



## AUDIT AND GOVERNANCE COMMITTEE

Monday, 14 December 2020

### CORPORATE RISK MANAGEMENT UPDATE

#### EXECUTIVE SUMMARY

1. This report provides an overview and update on how the Council's strategic and operational risks are managed.
2. Members are asked to note and make comment on the corporate strategic risks from the Council's current Corporate Risk Register (CRR) which had been maintained and governed by the Corporate Risk Management Group (CRMG). From 1<sup>st</sup> April 2020, under the new governance framework for the East Suffolk Strategic Plan, strategic risks are monitored and governed by Corporate Governance Group (CGG) and have been incorporated as part of the monitoring process for delivering the East Suffolk Strategic Plan with risks being reported at each strategic plan theme delivery team.
3. 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.

|                               |   |
|-------------------------------|---|
| Is the report Open or Exempt? | Open  |
| <b>Wards Affected:</b>        | All Wards within the District   |
| <b>Cabinet Member:</b>        | Councillor Maurice Cook<br>Cabinet Member with responsibility for Resources   |
| <b>Supporting Officer:</b>    | Brian Mew<br>Interim Chief Finance Officer and Section 151 Officer<br>(01394) 444571<br><a href="mailto:Brian.Mew@eastsoffolk.gov.uk">Brian.Mew@eastsoffolk.gov.uk</a><br><br>Lorraine Rogers<br>Deputy Chief Finance Officer<br>(01502) 523667<br><a href="mailto:Lorraine.rogers@eastsoffolk.gov.uk">Lorraine.rogers@eastsoffolk.gov.uk</a> |

## 1 INTRODUCTION

- 1.1 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 in order to improve long-term stakeholder confidence by enhancing corporate performance and accountability. An annual update on Corporate Risk Management was reported to the Audit and Governance Committees of the former councils (Suffolk Coastal District Council on 12<sup>th</sup> March 2019 and Waveney District Council on 7<sup>th</sup> March 2019).
- 1.2 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.
- 1.3 For the purposes of effectively managing risk, and in accordance with best practice, the Council manages risk within five categories:
- **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 Corporate Management Team and monitored by Corporate Governance Group (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 to 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. Information, policies and risk assessments are available on the Council’s intranet (FRED).
  - **Emergency Planning and Business Continuity** are the responsibility of the Head of Environmental Services and Port Health. Emergency Planning and internal Business Continuity Services for the Council are provided by one District Emergency Planning Officer and one 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](http://www.suffolkresilience.com)

## RISK MANAGEMENT

- 1.4 This report provides an update on how strategic risk continues to be monitored and managed. Details are set out in the East Suffolk Corporate Risk Management Strategy.
- 1.5 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. This approach had been approved by the former Councils’ Audit and Governance Committees and continues to be working practice to date.

- 1.6 The Chief Finance Officer has overall responsibility for Risk Management along with Financial Services and Corporate Performance which includes providing risk management advice and support to all officers. Heads of Service ensure that risks within their area are recorded and managed appropriately, in line with the risk management framework. It is the responsibility of CGG to regularly review and monitor the approach to risk management.
- 1.7 The Risk Management Toolkit (developed with Zurich) is used to assess and manage corporate, operational, project and partnership risks.
- 1.8 Risk registers form part of performance reporting and are designed to be living documents, updated regularly. Details of risks are included in document templates for projects and business case appraisals (BCAs). The CRR covers risks which affect our ability to achieve long-term Council objectives. Risks can be escalated from service areas up to the CGG for inclusion in the CRR – or moved down as required. 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.”
- 1.9 Proposed governance arrangements for the new East Suffolk Strategic Plan will ensure that newly developed service plans continue to monitor and manage risks effectively in all service areas, and that reporting on high level risks continues across the Council.
- 1.10 An overview of the Council’s corporate strategic risks had been included in the quarterly East Suffolk Performance Reports. The format of current performance reporting will be reviewed and aligned to meet deliverables within the East Suffolk Strategic Plan.
- 1.11 The Council’s intranet has a dedicated Risk Management page which contains documents and links including the East Suffolk Corporate Risk Management Strategy guidance, training presentations and documents, Corporate Risk Registers and CGG Terms of Reference. As the Council moves to its intranet to SharePoint this information will continue to be available within the governance section.

