



AUDIT & GOVERNANCE COMMITTEE

Monday, 12 December 2022

Subject	CORPORATE RISK MANAGEMENT UPDATE
Report by	Councillor Maurice Cook, Cabinet Member with responsibility for Resources Councillor Edward Back, Assistant Cabinet Member for Resources
Supporting Officer	Stacey Ransby Performance and Risk Officer stacey.ransby@eastsuffolk.gov.uk 01394 444232

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

The purpose of this report is to provide the Committee with an overview on how the Council's strategic and operational risks are managed. It provides details on existing corporate risks including an overview of the risks and what is being undertaken to mitigate and control the risks.

To build on effective corporate risk management across the Council, it is recommended that the Committee reviews current risk reporting to ensure the reports continue to be useful and in an effective format. Members are asked to review the key risks on the register at regular intervals and consider corporate risk management when they are planning any future work programmes.

Options:

There are no options to be considered in relation to this report.

Recommendation/s:

That having commented on the corporate strategic risks from the Council's current Corporate Risk Register, governed and monitored by Corporate Governance Group, the Audit and Governance Committee notes its contents.

Corporate Impact Assessment

Governance:

The corporate governance of the Council is supported by ensuring it has an effective and robust risk management process in place to manage and monitor all risks, including strategic risks. Overall responsibility of corporate risks and governance is the responsibility of CGG. Risks are monitored, reviewed and clearly aligned to the East Suffolk Strategic Plan, with Strategic Plan theme meetings regularly reviewing risks relevant to each theme. Robust procedures are in place to ensure increased risks can be escalated to CGG to consider and approve inclusion onto the corporate risk register. All corporate and theme risks are reported to the Strategic Plan Delivery Board which dedicates a meeting on each theme.

ESC policies and strategies that directly apply to the proposal:

- East Suffolk Risk and Opportunity Management Strategy
- East Suffolk Strategic Plan

Environmental:

There are no direct environmental impacts arising from this report, other than risks relating to the environment (e.g. flooding).

Equalities and Diversity:

An Equality Impact Assessment is not required as the recommendations of this report do not require changes in policy and service delivery.

Financial:

No specific impacts.

Human Resources: No specific impacts.
ICT: No specific impacts.
Legal: No specific impacts.
Risk: This report provides information on the risk management process and procedures within the Council and full details and progress on the Council's corporate risks.

External Consultees:	None.
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>

P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected?			
Governance			
<p>Risk management ensures good governance and assurance that risks are managed, identified and monitored in an effect manner. Mechanisms are established and embedded within the Council and responsibilities are clearly identified with management and processes allowing risks to be escalated, when required, onto the corporate risk register. All risks within the ESC Risk Register are assigned to a strategic theme within the East Suffolk Strategic Plan which ensures risks are managed effectively. The Risk Management Framework (Appendix B) clearly demonstrates the management of risks within the Council.</p>			
Risk management supports all themes and priorities of the Strategic Plan			

Background and Justification for Recommendation

1 Background facts	
1.1	<p>Audit and Governance Committee</p> <p>The Audit and Governance Committee has responsibility for overseeing risk management for East Suffolk Council. Corporate risk management is the processes and structures by which the business and affairs of the Council are directed and managed. This is to improve long-term stakeholder confidence by enhancing corporate performance and accountability. An annual update on Corporate Risk Management is reported to Audit and Governance Committee.</p>
1.2	<p>Overview</p> <p>Corporate risk management is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance. Risk management also covers opportunity management.</p>

2 Current position	
2.1	<p>Management of Risks</p> <p>The Council's approach to corporate risk management is to embed risk management across the Council so that it is the responsibility of all managers and teams rather than side-lined to be managed by one team.</p> <p>Overall Risk Management sits within the Digital & Programme Management service area, it is aligned to the management of the Strategic Plan and includes providing risk management advice and support to all officers across all services.</p> <p>The Chief Finance Officer has specific responsibilities as Section 151 Officer, including ensuring assets are safeguarded and insurances in place, and the Head of Internal Audit takes an independent review of the governance of risks, however all Heads of Service ensure that risks within their area are recorded and managed appropriately, in line with the Risk Management Framework (Appendix B). This framework clearly identifies monitoring and reviewing risks; recording and reporting; and communication and consultation. CGG has overall responsibility to oversee the approach to risk management within the Council including its regular review and monitoring.</p>
2.2	<p>Risk Management processes</p> <p>Risk registers form part of performance reporting and are designed to be living documents, updated regularly. The CRR covers risks which affect our ability to achieve long-term Council objectives including those within the East Suffolk Strategic Plan and those which may affect service delivery or our district as a whole. Risks within the CRR state the cause, event and effect. For example, "as a result of bad weather, there is a risk that staff will not be able to get to the office and undertake their work which will result in unhappy service users and increased complaints."</p>

