



## AUDIT & GOVERNANCE COMMITTEE

Monday, 13 December 2021

<b>Subject</b>	Corporate Risk Management Update
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources  Councillor Edward Back, Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Stacey Ransby Performance and Risk Officer <a href="mailto:stacey.ransby@eastsuffolk.gov.uk">stacey.ransby@eastsuffolk.gov.uk</a> 01394 444232

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	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 and significant updates to the East Suffolk Risk and Opportunity Management Strategy which ensures it is comprehensive and robust, providing details of aims and objectives, roles and responsibilities, risk appetite, the risk management process and framework, and clearly identifies the significance of opportunities.

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:

1. That the corporate strategic risks from the Council's current Corporate Risk Register (CRR), which is governed and monitored by Corporate Governance Group (CGG), be commented upon and noted.
2. That the revised East Suffolk Risk and Opportunity Management Strategy be approved.

## 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 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.
<b>Human Resources:</b> No specific impacts.
<b>ICT:</b> No specific impacts.
<b>Legal:</b> No specific impacts.
<b>Risk:</b> 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.

<b>External Consultees:</b>	None.
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
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"/>
<b>T02</b>	<b>Enabling our Communities</b>		
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"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
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"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
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"/>
<b>T05</b>	<b>Caring for our Environment</b>		
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	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><b>How does this proposal support the priorities selected?</b></p> <p><b>Governance</b></p> <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 C) clearly demonstrates the management of risks within the Council.</p> <p><b>Risk management supports all themes and priorities of the strategic plan</b></p>			

## Background and Justification for Recommendation

1 Background facts	
1.1	<p><b>Audit and Governance Committee</b></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><b>Overview</b></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><b>Management of Risks</b></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 &amp; 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 C). 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><b>Risk Management processes</b></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 B), 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><b>East Suffolk Risk and Opportunity Management Strategy</b></p> <p>The East Suffolk Risk and Opportunity Management Strategy (Appendix A) has been developed further to provide comprehensive details on the governance and management of risks. Opportunities arising from risk management are clearly identified within the Strategy 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 which was very positive and resulted in only minor amendments required, thus providing the Council with further validation that the Strategy is fit for purpose and meets good practice.</p>
2.4	<p><b>Key Categories for Managing Risks</b></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"> <li>• <b>Corporate (also known as 'Strategic')</b> 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.</li> <li>• <b>Service Level risks</b> 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.</li> <li>• <b>Operational risks</b> 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.</li> <li>• <b>Health and Safety</b> includes health and safety of service users as well as staff and councillors. This is overseen by Environmental Services and Port Health. Information, policies and risk assessments are available on the Council's intranet.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Emergency Planning and Business Continuity</b> 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 <a href="http://www.suffolkresilience.com">www.suffolkresilience.com</a></li> </ul>
2.5	<p><b>Project Risks</b></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><b>DEVELOPMENT AND PROGRESS IN MANAGING RISK</b></p> <p><b>Risk Management E-learning Module</b></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><b>Risk Management Training Programme</b></p> <p>As part of the Risk Management Training Programme the Council's insurance providers and advisors, Zurich Insurance Group, facilitated a 'Horizon Scanning and Corporate Risk Challenge' session for CMT (and nominated senior officers) on 1 November 2021. The session clearly demonstrated that risks relevant to the Council, and identified within the global risk report, are captured within the Corporate Risk Register (e.g. cyber-attacks). The session also reviews and challenges the existing corporate risk register and identifies potential risks. Following on from the session a full review of all corporate risks will be undertaken to ensure root causes are clearly identified and any relevant changes will follow the established reporting protocol (reported to CGG).</p> <p><b>Project Management Framework Review</b></p> <p>A full review of the existing Project Management Framework (including business cases appraisals) is underway and as part of this process Zurich Insurance Group will work with officers to deliver risk management training to officers.</p>
2.7	<p><b>CORORATE RISKS</b></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 26 risks on the Corporate Risk Register</p> <ul style="list-style-type: none"> <li>• 3 red risks</li> <li>• 18 amber risks</li> <li>• 5 green risks</li> </ul> <p>The risk management toolkit/matrix (Appendix B) is used to assess risk scores and monitor and manage all risks.</p>

**Red Risks:****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. In Summer/Autumn 2021 work was taken 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 score is D4 (green).