#### **East Suffolk Risk Management Strategy**

- 1.12 Significant changes to the East Suffolk Risk Management Strategy will be reported at future meetings of the Audit and Governance Committee. Risks and opportunities will continue to be monitored at CGG and at Corporate Management Team (CMT) and Senior Management Team (SMT) meetings, to ensure they are being effectively identified and managed.

#### **Project Risks**

- 1.13 Project risks are managed according to the general risk management toolkit (Appendix A). Links to the relevant documents are included in the Project Management Framework. Each significant project should have its own risk register so that the Project Manager may actively manage risks and the Project Board can monitor those risks.

## **2 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?**

- 2.1 Risk management supports and delivers the good governance required to deliver the East Suffolk Strategic Plan, ensuring that risks are managed effectively and contributes to efficient governance procedures.

## **3 DEVELOPMENT AND PROGRESS IN MANAGING RISK**

#### **Risk Management E-learning Module**

- 3.1 The Risk Management e-learning module was reviewed and updated in April 2019 in line with SCDC and WDC becoming East Suffolk Council. It continues to form part of the induction process and it is mandatory for all new staff to undertake the training within one month of employment. Further training or guidance on risk management is available.

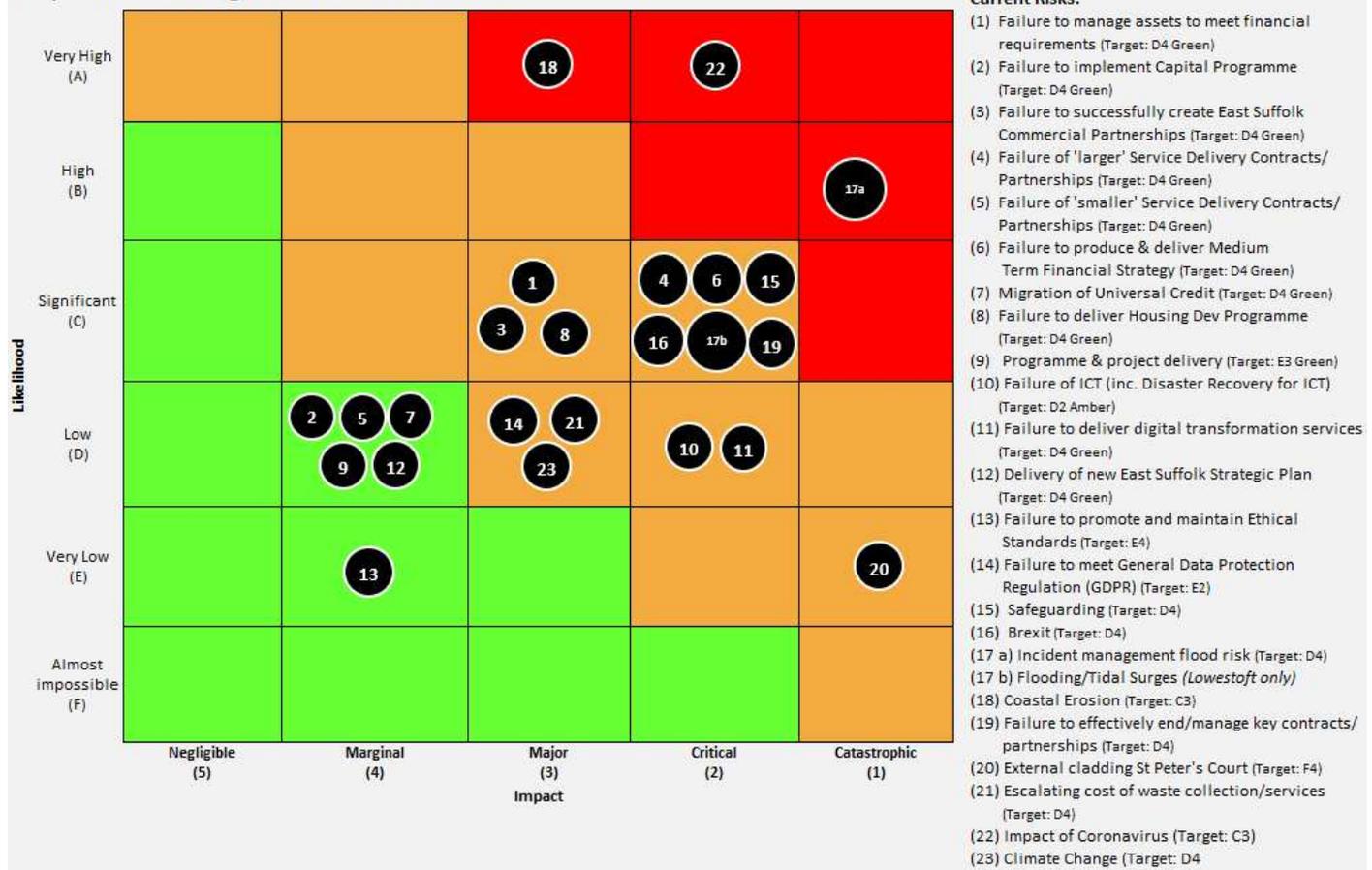
### **Risk Management Training Programme**