	<p>Governance arrangements for the East Suffolk Strategic Plan ensure that risks are identified for each theme and continue to be monitored and managed effectively ensuring high level risk reporting takes place across the Council. All risks within the ESC Risk Register clearly identify the Strategic Plan theme they relate to and are managed and monitored at the relevant Strategic Plan theme meeting. Risks can be escalated from service areas and Strategic Plan Theme meetings to CGG for consideration and inclusion in the CRR, this process also allows risks to be moved or lowered (e.g., a corporate risk to be moved to the theme risk register).</p> <p>The Risk Management Toolkit (Appendix A), developed with Zurich Insurance, is used to assess and manage corporate, operational, project and partnership risks. The Council’s intranet has a dedicated Risk Management page containing useful information, including guidance, training presentations/documents, East Suffolk Risk and Opportunity Management Strategy, Corporate Risk Registers and CGG Terms of Reference.</p>
2.3	<p>East Suffolk Risk and Opportunity Management Strategy</p> <p>The East Suffolk Risk and Opportunity Management Strategy provides a clear purpose of risk management ensuring it is robust and provides comprehensive details on the governance and management of risks. The Strategy also includes opportunities arising from risk management and the risk management process is demonstrated including risk escalation, monitoring and review; roles and responsibilities; aims and objectives and the Council’s risk appetite.</p> <p>Independent experts, Zurich Insurance, undertook a health-check of the Strategy at the end of 2021 which provided the Council with validation that the Strategy is fit for purpose and meets good practice. Audit and Governance Committee approved the Strategy on 13 December 2021. The Strategy will be reviewed by CGG in January 2023 and if significant amendments are required these will be reported to Audit and Governance Committee.</p>
2.4	<p>Key Categories for Managing Risks</p> <p>For the purposes of effectively managing risk, and in accordance with best practice, the Council manages risk within five categories:</p> <ul style="list-style-type: none"> • Corporate (also known as ‘Strategic’) risks which affect our ability to achieve long-term Council objectives, such as those in the East Suffolk Strategic Plan. These are recorded in the Corporate Risk Register (CRR) and reviewed by Strategic Plan Theme Teams, Corporate Management Team and monitored by CGG. • Service Level risks are those that affect the ability to deliver each theme and its priorities within the East Suffolk Strategic Plan. Risks are identified, monitored and regularly reviewed as part of the framework to deliver objectives and corporate risks relevant to each theme are also reviewed. • Operational risks are those that affect the day-to-day business of a service; for example, staff absence and its impact on service delivery. These are recorded, identified and managed by service areas. Heads of Service are expected to report high level risks within their service area at the relevant Strategic Plan Theme meeting and/or CGG and, where relevant, these would be escalated to the CRR. • Health and Safety includes health and safety of service users as well as staff and councillors. This is overseen by Environmental Services and Port Health.

