & Disorder:		X
Climate Change:		X
Human Rights and Equality Impact:		X
Safeguarding:		X

11. Appendices

- 11.1. Appendix 1(a) – Strategic Risk Register
11.2. Appendix 1 (b) – Strategic Risk Register (Part 2)
11.3. Appendix 2 – Mitigation plans for the high scoring organisational risks

12. Background Papers

- 12.1. None.