- 3.2 As part of the Risk Management Training Programme the Council's insurance providers and advisors, Zurich Insurance Group, delivered risk management training to members on 23<sup>rd</sup> October 2019. The event was delivered to increase knowledge and understanding on risk management (including reporting and responsibilities). A further session is scheduled to be held on 13<sup>th</sup> January 2021 and all members are invited to attend as part of member development training.
- 3.3 Risk management training was also delivered to 18 officers on 24<sup>th</sup> October 2019. The session was tailored on the Council's risk management procedures and aimed to increase understanding and knowledge of how risks are managed. Attendees included existing and new officers to the Council. The training needs for officers continues to be undertaken and training will be made available as required.
- 3.4 Horizon Scanning and Corporate Risk Challenge sessions have been built into the programme delivered by Zurich. These sessions have proved valuable and beneficial in ensuring processes are effective and risks are managed and monitored effectively. The sessions include a review of existing risk register, identifies potential risks not included at corporate level and a mechanism to challenge risks.
- 3.5 On 9<sup>th</sup> November 2020, Zurich Insurance Group facilitated the 'Horizon Scanning and Corporate Risk Challenge' session for CMT and nominated senior officers which focused on the impact that Covid-19 has had on the Council and included discussions of new and emerging risks and how risks upon the Council may have changed since the pandemic. Overall, it was evident that the risk register was reflective of its impact and a survey by senior officers, carried out prior to the session, was positive on how the Council had met challenges. The threat of cyber-attacks was identified as a high-risk area which is included in the ICT Business Continuity risk.
- 3.6 A further risk session with CMT to be delivered by Zurich is likely to be held in the first part of 2021 to review the CRR (see Section 4 for all risk updates).

## **4 CORPORATE RISKS**

- 4.1 This section provides details on progress being undertaken to achieve specific targets, meet risk scores of existing corporate risks and includes details of new risks. There are currently 24 risks on the Corporate Risk Register (3 red risks, 15 amber risks and 6 green risks). Below is a diagram of the risk matrix identifying current corporate risks.

## Corporate Risk Register: November 2020



### Red Risks:

#### Coronavirus (Red A2, very high likelihood, critical impact)

4.2 The impact of the Coronavirus, which has been classified as a World Pandemic, is a significant risk to the delivery of services by the Council. Business continuity plans are in place and are under constant review to ensure that services continued to operate effectively particularly to support the most vulnerable in the community to access essential services and cover staff absences. The Communities Team worked with the Customer Services Team to implement Home But Not Alone (HBNA) in East Suffolk which supported vulnerable people in our communities struggling with the impact of the Coronavirus to access food, prescriptions and support with loneliness. This was paused in August due to the end of shielding on 31<sup>st</sup> July and subsequent low demand, however following the second lockdown HBNA was re-established on 4<sup>th</sup> November. The focus during phase 2 is on helping people to access sustainable, ongoing sources of food, including priority slots with supermarkets. The Council has introduced innovative projects like the Grandpads and East Boxes to help combat isolation and loneliness in our communities. Procedures are also in place for homeworking and meetings were held remotely to ensure the Council operated efficiently. Support to businesses will be continually reviewed in line with national policy. The Council successfully delivered business grants to those eligible and established robust systems which allowed for further grants to be made.