	<p>Information, policies and risk assessments are available on the Council's intranet.</p> <ul style="list-style-type: none"> • Emergency Planning and Business Continuity are the responsibility of the Head of Operations. Emergency Planning and internal Business Continuity Services for the Council are provided by the District Emergency Planning Officer and the Emergency Planning Officer, employed by the Suffolk Joint Emergency Planning Unit. This enables the Council to react effectively to infrequent Major Emergencies, in partnership with other agencies, as required by the Civil Contingencies Act 2004. Further information is available on the Council's Intranet, while general information on the multi-agency response to Major Emergencies, together with plans available for public scrutiny are available at www.suffolkresilience.com
2.5	<p>Project Risks</p> <p>Project risks are managed according to the risk management process toolkit. Details of risks are included in document templates for projects and business case appraisals. Links to the relevant documents are included in the Project Management Framework. Each significant project should have its own risk register allowing Project Managers to actively manage risks and Project Boards to monitor those risks.</p>
2.6	<p>DEVELOPMENT AND PROGRESS IN MANAGING RISK</p> <p>Risk Management E-learning Module</p> <p>The Risk Management e-learning module continues to form part of the induction process and is mandatory for all new staff to undertake training within one month of employment. Further training or guidance on risk management is available.</p> <p>Risk Management Training Programme</p> <p>As part of the Risk Management Training Programme the Council's insurance providers and advisors, Zurich Insurance Group, facilitated the annual 'Horizon Scanning and Corporate Risk Challenge' session for CMT (and nominated senior officers) on 31 October 2022. It clearly demonstrated that risks relevant to the Council, and identified within the global risk report, are captured within the Corporate Risk Register. The session reviewed and challenged existing corporate risks and any potential risks the Council needed to identify. Zurich Insurance provided assurance that the Council has a mature risk process in place and good management of risks.</p> <p>Risk Appetite: The next stage is to further strengthen risk appetite across risks and work will continue on all corporate risks.</p> <p>Project Management Framework Review</p> <p>A full review of the existing Project Management Framework (including business case appraisals) is underway and risk management will continue to be a core element.</p>
2.7	<p>CORORATE RISKS</p> <p>This section provides details on progress being undertaken to achieve specific targets, meet risk scores of existing corporate risks and includes new risks. There are currently 24 risks on the Corporate Risk Register.</p> <ul style="list-style-type: none"> • 6 red risks • 14 amber risks • 4 green risks

The risk management toolkit/matrix (Appendix A) is used to assess risk scores and monitor and manage all risks.

Red Risks:

Cost of living crisis (Red B3, high likelihood, major impact)

A significant risk to the Council is the cost-of-living crisis impacting on individuals, families and communities in East Suffolk. The Council is already experiencing increasing pressure on existing resources to meet increasing demand to support all those in need. This pressure is particularly on services of communities, housing and revenues and benefits, and there is also pressure on council finances to meet needs through hardship grants and other forms of support. There is potential for increased rent debt (impacting on ESC incomes) and house repossessions leading to increasing levels of homelessness and more deprivation across the district. Universal credit changes and sanctions will lead to more people seeking help to access emergency support (food, energy and financial).

One way ESC is supporting communities with the cost-of-living crisis is through the Community Partnership Board and eight Community Partnerships. The CPB has identified tackling inequalities as one of its priorities with a specific focus on financial inequality. A far-reaching Ease the Squeeze programme has been established with £100k allocated by the CPB to the programme and each member has allocated £1k from their community budget to the cost-of-living crisis which, combined with other funding has created a programme worth more than £700k. The programme includes twelve projects including Warm Rooms, Community Pantries, Cooking on a Budget classes and Field to Fork community growing space grants.

Seventeen Ease the Squeeze roadshows have been delivered across the district and a dedicated webpage set-up providing information and advice, along with a 'help with money' form for people to complete who require additional focused support (more than 200 referrals received in ten weeks). Other initiatives in place include warm homes advice and grants, and ongoing support is provided to tenants. Grant schemes are in place for council tax discounts, housing benefits, discretionary housing payment and one-off hardship support. ESC works in partnership with other organisations such as DWP, other local authorities, community organisations, voluntary sector and police. The target risk score is C3 (amber) and will continue to be monitored by the Council and at Communities Theme meetings.

Failure to deliver the East Suffolk Strategic Plan due to appropriate capacity (Red B2, high likelihood, critical impact)

Risk relates to increasing pressure on resources to ensure delivery of aims and ambitions identified within the Strategic Plan to meet its priorities and the risk on the Council if these are not delivered. Contributing factors of this risk relate to pressure to meet aspirations identified; the number of significant projects which have the same timeframe and require the same officers to deliver; and additional finance. Increasing prices, supply chain issues and the need for additional staff/resources could potentially require use of reserves are also impacting on this risk. It had also been identified that in order to deliver Strategic Plan ambitions there is potentially short-term pain but long-term gain (e.g. to meet environmental aspirations significant funding required but long term benefits on the environment and savings). Each Strategic Plan Theme had identified risks relating to the delivery of the Strategic Plan. Risks are continuing to be monitored including at the Financial

Sustainability Theme meetings. Target risk score is C3 (amber) and work continues to mitigate this risk.