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

The current risk rating had improved (previously red A1) which reflects greater certainty from IRF and the ability to undertake broader community engagement and create adaptation options to manage impacts and reputation.

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. '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).

**Lack of resources to deliver aims and ambitions to deliver the Strategic Plan priorities (Red B2, high likelihood, critical impact)**

New risk added relating to the 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. Factors contributing to this risk include pressure to meet aspirations and projects potentially requiring additional finance (impact of increased prices, additional staff/resources) which could potentially require use of reserves. The impact of this risk is also continuing to be monitored within the Financial Sustainability Theme meetings. Target risk score is C3 (amber) and work is ongoing to mitigate this risk further.



**Amber Risks:****Failure to produce and deliver a sustainable Medium-Term Financial Strategy (MTFS) including delivery of balanced Annual Budget (Amber C2, significant likelihood, critical impact)**

This risk rating continues to reflect uncertainty around national Government initiatives and their potential financial impact, delivery of key projects, the impact of the Covid-19 pandemic, 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. Target score is D4 green (low likelihood and marginal impact).

**Failure of Large/Significant Service Delivery Contracts/Partnerships (Amber C2, significant likelihood, critical impact)**

Work continues to ensure Contract Management Procedures and documentation fully meet the needs of managing contracts effectively. The Constitution includes details on Contract Procedure Rules which require officers to play a more proactive role in understanding and monitoring contract performance. To this end, the Council carried out an extensive review of leisure contracts which led to a full procurement for a new leisure contractor. As a result, a leisure development contract was terminated, and the main functions rolled into the core leisure contract. Work started in 2020 and has continued into 2021 to undertake a full review of the Norse contract (due to end 2023), and the production of an options appraisal. An ARP Strategy Review is also underway involving all partners. Current work is providing assurance around the robustness of contractors and, where necessary, is taking action to identify alternative providers.

**Safeguarding – Failure to protect the most vulnerable and ensure they receive appropriate help, including from ESC and other authorities/organisations (Amber C2, significant likelihood, critical impact)**

Risk that those who are vulnerable are unable to receive the help that they need due to not meeting (high) threshold criteria of the MASH and other organisations, despite being clearly vulnerable and in need of safeguarding. Important to learn lessons from safeguarding reviews in Suffolk and nationally and to influence the wider system to develop and implement preventative and early intervention measures to stop people from becoming vulnerable and in need of safeguarding. Priority is to ensure that all safeguarding concerns are appropriately reported and feedback is received on the outcome of referrals. ESC is continuing to liaise with other authorities in Suffolk to try to address the gap in terms of thresholds and feedback loops. A corporate Services for All Group has been established to provide oversight of safeguarding and Equality and Diversity, and training has been held for staff and councillors to ensure compliance with policy and legislation and awareness of reporting procedures. It has been identified that additional resources are required to ensure ESC is tackling this risk effectively. The target score is green D4 (low likelihood, marginal impact) and the risk will be reviewed to assess progress.

**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.

**Failure to plan and prepare for the consequences of EU Exit (Amber C2, significant likelihood, critical impact)**

Due to ongoing uncertainties regarding the impact of EU Exit, this remains a significant risk. New rules for EU imports are set to commence at a low level in January 2022 and then step up in July 2022. This will impact on our Felixstowe service as well as the import control services we operate under contract for neighbouring ports. DEFRA has not yet provided details of new official control requirements, but we continue to work closely with DEFRA and many government and trade stakeholders as part of our preparedness. The volume of EU trade which will be impacted by the new rules is also unknown, but we have used the best available information to plan and prepare, including the recruitment and training of a range of additional staff whilst making our services agile, with the ability to flex and respond to government requirements and trade patterns as required.

