

# Appendix 1 – Corporate Risk Management Report – July 2019

## Background

1. Risk management is a key element of East Cambridgeshire District Council's Code of Governance. The Council has experience in Risk Management and has prepared Risk Registers which have been reviewed and approved by the senior management, the former Corporate Resources & Finance Committee, and full Council.
2. The Finance and Assets Committee is now responsible for overseeing the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Strategy.
3. The format of the Corporate Risk Register and revised approach to Risk Management was approved by the Resources and Finance Committee on 20<sup>th</sup> July 2017. At this meeting the committee also recommended to Council that the proposed amendments to the Corporate Risk Register and Risk Management Policy were adopted. Full Council approved the amendments on 5<sup>th</sup> October 2017 and six monthly updates on the Corporate Risk Register have since been presented to the Resources and Finance Committee and will be presented to this Committee moving forward.

## Corporate Risk Management updates

4. The Code of Governance is published on the Council's website. A key element of the Code, which is based on a prescribed best practice format, is to establish and maintain a systematic strategy, framework and process for managing risk.
5. The Council has a Risk Management Framework which sets out the procedures for risk management, and a Risk Management Policy which sets out the strategic direction for risk management at the Council.
6. In addition the Council has a Risk Management Group, with a mix of professional expertise from across the Council. The group works together to:
  - Provide support for the delivery of the Risk Management Policy across the Council.
  - Promote and advise upon risk management practices and procedures
  - Identify topical and emerging risks, based on their areas of expertise, and consider appropriate controls and actions.
7. This collaborative approach provides more assurance that all risks are being identified, and resources are being spent managing the important risks.
8. Furthermore, training delivered to Service Leads during 2018 and engagement with the service delivery planning process has enabled service managers to highlight and escalate risks for consideration by the group.

## Corporate risk register updates

9. The Corporate Risk Register has been updated, and is attached at **appendix 2**.

10. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
11. Risks are grouped into categories, to help monitor them. The use of the “right” category is not critical, it is simply an aid to assist the identification of a risk. The critical factor is that all key risks are identified and then managed effectively.
12. The Policy establishes the Council’s appetite to risk. As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.
13. The risk appetite communicates the level of risk the Council is willing to take. In exceptional circumstances it may not be possible, or proportionate, to implement controls that reduce the residual risk score within this appetite. In this instance the risk would be managed, and the aim would be to reduce this below the risk appetite at the earliest opportunity.
14. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact.
15. The risk appetite is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a “heat map”, which accompanies the Corporate Risk Register.
16. The Corporate Risk Register will be reported to the Committee at least twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

| Risk  | Description   |
|---|---|
| <p>B3</p> <p>Failure to plan for and accommodate the impact of Brexit.</p>                        | <p>Since this was recognised as a risk on the Corporate Risk Register in January 2019, the scoring has been reviewed. It is acknowledged that the Council is pro-actively engaging in workshops and with partnerships/local networks to plan robustly for potential impacts but the scoring has been amended to reflect that there remains limited scope to significantly reduce all potential risks associated with this. The inherent and residual risks have now been aligned.</p> |
| <p>C1</p> <p>Loss of data or access to ICT systems due to a breach of information security or</p> | <p>The controls listed on the Corporate Risk Register to manage this risk include disaster recovery planning. It is noted that this remains under development and, as such, the scoring of the residual likelihood has been increased from two to three. Actions have been recognised in the table to monitor the work in this area and have been flagged as high priority.</p>   |

| Risk   | Description  |
|--|--|
| weaknesses in the IT infrastructure.   |  |
| C4<br>Failure to achieve compliance with the General Data Protection Regulations (GDPR) and Data Protection Act. | The scoring for the impact of a GDPR breach has been reduced on the basis of the work that has been completed by the Council and increasing ability to demonstrate appropriate arrangements have been put into place. Whilst work on GDPR compliance is ongoing, the work completed to date has reduced the residual risk. |
| C6<br>Failure of corporate governance and counter fraud and corruption controls.                                 | An additional action has been included as it has been noted that the Council's Counter Fraud policies may benefit from review. As such, this has been recognised on the Risk Register action plan and will be progressed in line with the timescales given.  |
| D2<br>Failure to deliver upon strategic development plans and requirements.                                      | This entry has been amended in light of the withdrawal of the local plan in February 2019. This has been recognised in the cause, effect and key controls entries to reflect the current position.   |

### Corporate residual risk heat map

- An updated risk heat map is included at **appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. there should be no risks with a residual score greater than 15, unless there are exceptional circumstances.

### Conclusion

- Risk management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting framework.
- The Risk Management Group continue to review the Risk Register on a quarterly basis to ensure all risks are recognised and up to date.
- The Council has a Corporate Risk Register and each risk shows the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.

21. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.