Risk to effectively manage and control the Council's finances due to ongoing and uncertain significant increase in inflation rates (Red B2, high likelihood, critical impact)

New risk relating to pressure on council finances due to increasing inflation rates which are continuing to rise. Significant supply chain issues impacting on delivery of services and projects across the Council. Delays for work impacting on housing for reoccupation and new schemes. Increase on energy consumption for council's buildings, assets and implications of facilities operated by third parties (e.g. leisure centres). Fuel increases impacting on vehicles, particularly refuse freighters. If risk not managed effectively could result in budget gap increases and additional pressure to use reserves.

The Council has controls in place and financial management and processes established. Medium Term Financial Strategy, Treasury management and capital programme are regularly reported to Cabinet and a Procurement Strategy is in place. Regular meetings are also held with local government organisations. Target is D4 (green).

Failure to deliver import checks required in new Target Operating Model (TOM) (Red B2, high likelihood, critical impact)

Risk relates to required EU import checks that are no longer required (as of April 2022) and a new Target Operating Model (TOM) is being designed for all future import controls (EU and third country). Funding for all staff recruited for EU import checks have been withdrawn from central government. SCHPHA cannot continue to fund 12-hour staff recruited for EU checks as there is now no income stream for this work before the implementation of the new TOM. The specification of the TOM has not been published, this was due in Autumn 2022, for implementation in late 2023. The details of the TOM will determine staff levels required, income, training requirements, timeframe to get legislative changes operationalised. This will have a significant impact on the delivery of Port Health controls. Controls and mitigations are in place to manage the impact of this risk. The target score is B4 (amber) and will continue to be reviewed and monitored.

Coastal Management – Incident management – flood risk (Red B1, high likelihood, catastrophic impact)

Potential of flooding and tidal surges in the short-term and the long-term remains high, particularly as the Council has a large coastline and the impact this would have on properties, communities and businesses. There is also a possibility of more frequent flooding and tidal surges due to the impact of climate change. ESC is part of Suffolk Resilience Forum and continues to work with other agencies. Work was undertaken to develop crisis response plans which will also involve regular review in future. Targeted actions include Coastal Partnership East producing an incident response protocol with incident response 'Civil Contingencies, Environmental Health and Building Control' (as appropriate with local authorities) and with others depending on flood risk sources. Due to the nature and uncertainty of this risk it cannot be eliminated, however, work continues to monitor and manage its impact.

Target risk is B4 amber. The aim is to ensure the impacts and effects of all coastal management risks reduce on those affected through either improved defences, improved warning or by adaptation measures, the target risk review date is 2025

which will allow time to see the outcome of our Resilient Coast project pilots and progress on Lowestoft which will be advanced.

High profile or major coastal erosion or coastal incident (Red B2, high likelihood, critical impact)

There remains a high possibility for major erosion, slip or a tidal surge incident along the East Suffolk coastline which could be catastrophic to life or loss of public or private assets. Monitoring of weather and surge reports is undertaken with appropriate engagement with civil contingencies team, East Anglia and Suffolk and Norfolk Resilience Forums. Out of office cover and emergency plans are in place. 'Peace-time' work is due to be undertaken with wider local authority teams to establish resources and responsibilities in an erosion event. Work continues on incident management with Building Control, Housing and Communities teams with the wider Council impacts from erosion requiring multi-team/agency response with homeowners, utilities and public. An emergency event plan is to be developed in conjunction with other relevant service areas and external partners e.g. Coastguard, Utilities, Police and implemented in key erosion locations. Funding from our IRF bid will help with awareness raising and community planning. Target risk score is C3 (amber).

Amber Risks:

Cost of living crisis on Council's income streams (Amber B3 , high likelihood, major impact)

This is the second risk relating to the current cost of living crisis. This risk relates to the significant pressure on council finances due to the crisis and uncertainty of the full impact on its communities requiring support and the direct financial impact to the authority (e.g. non-payment of council tax/business rates, increase in benefits, rents not paid, etc). ESC has robust financial management controls in place including the MTFs and regular reporting to Committees. Grant schemes are also in place including council tax discounts, housing benefits, discretionary housing payment and one-off hardship support. The target score is C3 (amber) and work will continue to mitigate this risk.