The local economy in line with the national economy is experiencing supply chain constraints and labour shortages which are in part related to Brexit. Labour shortages are particularly acute in some of our key sectors such as Hospitality, Logistics, Care and Agriculture. We are working with businesses and sector groups directly to provide business support services which can alleviate these challenges. The target risk is green D4, which will be reviewed in the new year.

**Potential risks where Council is lead authority or Accountable Body (e.g. Freeport) (Amber C3, significant likelihood, major impact)**

New risk added following discussion/agreement at CGG due to ESC becoming Lead Authority for Freeport East and the risk of failure to adequately undertake duties associated with Lead Authority status. In relation to Freeport East a Shadow Supervisory Board has been established which comprises all partners and also acts as a forum to report and provide oversight on delivering the requirements of the Lead Authority. The action relating to this will be to have agreement on permanent governance, capacity budget, delivery of the Outline and Full business case. Freeport East is due to be designated in January 2022 and shortly after the permanent governance structure will be implemented. The target score is amber E2 (very low likelihood, critical impact).

**Failure to effectively end/manage key contracts/partnerships and realise financial benefits to the Council (Amber C2, significant likelihood, critical impact)**

Risk relates to concern that contracts may not be managed effectively or used to full potential (e.g. not achieving financial benefits for the Council). Mitigating actions include review of existing significant contacts prior to contract termination and inclusion of exit clauses in future major contracts. Work currently being undertaken to develop a new contractual arrangement to take over from the existing Norse,

where a break clause can be triggered in 2023. The target risk is D4 (green) and will be reviewed following further work on this project.

**Failure to develop and exploit commercial opportunities (Amber C3, significant likelihood major 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. Target score is D4 green (low likelihood, marginal impact).

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

The 'coronavirus' risk (previously identified at Red A2) has been separated into 'impact on communities and the economy' and 'impact to deliver council services'. This risk relates to failure to effectively support 'communities and businesses' in recovery phase and future outbreaks. Business continuity plans are in place and under constant review to ensure services continue to operate effectively, particularly to support the most vulnerable in the community to access essential services and basic necessities including shelter, food and warmth. The Communities Team works with the Customer Services Team to offer the Home But Not Alone service in East Suffolk which originally supported vulnerable people struggling with the impact of coronavirus to access food, prescriptions and support with loneliness.

Focus is now to help people on low incomes to access sustainable, ongoing sources of food, and enabling access to food and prescriptions for those who are isolating. The Council introduced innovative projects like the Grandpads and East Boxes to help combat isolation and loneliness in communities. A range of Covid-specific grants aimed at VCSE organisations and community groups have been delivered, including Covid-19 Community Fund, Bounce Back and Community Restart.

Support to businesses continues and the Council successfully delivered over £130m of business grants to ensure the survival of eligible businesses during lockdown and restrictions. In addition, we have recently established the Plan for the Future grant scheme which will provide £1m worth of grants to businesses who have been impacted by Covid trading restrictions and are seeking recovery investment. This funding will provide longer-term business support and will focus on the growth of recipient businesses.

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

Risk added due to impact of Sizewell C within East Suffolk which will impact on the area including environmentally, to the local economy and housing. Concerning the planning status we are awaiting the decision on the DCO application by April 2022 at the earliest. 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 in mid/late 2022. The target score is green D4 (low likelihood, marginal impact).

**Failure to manage environmental impact of oil deposits on Gunton Beach (Amber C3, significant likelihood, major impact)**

Recently added as corporate risk, escalated from Environment Theme due to the potential impact of remediation costs on the council's finances, as well as potential environmental and reputational consequences. 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. Regular monitoring of beach required to assess immediate risks arising day to day, resulting from high tides or stormy weather. Survey of beach undertaken in October 2021 by engineering experts, procured to investigate and advise on next steps. Target score green F5 (almost impossible likelihood, negligible impact).

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

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, the impact of contamination in central Lowestoft. A new Waste Manager has been appointed and 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. The target score is green D4.

**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. Target score D2 amber (low likelihood and critical impact) is being achieved.

