

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE 24 November 2016

Strategic Risk Update

1. Contacts

Report Author:

Helen Belenger, Accountancy Services Manager,
Tel: 01243 521045 E-mail: hbelenger@chichester.gov.uk

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 current high scoring programme board and organisational risks and the associated mitigation actions in place, and raises any issues or concerns.**

3. Background

- 3.1. In accordance with the governance arrangements set out in the 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 Corporate Governance and Audit Committee last received an update on the risk registers on 22 March 2016.
- 3.2. Since March, the Corporate Management Team (CMT) has received quarterly updates on the risk registers in July and September. The outcome of the last CMT review was incorporated in the risk registers which were then considered by the SRG on 13 October 2016.

4. Outcomes to be achieved

- 4.1. The strategic, organisational and programme board 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 is considered by the relevant risk owner prior to the review by CMT and SRG.
- 5.2. SRG considered the updated risk register, with its discussions 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 heat map below shows where the individual risks are placed based on the recent assessment against the risk scoring matrix:

Diagram 1 Heat Map for the Strategic Risk Register

LIKELIHOOD				
		8	98	
		10	1, 9, 88, 97, 127	
				68
IMPACT				

Key to Risk Numbers:

1 = Financial Resilience, 8 = Skills, Capability/Capacity, 9 = Business Continuity, 10 = Contract Management, 68 = Health & Safety, 88 = Recycling Target, 97 = Cyber Risk, 98 = Devolution, 127 = Shared Services

5.4. Since the last report to the Committee in March 2016, the following risk scores that have changed are:

- **CRR 97 Cyber Risk across ICT Estate** reduced from a risk score of 9 to 6
- **CRR 3 Vision and Priorities** was end dated by CMT as it was no longer considered to be either a strategic risk nor an organisational risk
- **CRR 8 Skills, Capability and Capacity** have reduced from a risk score of 8 to 6.

5.5. Two potential new risks were identified during CMT's review in September, which were:

- a. The effect of the referendum vote to leave the EU (BREXIT), and
- b. Shared Services (CRR 127)

5.6. After discussions SRG also concluded that any specific risks associated with the result of the referendum to leave the EU on the council were currently unclear, and therefore no specific changes were required in the strategic risk register. Although the latest position for some risks in respect of the general economic impact has been noted. As and when the situation becomes clearer this will be considered at a future SRG meeting.

5.7. During the review of the Business Continuity risk (CRR9) the issue of the backing up of council system data was explored, and SRG has requested that ICT Manager attends their next meeting to discuss the current arrangements in place and how this may change as a result of the shared services project.

5.8. Appendix 1 (a) and (b) reflect the following recommendations made by SRG:

- a. **CRR 1 Financial Resilience** – that the internal control for income streams only reflects the additional bullet point “Putting money in place to achieve better returns” and within the Treasury Management internal control add to the end of the sentence “ and increased diversity.”
- b. **CRR 8 Skills/Capability/Capacity** – to add a new internal control of “Measuring staff turnover by significant groups – SLT review the turnover statistics and the reasons”, and under the Workforce Development Plan internal control add “New apprenticeship levy”. To separate out the internal control “Strategic Leadership Team & Heads of Service” from “Training and Action Plan”. Add a new bullet point of “Succession Plan” under the internal control “Strategic Leadership Team & Heads of Service.”
- c. **CRR 9 Business Continuity** – to add a new item of “Effective backup of data” under the internal control Robust BC Plans.
- d. **CRR10 Contract Management** – to amend any Cabinet Member reference to the new Cabinet Member for Business Improvement rather than Cabinet Member for Finance and Governance. To add under the contract management internal control a new item of “the H&S Manager responsibility to attend regular quarterly/annual meetings for the council’s specific high risk activity contracts, along with the contract manager, to liaise with the contractors regarding any H&S concerns.”
- e. **CRR127 Shared Services** – to amend the description of the risk in the title to two separate statements; 1. The project doesn’t deliver the anticipated outcomes and 2. Member’s discrete risk. To update the latest position to reflect that the Steering Group meeting held on 22 September 2016 had agreed to discontinue the “enhanced in house model and to progress the shared services model.” To add a new internal control “Member Engagement with bullet point for 1. SLT & Cabinet informal briefings. 2. Wider membership would be informed by specific workshops and 3. Members involved before the full business case was developed.”
- f. **CRR68 Health & Safety (H&S)** - to amend any Cabinet Member reference to the new Cabinet Member for Business Improvement rather than Cabinet Member for Finance and Governance. To add “Regular updates to Cabinet Member for Business Improvement Services by H&S Manager” under the internal control for H&S Policies & Procedures.
- g. **CRR88 Recycling Target** - to amend the internal control Initiatives to increase amount of recycling to “New initiatives to increase recycling rates are being implemented and further work to improve the quality of the waste recycling collected are currently being investigated under consideration. Also reflect that a Waste & Recycling Panel has been established to drive forward initiatives and improvements. To amend the second sentence in the risk description to “The failure to achieve this target could mean the Council may ~~will~~ incur significant fines or reputational damage.

- h. **CRR98 Devolution** – to amend the latest position to reflect that the Government has now stated that any devolved area would need to be run by a mayor or there would be no deal.
- i. **CRR97 Cyber Risk** – to amend the original score on the heat map from 9 to 6. To amend the risk description to “Cyber attack across ICT ~~entire~~ estate.” At its last meeting the Committee requested statistical information to provide some context of this risk; this has been provided in the latest position statement as detailed in the Strategic Risk Register for this item within Appendix 1 (b) (Part 2 Exempt).

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. Only one risk from the Infrastructure Programme Board is currently high scoring; PBR02 Failure of partners to deliver. Appendix 2 sets out the associated mitigation plans for this high scoring risk. All other risks on the board registers have reduced since last reported to the Committee to risk scores lower than 6.

7. Update on the Organisation Risk Register

- 7.1. The SRG considered the high scoring risks and the associated mitigation plans which are shown in appendix 3, which reflects the changes recommended by the group.

8. Other Implications

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

9. Appendices

- 9.1. Appendix 1(a) – Strategic Risk Register
- 9.2. Appendix 1(b) – Strategic Risk Register (Exempt Information – para 3)
- 9.3. Appendix 2 – Mitigation Plans for High Scoring Programme Board Risks
- 9.4. Appendix 3 – Mitigation Plans for High Scoring Organisational Risks

10. Background Papers

- 10.1. None.