#### High profile or major coastal erosion or coastal incident (Red A3, very high likelihood, major impact)

4.3 There is 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. 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. Target risk score of C3 (amber) will be reviewed.

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

- 4.4 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. Targeted actions include Coastal Partnership East producing an incident response protocol and incident response with Building Control teams in local authorities and others depending on flood risk sources. Target score is D4 (green) and will be reviewed regularly.

**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)**

- 4.5 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. Recent government announcements on Covid-19 and other financial support measures to local authorities will contribute significantly to mitigating the impacts of the pandemic.
- 4.6 The new East Suffolk Strategic Plan has 'Financial Sustainability' as one of its key themes, and the group overseeing this them will 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.
- 4.7 Target score is D4 green (low likelihood and marginal impact).

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

- 4.8 Due uncertainty on the impact of Brexit it remains a significant risk on the Corporate Risk Register. Brexit took place on 31<sup>st</sup> January 2020 and there has been an 11-month transition period which is due to end 31<sup>st</sup> December 2020. There will be new rules for businesses and citizens in place from 1<sup>st</sup> January 2021 which will include importing and exporting of goods, travelling and living and working in the EU. ESC is continuing to support its businesses, and Brexit trade advisors had been appointed to work with businesses to support their trading activities during the EU transition. ESC also assisted people to sign-up to the EU Settlement Scheme. The target risk is green D4, which will be reviewed in the new year.

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

- 4.9 Work continues to ensure that Contract Management Procedures and documentation fully meet the needs of managing contracts effectively. The Constitution (which includes Contract Procedure Rules) for ESC was approved by the Shadow Council on 28<sup>th</sup> January 2019. New procurement rules require officers to play a more proactive role in understanding and monitoring contract performance, and that the procurement process will be the point at

which KPIs are set. To this end, the Council carried out an extensive review of leisure contracts in 2019 and 2020, leading to a full procurement for a new leisure contractor. In addition, a leisure development contract was terminated, and the main functions rolled into the core leisure contract. Work started in 2020 on a full review of the Norse contract, and the production of an options appraisal.

- 4.10 The risk score for large contracts/partnerships remained at C2 amber. 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 from other authorities/organisations (Amber C2, significant likelihood, critical impact)**

- 4.11 Significant risk that those requiring assistance are unable to receive help due to not meeting threshold criteria of other authorities/organisations despite being clearly vulnerable and in need of safeguarding. Important 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. ESC is continuing to liaise with other authorities to address this gap in terms of referral processes and thresholds. A Services for All Group has been established to provide oversight of both safeguarding and Equality and Diversity, and training has been held to ensure compliance with policy and legislation. The target score is green D4 (low likelihood, marginal impact) and the risk will be reviewed following progress and outcomes to procedures by other authorities.

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

- 4.12 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, but a permanent barrier is needed. Work is underway to build new tidal defences and a barrier by 2026.

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

- 4.13 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 taken to review the contract currently held by Norse, where a break clause can be triggered in 2023. Full procurement has been carried out to identify a new leisure contractor for the North of the district, with a decision due in December.

**Failure of assets to meet financial requirements (Amber C3, significant likelihood, major impact)**

- 4.14 Risk updated to include assets being used to full potential. Significant work had been undertaken to review asset management including the completion of the Asset Management Strategy which sets out the management of assets in a way that will ensure 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. An Asset Management Strategy has been approved by Cabinet and its principles are guiding new acquisitions.

- 4.15 The target score is D4 green (low likelihood, marginal impact) and the current risk score is likely to be re-categorised following completion of the work identified above.