**Failure to deliver the East Suffolk Strategic Plan (Amber D3, low likelihood, major impact)**

Work continues to ensure the delivery of the Strategic Plan and governance arrangements are in place to ensure effective management of corporate projects. Opportunities will continue to be developed to improve consistency and application of project management. The target score is E3 green (very low likelihood, major impact).

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

Risk updated to reflect delivery need to meet the 2030 carbon neutral target, previously related to climate change. 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.

**Failure to meet legal requirements of Health and Safety of employees wellbeing (staff and members) (Amber D3, low likelihood, major impact)**

Due to the significance of ensuring the council fully meets its statutory requirements relating to corporate health and safety, CGG agreed that this be added as a corporate risk. Target risk is green D4 (low likelihood and marginal impact).

**Fire risk to exterior cladding at tower block St Peter's Court (Amber E1, very low likelihood, catastrophic impact)**

Risk relates to external cladding at St Peter's Court tower block. Whilst it is considered a minimal at present, due to non-compliance with manufacturer's installation requirements, it has been agreed to procure the complete replacement of the exterior cladding. Following a procurement exercise in accordance with Contract Procedure Rules, Council approved to procure the external cladding. The target score is F4 green which expected to be achieved following work to replace the external cladding. Cabinet approval has been obtained (June 2020) to replace cladding and windows to St Peter's Court. A project management company, Michael Dyson Associates, was appointed to act on behalf of ESC to prepare specification and manage works. Further aspects of work are necessary to inform replacements. Structural building appraisal was awarded in March 2020 and architectural services awarded in May 2021.

**Failure to deliver Housing Development Programme (Amber C3, significant likelihood, major impact)**

A significant amount of work has been undertaken including the production of an HRA Business Plan, and implementation of the Housing Strategy. The Development Strategy and Enabling Strategy were adopted. The target score is green D4 (low likelihood, marginal impact) and work is continuing on delivering against the Housing Development Programme.

**Green Risks:**

**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.

**Failure to implement Capital Programme (Green D4, low likelihood, marginal impact)**

Risk updated to ensure it relates to other projects including asset management and captures the implementation of revenue generation. 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 is being 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).

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

The current risk relating to the impact of smaller service delivery contracts/partnerships remained at its target score of green D4. Work continues to ensure these are effectively managed.

**Coronavirus – impact of Covid-19 pandemic on service delivery (Green D4, low likelihood, marginal impact)**

The impact of the Coronavirus continues to be a risk to the delivery of services by the Council, however, this element of risk has now been lowered to green, previously red risk (A2, very high likelihood, critical impact) and relates to managing the impact of any potential outbreaks. Business continuity plans are in place and are under constant review to ensure that services operate effectively. Target risk is green D4 (low likelihood, marginal impact).

**Failure to promote and maintain Ethical Standards (Green E4, very low likelihood, marginal 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. Risk is cu target score of E4 green continues to be achieved.

**Overview of Risk Ratings:**

A summary of the current and target risk scores along with the projected direction of travel is detailed below:

Risk	Theme	Current	Target	Direction of Travel
Incident management – flood risk	Environment	Red	Green	➔
High profile or major coastal erosion or coastal incident	Environment	Red	Amber	⬆
Resources to deliver Strategic Plan priorities	Financial Sustainability	Red	Amber	⬆
Medium Financial Strategy (MTFS) inc. Annual Budget	Financial Sustainability	Amber	Green	➔
Failure to effectively end/manage key contracts/ partnerships and realise financial benefits to council	Financial Sustainability	Amber	Green	➔
Service Delivery Contracts/Partnerships 'large/significant'	Financial Sustainability	Amber	Green	➔



