Appendix 1 – Corporate Risk Management Report – July 2018

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 Governance & Finance Committee, and full Council.

2. The Resources and Finance Committee oversee 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 20th 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 5th October 2017 and six monthly updates on the Corporate Risk Register have since been presented to the Resources and Finance Committee.

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 2017/18 and engagement with the service delivery planning process has enabled service managers to highlight and escalate risks for consideration by the group.

9. The group has been developing good risk management practice across the Council. Recent developments include:

    a) an intranet page on risk management, to promote good practice and signpost to key documents

b) incorporating risk management into the service planning framework, to help identify operational risks which may need to be included in the Corporate Risk Register.

Corporate risk register updates

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

11. 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.

12. 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.

13. 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.

14. 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.

15. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact. The Risk Management Policy states that "In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council".

16. 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.

17. 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
C1 Emergency Planning and	The Council has now completed the review of the Business Continuity Plan and supporting Business Continuity Impact Assessments. Officer training will be scheduled to ensure awareness of the revised plans and officer roles and responsibilities.

Risk	Description
Business Continuity	
C2 Information Security	This entry has been updated to reflect the need for development of a full Disaster Recovery Plan. The absence of a robust plan poses a corporate risk and increases the potential impact of a loss of ICT on the Council's service delivery. As such, this has been reflected in an increased impact score from 3 to 4. This is also recognised as a key action in the action plan. Furthermore, Internal Audit has proposed that the Council could benefit from a partnership developed by the Head of Internal Audit with the East Midlands Cyber Crime Unit who have agreed to deliver some sessions with the Council to inform plans and controls in this area.
C4 General Data Protection Regulations	The General Data Protection Regulations come into force in May 2018. The risk detail has been amended to reflect that this legislation is now in place and the risk now relates to compliance with the legislation, rather than preparation for its implementation.
C5 Payroll and HR system	The new system is now in place and as such the nature of this risk has changed from a project delivery risk to a risk of the system failing to meet the needs of the whole organisation in business as usual.
C6 Failure of Corporate Governance and Counter Fraud and Corruption controls	This risk has been added to recognise the need for strong corporate governance controls and reflect on key controls which form part of the Council's Code of Governance and Annual Governance Statement. Actions have been proposed to ensure awareness of counter fraud and corruption policies and procedures and confidence in reporting lines.
D2 Strategic development	The nature of this risk has been updated to reflect that following a recent public inquiry, the Planning Inspectorate has determined the Council is unable to demonstrate a five-year supply of housing land. This has changed the inherent risk from amber to red. The development in this area represents a changed risk from previous versions of the register and the controls and impacts have been updated to reflect this.
D3	This risk has been closed as the project has been delivered and the management now transfers to business as usual.

Risk	Description
Leisure Centre development	
D5 Devolution and development of the Combined Authority	The risks associated with failing to maximise opportunities from the Combined Authority deal have been consolidated into the wider risk of Public Sector Funding, B1, rather than a standalone risk.
D7 Waste collection and cleansing services	This risk has now been closed on the basis that the transfer of the services is now complete and will now be managed as business as usual.
D8 Difficulties with staff recruitment and retention – leading to lack of resources	This risk has been added to reflect the risk posed to service delivery of a lack of staff resources (in terms of numbers or experience). This was recognised as a corporate risk by the Risk Management Group.

Corporate residual risk heat map

18. 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 it is exceptional circumstances.

Conclusion

19. Risk Management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting Framework.

20. The Risk Management Group has been established to embed good practice in the Council.

21. 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.

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