**Failure to successfully create East Suffolk Commercial Partnerships (Amber C3, significant likelihood, major impact)**

- 4.16 This risk relates to uncertainty as to whether the Council will be able to deliver the requirements within the Commercial Strategy, including implementation of LATCOs and in-house commercial opportunities, and will therefore be able to generate new income streams. Business cases and proposals for commercial investment and trading were reported to Cabinet in February 2019. Delegated authority was granted to officers to incorporate the LATCOs. The companies set out in the report cannot commence trading without prior Cabinet approval of a Full Business Case for their commercial activity. Consultants are being used to provide legal and expert advice and supporting the incorporation of the LATCO and governance arrangements. The target score for this risk is D4 green (low likelihood, marginal impact).

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

- 4.17 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 have been adopted (reported to Cabinet in March 2020).

- 4.18 The target score is green D4 (low likelihood, marginal impact), progress to meet this target should be achievable once the relevant strategies have been fully implemented.

**Failure of ICT (including Disaster Recovery for ICT) (Amber D2, low likelihood, critical impact)**

- 4.19 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 development of Cloud facilities solutions which will provide additional resilience in the future. Target score D2 amber (low likelihood and critical impact) is being achieved.

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

- 4.20 This risk remained unchanged; however, 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)**

- 4.21 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 in 2020 for Officers and Councillors. An appropriate Data Protection Officer and Deputy are in post.

- 4.22 Target score of D4 green (low likelihood and marginal impact).

**Failure to effectively manage and monitor Climate Change (Amber D3, low likelihood, major impact)**

- 4.23 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 control escalating cost of waste collection/services (Amber D3, low likelihood, major impact)**

- 4.24 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). The target score is green D4.

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

- 4.25 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.

**Green Risks:**

**Impact of Migration to Universal Credit (Green D4, low likelihood, marginal impact)**

- 4.26 Risk updated to reflect impact of full migration to Universal Credit on the Council and its residents (e.g. debt, rent arrears). Controls and actions are in place including predictive analytics software (Rentsense) which resulted in a reduced caseload for Rent Officers allowing them to focus on those cases needing to be contacted and the Housing Team had seen a reduction in arrears. Managed migration will also be supported by the recruitment of a Financial Inclusion Officer who will work with tenants on housing benefit (to not only maximise their income but also to get agreements to get them a month ahead on their rent).

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

- 4.27 The current risk relating to the impact of smaller service delivery contracts/partnerships remained at green D4 (low likelihood and marginal impact). Work continues to ensure these are effectively managed. The target risk is being achieved.

**Failure of Programme and Project Delivery (Green D4, low likelihood, marginal impact)**

- 4.28 Risk improved to D4 green (previously amber C2, significant likelihood, critical impact) which was due to considerable amount of work to deliver previous East Suffolk Business Plan and production of the new East Suffolk Strategic Plan (implemented on 1<sup>st</sup> April 2020). Governance arrangements for delivering the new Strategic Plan ensures effective

management of corporate projects. Opportunities will continue to be developed to improve consistency and application of project management.

- 4.29 The target score is E3 green (very low likelihood, major impact) and will be reviewed once the new governance arrangements for the East Suffolk Strategic Plan have been fully established and the first year of delivery has been reached.

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

- 4.30 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 recent 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 to deliver East Suffolk Strategic Plan (Green D4, low likelihood, marginal impact)**

- 4.31 Following significant work by members and officers a new East Suffolk Strategic Plan was produced, presented to Cabinet on 4<sup>th</sup> February and approved at Full Council on 26<sup>th</sup> February 2020. The East Suffolk Strategic Plan is a strategic-level document showing aims and objectives of the Council at a high level, to steer the organisation's decision-making and day to day management of services. There are five themes, which are overarching principles for the way in which the authority will work as a whole, rather than being in isolation, the plan aims to present the themes and priorities as the ethos under which decisions are made and the direction the authority travels over the next four years. A comprehensive reporting framework has been established to ensure deliverables are achieved and the Strategic Plan Delivery Board meets six times a year, five of the meetings focus on one theme and an end of year overview/report on the Strategic Plan will be delivered in April. Review of ES Strategic Plan will also be reviewed to ensure it captures any implications due to Covid-19. Target risk score (green) was being achieved.