Failure to protect lives and properties against from flooding/tidal surges (Lowestoft) (Amber C2, significant likelihood, critical impact)

Due to ESC having a large coastline the threat of flooding and tidal surges is a risk for the Council. National flood warnings and measures are in place, including procedures to warn people to vacate properties. Overall risk is relatively low, however, Lowestoft remains a higher risk. At present, there is a temporary barrier in Lowestoft, regularly tested and deployed in significant tidal surges to protect Lowestoft central, and work is underway to construct the tidal flood walls and tidal barrier by 2029. The target score is green D4 (low likelihood, marginal impact) and although the project is progressing the risk will not be reduced until the scheme is in place.

Recruitment of staff to key positions resulting in failure to deliver services (Amber C3, significantly likelihood, major impact)

Risk identified following ongoing issues to recruit staff to key and specialist positions within the Council which is significant and will increase if no action is taken. For some positions there had been a lack of applications for vacancies with positions remaining unfilled. In some instances, threshold/calibre required to undertake roles had not been met with successful candidates requiring additional support and

training and positions having to be readvertised resulting in additional time required for recruitment process. Recruitment is also a national issue and local authorities and other public sector bodies are unable to compete with competitive salaries offered by the private sector.

Work continues to monitor this risk and a new People Strategy was implemented in 2022 and addresses succession planning, career development and retention of existing staff. Liaison continues to take place with CMT and managers across the council and job descriptions are regularly reviewed and job evaluations undertaken every three years. Within the Horizon Risk/Challenge session, facilitated by Zurich Insurance, this risk was discussed and noted that there are many benefits working for local authorities including being rewarding and a good environment to work. Target score of D4 (green) and work will continue to monitor at senior level.

Failure to deliver consultants recommendations to effectively manage environmental impact of oil deposits on Gunton Beach (Amber C3, significant likelihood, major impact)

Due to increased exposure of oil deposits on Gunton Beach following oil spill from a collision between an oil tanker and an ore carrier 43 years ago. Part removal of contamination carried out at the time, the remainder was left in situ. Coastal erosion likely to further expose oil deposits with situation likely to worsen over next two years. Remediation work could potentially accelerate erosion and exacerbate the risk of Anglian Water sewer pipes becoming exposed to damage by the sea. Also implications if WWI/II bombs/ mines present. A further survey of the beach was undertaken in July 2022 and the results will inform any further action required. Target score green F5 (almost impossible likelihood, negligible impact).

Housing Regulation – Breach of the Rent Standard and the ‘Home’ Consumer Standard (Amber C3, significant likelihood, major impact)

ESC was found to be non-compliant with the Rent Standard and ‘Home’ Consumer Standard following self-referral to the Regulator for Social Housing. Rental charges dating back to ESC’s predecessor authority WDC did not meet requirements set out in ‘Rent Standard’, with tenants who moved in after 2014 being charged higher rents. The review also included aspects of health and safety of properties, including fire risk assessments, asbestos management water safety, gas and electrical safety, etc. A number of controls and mitigating actions have now been undertaken including forensic audit of potential overpayments of rents which is due to be completed December 2022. A permanent Housing Health and Safety Board has been created and provides senior level monitoring, control and direct. A full asset review of St Peter’s Court is underway. Report on progress will be taken to Full Council in January 2023. Regular monthly meetings being held with Housing Regulator. Target risk is D4 (green) and will be monitored on a regular basis, until the Regulatory Notice is withdrawn.

Failure to manage impact of Sizewell C (Amber C3, significant likelihood, major impact)

Risk relates Sizewell C and its impact on the area including environmentally, to the local economy and housing. Concerning the planning status, the decision on the DCO application was approved by Government. Deed of Obligation signed with the applicant to ensure there is a mitigation and compensation package in situ. This involves the need to recruit staff to various posts. Concerns on the recruitment to these posts if the consent is granted and the developer wishes to commence preparatory works in early 2023 with a view to comment the DCO following the Final

Investment Decision in late 2023. The target score is green D4 (low likelihood, marginal impact) and senior officers and members are working with communities to maximise potential whilst minimising the impacts. This includes ensuring economic advantages to the local economy relating to the creation of jobs and training and infrastructure. Construction is due to start in late 2023. A hothouse involving Planning, Economic Development and Regeneration, Communities and Housing is also due to be held early in 2023 to consider impacts of development within East Suffolk.