Safeguarding – protect most vulnerable and ensure they receive appropriate help from other authorities/ organisations	Enabling Communities	Amber	Green	➔
Flooding/tidal surges (Lowestoft only)	Environment	Amber	Green	⬆
Brexit (Part 1) – Ports Brexit (Part II) – on wider economy	Economy	Amber	Green	➔
Potential risks where Council is lead authority or Accountable Body (e.g. Freeport)	Governance	Amber	Amber	➔
Commercial opportunities	Financial Sustainability	Amber	Green	➔
Coronavirus ‘communities and businesses’ - recovery phase and future outbreaks of Covid-19 pandemic	Governance (Enabling Communities & Economy)	Amber	Green	⬆
Housing Development Programme	Enabling Communities	Amber	Green	⬆
Sizewell C	Economy	Amber	Green	➔
Oil deposits on Gunton Beach	Environment	Amber	Green	➔
Escalating cost of waste collection/services	Environment	Amber	Green	⬇
Cyber Attacks including failure of ICT	Digital	Amber	Amber	⬆
East Suffolk Strategic Plan	Governance	Amber	Green	⬆
2030 Carbon Neutral target	Environment	Amber	Green	➔
Health and Safety of employees and others	Governance	Amber	Green	➔
Fire risk to exterior cladding at tower block St Peter’s Court	Governance	Amber	Green	⬆
Physical & mental health & wellbeing (staff & members)	Governance	Green	Green	⬆
Capital Programme	Financial Sustainability	Green	Green	⬆
Coronavirus – Impact on service delivery	Governance	Green	Green	⬆
Service Delivery Contracts/Partnerships ‘other’	Financial Sustainability	Green	Green	➔
Ethical Standards	Governance	Green	Green	➔

#### **RISKS MOVED TO STRATEGIC THEMES:**

##### **Failure to deliver Digital Transformational Services (Amber D2, low likelihood, critical impact)**

This risk is being managed within the Digital Transformation risk register and no longer a corporate risk. Significant progress has been achieved and continues to improve services. Digital transformation is one of the key themes in the East Suffolk Strategic Plan (which states the Council’s key priorities and objectives) and will ensure it is integral to the core functionality of the organisation. Target score D4 green (low likelihood and marginal impact), near to being met.

##### **Failure to meet General Data Protection Regulation (GDPR)/Data Protection Act 2018 and Data Governance (Amber D3, low likelihood, major impact)**

This risk was initially included as a corporate risk when GPDR was first introduced due to uncertainty and potential risk to the Council. However, following agreement by CGG this risk is being managed within the Strategic Plan Governance theme. The General Data Protection Regulations came into force on 1<sup>st</sup> May 2018 along with the UK Data Protection Act 2018. The Council has statutory data governance processes and procedure in operation. Mandatory data protection training has been introduced and refreshed for Officers and Councillors. An appropriate Data Protection Officer and Deputy are in post. Target score of D4 green (low likelihood and marginal impact).

	<p><b>COMPLETED / CLOSED Risk:</b></p> <p><b>Impact of Migration to Universal Credit &amp; Pension Credit Housing element (Green D4, low likelihood, marginal impact)</b></p> <p>The impact of migration to Universal Credit and Pension Credit Housing element risk has now been removed. The measures in place to mitigate UC risk namely our RentSense software means that the risk of managed migration is negligible and many of our tenants have migrated naturally and due to Covid meant some received UC rather than heritage benefits. The Pension Credit element may be added if risks arise, however, this element has been quiet for some years.</p> <p><b>Failure of assets to meet financial requirements</b></p> <p>Following full review and discussion at the Financial Sustainability Theme meeting and approval by CGG, it was agreed that this is no longer a risk for the Council. An Asset Management Strategy is now in place (approved by Cabinet) which sets out management of assets which ensures maximum value is derived from the existing portfolio, from acquisitions and from disposals. A single electronic Asset Register had also been created for East Suffolk Council. Controls are in place to monitor assets including regular meetings of the Asset Management Group which examines use and disposal of assets.</p>
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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	East Suffolk Risk and Opportunity Management Strategy is fully embedded within organisation.
3.4	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.
4.3	East Suffolk Risk and Opportunity Management Strategy has been updated.

## Appendices

Appendices:	
<b>Appendix A</b>	East Suffolk Risk and Opportunity Management Strategy
<b>Appendix B</b>	Risk Management Process/Toolkit
<b>Appendix C</b>	Risk Management Framework

Background reference papers:
None.