**Failure to promote and maintain Ethical Standards (Green E4, very low likelihood, marginal impact)**

- 4.32 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 of E4 green continues to be achieved.

**Overview of Risk Ratings:**

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

| Corporate Risk  | Current rating | Target rating | Projected Direction to meet target |
|---|----------------|---------------|------------------------------------|
| Coronavirus   | Red            | Amber         | ↑                                  |
| Coastal Management – Incident Management – Flood Risk                                     | Red            | Green         | ↑                                  |
| Coastal Erosion or coastal incident   | Red            | Amber         | ↑                                  |
| Medium-Term Financial Strategy (MTFS) including delivery of balanced Annual Budget        | Amber          | Green         | ➡                                  |
| Brexit  | Amber          | Green         | ➡                                  |
| Service Delivery Contracts / Partnerships (large)   | Amber          | Green         | ➡                                  |
| Safeguard – protecting most vulnerable ensuring they receive appropriate help from others | Amber          | Green         | ➡                                  |
| Flood/tidal surges (Lowestoft)  | Amber          | Green         | ↑                                  |
| Effectively end/manage key contracts/partnerships   | Amber          | Green         | ➡                                  |
| Failure of assets to meet financial requirements  | Amber          | Green         | ↑                                  |
| East Suffolk Commercial Partnerships  | Amber          | Green         | ↑                                  |
| Housing Development Programme   | Amber          | Green         | ↑                                  |
| ICT (including Disaster Recovery for ICT)   | Amber          | Amber         | ➡                                  |
| Digital Transformational Services   | Amber          | Green         | ↑                                  |
| General Data Protection Regulation and Data Governance                                    | Amber          | Green         | ↑                                  |
| Climate Change  | Amber          | Green         | ↑                                  |
| Escalating cost of waste collection/services  | Amber          | Green         | ↑                                  |
| Fire risk to exterior cladding at tower block St Peter's Court                            | Amber          | Green         | ↑                                  |
| Migration of Universal Credit   | Green          | Green         | ➡                                  |
| Service Delivery Contracts / Partnerships (other/small)                                   | Green          | Green         | ➡                                  |
| Programme and Project Delivery  | Green          | Green         | ➡                                  |
| Capital Programme   | Green          | Green         | ↑                                  |
| East Suffolk Strategic Plan   | Green          | Green         | ↑                                  |
| Ethical Standards   | Green          | Green         | ➡                                  |
| <b>Closed Risks:</b>  |                |               |                                    |
| Creation of East Suffolk Council  |                |               |                                    |
| Safeguarding Policies and Procedures  |                |               |                                    |
| Service Planning  |                |               |                                    |

#### COMPLETED / CLOSED Risk:

##### Failure to have appropriate Safeguarding policies and procedures in place and to embed these in the practice of both staff and councillors

- 4.34 Risk 'completed'. Council has strategies and policies in place relating to safeguarding which are regularly reviewed and updated. Training sessions had been held for councillors which included emerging issues such as County Lines and Child Sexual Exploitation. An on-line training module forms part of the requirements for licensing taxi drivers. It was also agreed that a revised safeguarding risk be added relating to ensuring safeguarding is in place for the most vulnerable and the importance that they received appropriate help from other authorities and organisations (see paragraph 4.26).

**Failure to successfully dissolve the two Councils and become ‘East Suffolk Council’**

4.35 East Suffolk Council was successfully established on 1<sup>st</sup> April 2019.

**Failure of Service Planning (Green D4, low likelihood and marginal impact)**

4.36 Service planning is no longer a strategic risk and would be monitored within service areas where appropriate. Service plans form part of reporting framework for the East Suffolk Strategic Plan.

**5 FINANCIAL AND GOVERNANCE IMPLICATIONS**

5.1 The Council’s focus on risk management provides a robust mechanism for governance and considers a wide number of areas, including financial.

**6 CONSULTATION**

6.1 Work on Corporate Risk Management has been shaped by consultation with the relevant committees at each Council, with Zurich Municipal, other councils and Internal Audit.