Risk to life from fire spreading through St Peter's Court (Amber D1, low likelihood, catastrophic impact)

Risk relates to external cladding at St Peter's Court tower block. Whilst it is considered a low risk at present, due to non-compliance with manufacturer's installation requirements, it was agreed to procure the complete replacement of the exterior cladding. Remedial works to eliminate breaches in compartmentation throughout the building was commissioned. In October 2022, Cabinet approved virement of capital budget to ensure sufficient financials are available. Also improved and continuous communication with tenants relating to fire safety is taking place. The target score is F4 green is expected to be achieved following work identified from the full asset review of St Peter's Court which will be undertaken to provide robust data for decision-making about the future of the building with a report expected at the end of November.

Failure to produce and deliver a sustainable Medium-Term Financial Strategy (MTFS) including delivery of balanced Annual Budget (Amber D2, low likelihood, critical impact)

Risk continues to reflect uncertainty around national Government initiatives and their potential financial impact, delivery of key projects, and economic outlook. 'Financial Sustainability' is one of the key themes within the East Suffolk Strategic Plan, and the group overseeing this theme has focus on savings and income generation projects. The annual budget is approved by Full Council annually and the MTFS position is reviewed continuously. CMT works with Cabinet to develop and implement plans to deliver a sustainable balanced position. This risk also incorporates the delivery of a balanced annual budget and financial governance. Work continues to identify savings and income generation, and delivery and monitoring of key projects to achieve and maintain financial sustainability. Ongoing update of MTFS assumptions and variances. Updated draft MTFS was reported to Cabinet on 1 November 2022. Target score is D4 green (low likelihood and marginal impact).

Cyber-attacks including failure of ICT (Cyber security/resilience) (Amber D2, low likelihood, critical impact)

ICT resilience remains a key priority with ongoing review and updating of infrastructure, systems and processes to mitigate against evolving ICT risks. Specific measures are in place to address cyber security risks and Cloud facilities solutions continue to provide additional resilience. PSN accreditation provides assurance that ICT infrastructure, systems and processes are operating to industry best practice. Regular monitoring of the network takes place by including 24 hour/7 days a week monitoring which raises alerts when any abnormal incidents/threats occur resulting in immediate action to be taken. Target score D2 amber (low likelihood and critical impact) is being achieved.

Failure to deliver against our 2030 Carbon Neutral target (Amber D3, low likelihood, major impact)

Risk relates to failure to deliver against carbon neutral target. As part of this risk climate change is recognised as a high-level priority for the Council and is specifically identified within the Environment Theme in the East Suffolk Strategic Plan. The Climate Change Action Plan includes milestones to work towards the Council becoming carbon neutral by 2030. ESC is part of the Suffolk Climate Change Partnership and is working towards the aspiration of making Suffolk carbon neutral by 2030 with SCC and other partners across the county and region, including LEP and Public Sector Leaders. ESC continues to work with Government to deliver its 25-year Environmental Plan and increase the powers and resources available to local authorities in order to make the 2030 target achievable. It is also measuring renewable energy generated on the Council's own estate. The target score is green D4 which will continue to be monitored as work progresses on the delivery of the Climate Change Action Plan.

Safeguarding – Failure to protect most vulnerable in our communities and ensure they receive appropriate help from relevant authorities/organisations when safeguarding concerns are identified (Amber D3, low likelihood, major impact)

Risk remains amber but had improved from amber C2 (significant likelihood, critical impact). This is due to ongoing partnership working with other local authorities/agencies through the Safeguarding Partnership. A safeguarding lead has also been recruited to work with the Head of Communities to ensure policies, processes and training continues to be effective.

There is a risk that those who are vulnerable are unable to receive help needed due to not meeting the high threshold criteria of the Multi Agency Safeguarding Hub or MASH and other organisations despite being vulnerable and in need of safeguarding for a variety of reasons. Priority is to ensure all safeguarding concerns are appropriately reported and feedback is received on the outcome of referrals. ESC continues to liaise with other Suffolk authorities to try to address the gap in terms of thresholds and feedback loops. A corporate Services for All Group provides oversight of safeguarding and Equality and Diversity, and training had been delivered to staff and councillors to ensure compliance with policy and legislation and awareness of reporting procedures. It has been identified additional resources are required to ensure ESC is tackling this risk effectively. The target score is green D4 (low likelihood, marginal impact) and will be reviewed to assess progress.