**7 RECOMMENDATION**

7.1 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.

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| <p><b>RECOMMENDATION</b></p> <p>That the Committee make comment on the current key risks and corporate risk appetite and note the latest update.</p> |
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|                   |   |
|-------------------|---|
| <b>APPENDICES</b> |   |
| <b>Appendix A</b> | Corporate Risk Management Process and Toolkit |

|                                 |
|---------------------------------|
| <b>BACKGROUND PAPERS – none</b> |
|---------------------------------|



## Risk – and opportunity - management process and toolkit

### Step 5 - Monitor

Review the Register with colleagues (for example, as part of your Service Plan) at least quarterly

- What has changed?
- New risks or opportunities?
- Need to report or escalate risks?
- Have rankings changed?

### Step 4 – Mitigate

- Assess current actions and controls: Are they adequate or more needed?

### Treat – Accept -Stop - Transfer

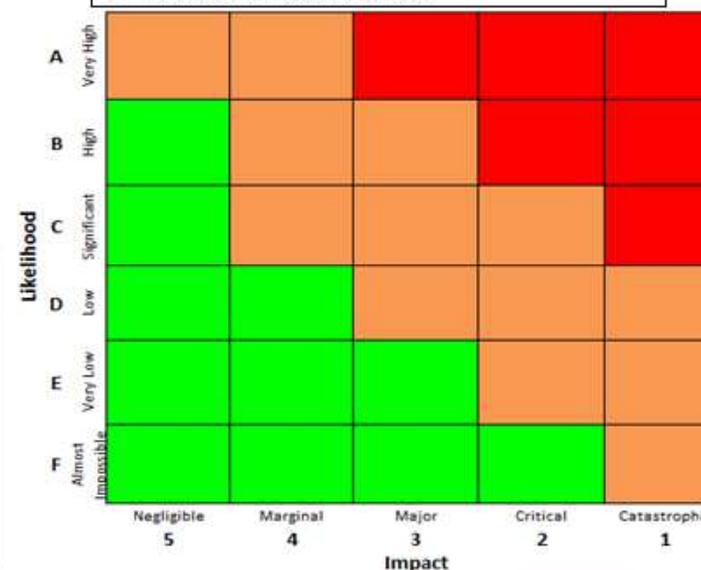
- Within your Service Plan - develop specific SMART actions that will either reduce the likelihood of the risk, or minimise the impact – or maximize an opportunity and increase its likelihood.
- What should score be after taken action taken?
- Should this risk be escalated?



| Likelihood          | %         | Description  | Proximity/ Timing                  |
|---------------------|-----------|--|------------------------------------|
| A Very High         | 90%       | Event is very likely to occur.   | Within current financial year      |
| B High              | 60% - 90% | Strong possibility the event will occur.   | Will occur at least once per year  |
| C Significant       | 30% - 60% | Will probably occur in most circumstances  | Will occur within next 4 years     |
| D Low               | 15% - 30% | Risk event likely to occur at some time.   | Likely to occur once in 4 to 6 yrs |
| E Very Low          | 5% - 15%  | Risk event could occur at some time.   | Likely to occur within 6 to 10 yrs |
| F Almost Impossible | 0% - 5%   | May occur only in exceptional circumstances. Extremely unlikely or virtually impossible. | May occur once within 10 to 50 yrs |

### Step 3 – Prioritise using the matrix below

- How likely is this? How soon might it happen?
- How big an impact will it have?