Failure to meet legal requirements of Health and Safety of employees and others (Amber D3, low likelihood, major impact)

Statutory duty of the Council to ensure legal requirements relating to health and safety are complied with and met. Health and safety management audits are currently being carried out across all service areas to ascertain current compliance and identify areas where further support is required, a report will be taken to corporate Governance group once complete. A council wide health and safety training programme is also being developed to utilise the corporate online training platform as well as technical/practical training as required. Following analysis and further work relating to the audits the target risk of green D4 (low likelihood and marginal impact) should be achieved.

Loss of public confidence due to failure to adhere to member and officer code of conduct and promote and maintain Ethical Standards (Amber D3, low likelihood, major impact)

Due to the importance of maintaining and promoting Ethical Standards this risk remains a corporate risk. The Council's Audit and Governance Committee has a statutory duty to promote and maintain high standards of behaviour. Regular reports are made to the Committee about Standards. Declarations of interests, gifts and hospitality are made and monitored. The target score is E4 (green).

Ability to deliver the Capital Programme within timeframes and its continued affordability (Amber D3, low likelihood, major impact)

Risk had increased due to future uncertainty to deliver and on budget. Also due to ESC capacity to not be able to meet the Strategic Plan ambitions. A Capital Strategy is in place and reported annually to Cabinet. The East Suffolk Asset Management Strategy had been approved by the Council. Asset Management Investment Strategy implemented and used to inform decision making processes. For example, the purchase of a business park in Beccles was informed by the investment criteria set out in the Asset Management Strategy. The Strategy codifies and rationalises the basis for the Council's asset management decisions in a single adopted document. The target score is green D4 (low likelihood and marginal impact) which the revised Project Management Framework will help to mitigate.

Green Risks:

Failure to successfully implement, exploit development and business opportunities by creating LATCOs (Green D4, low likelihood, marginal impact)

Council unable to develop and exploit commercial opportunities including activation of Local Authority Trading Companies (LATCOs) and other in-house commercial opportunities. Risk that Government and professional sectoral guidance places restrictions on Council's ability to finance and deliver assets generating new income streams. Risk lowered from amber C3 due to LATCOs in place and significant work to ensure smooth transition to the new trading company, East Suffolk Services, in 2023 which has systems in place including a robust work programme and a new Managing Director and senior managers appointed. Target score is D4 green (low likelihood, marginal impact) is being achieved but will remain on register.

Physical and mental health wellbeing (staff and members) (Green D4, low likelihood, marginal impact)

Mental and physical wellbeing of staff and members continues to be a significant risk and included as a corporate risk. Controls and mitigations are in place to ensure support and counselling is available for all, including comprehensive details held on the Council's intranet and mental first aiders. The target score of D4 green has been achieved and this risk will continue to be reviewed.

Impact of potential pandemic outbreaks on service delivery (Green D4, low likelihood, marginal impact)

Risk updated to cover any potential pandemic outbreak (previously related to coronavirus). Risk will remain a corporate risk. Business continuity plans are in place and constantly reviewed to ensure that services operate effectively. Target risk is green D4 (low likelihood, marginal impact).

Frontline services not delivered if significant delivery contracts/partnerships fail (Green D4, low likelihood, marginal impact)

Risk score had reduced from amber C2 (significant likelihood, critical impact) to green D4 due to various factors including leisure contracts reviewed and in place and being managed effectively. Norse transition is also underway and a new LATCO has been established, East Suffolk Services, which will come into effect from June 2023 and extensive programme is in place to ensure a smooth transition of services. Partnership boards are established for all significant partnerships. Target score of Green D4 is being met and this risk sits within the Financial Sustainability Theme where it continues to be regularly monitored and managed.

Overview of Risk Ratings:

A summary of the current and target risk scores along with the projected direction of travel is detailed below. Work on risk appetite on all corporate risks will be undertaken which will also include review of target scores to ensure these are achievable.