| Impact         | Service / Operational   | Project or programme  | Strategic  | Financial   | Opportunity  |
|----------------|---|---|--|---|--|
| 1 Catastrophic | Service suspended long-term or taken over. Statutory duties not delivered.  | Milestones missed, key deliverables not achieved.                                   | Corporate objectives not met. Mass staff leaving/unable to attract staff. Remembered for years, mentioned in Parliament. | In excess of each authorities available balances, finances/ reserves wiped out. | Significant performance improvement, savings or income of 70%, service transferred.    |
| 2 Critical     | Service suspended medium-term or taken over temporarily. Key objectives missed.   | Project reduced/suspended in the medium-term. Major milestones & KPIs missed (red)  | Statutory requirements not met. Industrial action, adverse national publicity.   | £5m and above   | Service transferred, savings/income 50%-70%  |
| 3 Major        | Service reduced / suspended short-term / taken over for a minimal period. Key objectives or KPIs missed (annual - red) within one team/ service, or more than one service affected. | Project delayed / suspended short-term. Some major milestone, or KPIs missed (red). | Industrial action, adverse local and national publicity.   | Over £1m less than £5m  | Part of service transferred, savings/income 30%-50%.                                   |
| 4 Marginal     | Service slightly reduced Within one team/service some objectives or KPIs missed (amber annual, red quarter).  | Project slightly delayed Some objectives or KPIs missed (amber).                    | Adverse local media, impact on an external inspection (s), some hostile relationships and minor non-co operation.        | Over £½m less than £1m  | Positive local media, Financial impact 10%-30%, all PIs met, some partnership working. |
| 5 Negligible   | No impact on annual service, performance or team objectives.  | No impact on: final project due date, performance or objectives.                    | No effect on morale No effect on reputation or partnership. No media attention.  | Less than £½ m  | No impact on team objectives or performance. Financial impact below 10%.               |

# Risk – and opportunity - management process and toolkit



This process is used to manage corporate, service, project, business case, and partnership risks and opportunities.

|  |   |
|--|---|
| <b>Roles</b><br>All members and officers have a responsibility to manage risk in their work. There are also specific responsibilities: |   |
| <b>Cabinet</b>   | Consider risk when making decisions.<br>Review key risks  |
| <b>Audit &amp; Governance</b>  | Review strategy   |
| <b>CMT/SMT</b>   | Manage corporate risks.<br>Escalate risks to CRR.<br>Move corporate risks into team or service registers.<br>Raise risks at meetings. |
| <b>Team Leaders</b>  | Manage own risks.<br>Update senior managers<br>Escalate risks   |



## Step 1: Identify

### Do this at least once a year

- Look at the business plans, especially priorities. What might stop your team delivering the Councils' priorities – or delivering your service plan?
- Consider the types of risk
- Brainstorm with colleagues
- Examine trends
- Analyse last year's problems
- Review information from other councils / situations
- Be aware of new initiatives / agendas and regulations

- What opportunities are there?

### Do this frequently

- What might stop you delivering your service?
- Review situation. Brainstorm with team

## Step 1: Types of risk / opportunities (with examples): *What if...?*

|  |  |
|--|--|
| <b>Political</b>                         | Change of political control locally or nationally                            |
| <b>External</b>                          | Changes outside our councils and control                                     |
| <b>Economic &amp; Financial</b>          | Interest rate change; recession  |
| <b>Social</b>                            | Population growth; aging population  |
| <b>Governance</b>                        | Compliance requirements; controls  |
| <b>Communication &amp; Relationships</b> | Failure of systems; potential new partnerships                               |
| <b>Legislative or Regulatory</b>         | Fail to meet requirements; law changes                                       |
| <b>Strategic / operational</b>           | Fail to meet business plan or team objectives                                |
| <b>Resources (incl. HR, IT, Finance)</b> | Staff illness; succession planning; system failure; new software; budget cut |
| <b>Legal</b>                             | Breach of contract; improved terms   |
| <b>Environmental</b>                     | Extreme weather events; floods; good summer                                  |
| <b>Roles &amp; Responsibilities</b>      | Using staff skills; lack of qualified staff                                  |
| <b>Stakeholders</b>                      | Disagreements; changed priorities  |
| <b>Change Management</b>                 | Low staff morale; improved efficiency  |

## Step 2: Analyse - Capture the main elements to a risk or opportunity

|               |                                |  |
|---------------|--------------------------------|--|
| <b>Cause</b>  | If / As a result of...         | <b>As a result of</b> bad weather  |
| <b>Event</b>  | Then / There is a risk that... | <b>there is a risk that</b> staff will not be able to get to the office to do their work |
| <b>Effect</b> | So / Which will result in...   | <b>which will result in</b> unhappy service users and increased complaints               |