Risk	Theme	Current	Target	Direction of Travel
Delivery of East Suffolk Strategic Plan	Governance	Red	Amber	↑
Incident management – flooding / tidal surges	Environment	Red	Amber	→
Major coastal erosion or coastal incident	Environment	Red	Amber	→
Failure to deliver import checks required in new Target Operating Model	Governance	Red	Amber	→
Inflation – uncertainty of inflation rates	Financial Sustainability	Red	Green	↑
Cost of living crisis (Communities)	Enabling our Communities	Red	Amber	↓
Cost of living crisis (Financial)	Financial Sustainability	Amber	Amber	↓
Capital Programme	Financial Sustainability	Amber	Green	↑
Medium Term Financial Strategy (MTFS) including delivery of balanced Annual Budget	Financial Sustainability	Amber	Green	↓
Cyber-attacks (Cyber Security Resilience)	Digital	Amber	Amber	→
Ethical Standards	Governance	Amber	Green	↓
Safeguarding – Failure to protect the most vulnerable in our communities	Enabling Our Communities	Amber	Green	↑
Flooding / tidal surges (Lowestoft only)	Environment	Amber	Green	→
St Peter’s Court	Governance	Amber	Green	→
Carbon Neutral target (2030)	Environment	Amber	Green	→
Sizewell C	Economy	Amber	Green	→
Oil deposits on Gunton Beach	Environment	Amber	Green	→
Health and Safety	Governance	Amber	Green	→
Recruitment and retention	Governance	Amber	Green	→
Housing Regulation – Breach of the Rent Standard and the ‘Home’ Consumer Standard	Governance	Amber	Green	→
Potential pandemic outbreaks delivery	Governance	Green	Green	↑
Creation of LATCOs	Financial Sustainability	Green	Green	↑
Significant contracts/partnerships	Financial Sustainability	Green	Green	↑
Physical and mental health and wellbeing	Governance	Green	Green	↑

RISKS MOVED TO STRATEGIC THEMES:**Failure to deliver Housing Development Programme (Amber D3, low likelihood, major impact)**

Risk relating to inadequate funding available to deliver the Housing Development Programme aspirations and manage increased costs and land supply availability is being managed and regularly reviewed within the Enabling Communities Theme. A significant amount of work has been undertaken including the implementation of the Housing Strategy which was approved by members along with the HRA Business Plan. Project management is also in place to ensure projects are managed effectively. The target score is green D4 (low likelihood, marginal impact) and work is continuing to deliver against the Housing Development Programme.

Failure to control escalating cost of waste collection/services (Amber C3, significant likelihood, major impact)

Risk is managed at Environment Theme level. There is some uncertainty on how waste services will continue to be managed effectively due to increased recycling charges, staff costs and disposal of materials which may result in significant costs to the Council. If costs escalate the Council may need to make radical decisions to remodel the service (for example, moving to less frequent black bin collections). In addition, there are areas of concern in the existing service that are causing cost pressures in the waste collection budget – for example, impact of contamination in central Lowestoft. A new Waste Manager is in post to assist with delivering improvements to processes such as round collections, and to lead on the council's response to the RAWs Strategy. Target score is green D4.

COMPLETED / CLOSED Risk:**Failure to effectively support 'communities and businesses' in recovery phase and future outbreaks of Covid-19 (Amber C3, significant likelihood, major impact)**

Risk relating to Covid-19 pandemic is now closed. A corporate risk relating to future pandemic outbreaks remains and will be monitored. Through the pandemic communities and businesses were supported fully including focus on supporting the vulnerable and providing support to businesses through the delivery of grants.

Failure of Other (smaller) Service Delivery Contracts/Partnerships (Green D4, low likelihood, marginal impact)

Risk relating to the impact of smaller service delivery contracts/ partnerships no longer identified as a corporate risk. Target score of green D4 achieved.

3 How to address current situation

3.1	Ensure that robust risk management procedures and processes meet the needs of the Council in continuing to provide good governance, ensuring risk processes continue to manage risks and allow for identification of new and emerging risks.
3.2	Ongoing review and monitoring of corporate risks.
3.3	Continue to deliver training on risk management as and when required.

4 Reason/s for recommendation

4.1	To provide assurance to members that good governance arrangements are in place to manage and monitor risks within the Council. Risks are reported regularly at Strategic Plan Delivery Board meetings. Training continues to be delivered on risk management including a Horizon Risk/Challenge session delivered by Zurich Insurance.
4.2	Members are fully informed of the current corporate risks within the Council and provided with information on what has been achieved and reasons as to why they are strategic risks, including current risks scores and target risk scores.

Appendices

Appendices:

Appendix A	Risk Management Process/Toolkit
Appendix B	Risk Management Framework

Background reference papers:

None
