

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Maxine O'Mahony - Executive Director of Strategy and Governance

**To:** Governance and Audit Committee – 3 March 2016

**Author:** Greg Pearson - Corporate Improvement & Performance Manager

**Subject:** Quarterly Risk Report

**Purpose:** To inform the Committee on the current status of the Councils' strategic risks

### **Recommendation:**

- 1) That the contents of the report are noted.

### **1.0 BACKGROUND**

- 1.1. The last risk report to the Governance and Audit Committee was in December 2015. Since then, work has continued on configuring the new corporate performance and risk monitoring system, Covalent.
- 1.2 This report is generated using the new system and includes updates on strategic risks for quarter 3, 2015/16. Changes have been made to the layout of the report including the addition of the original risk score and details of the controls/mitigation in place.
- 1.3 Strategic risks are captured on the Corporate Dashboard, reviewed by EMT quarterly. In addition, risks are reviewed monthly at the officer-led Performance, Risk & Audit Board chaired by the Executive Director of Strategy and Governance.
- 1.4. Strategic risks have been reviewed and updated with responsible members of the Executive Management Team (EMT). The strategic risk register includes 12 strategic risks (see Appendix A). These cover the over-arching risks that may affect the strategic direction of the council, rather than risks linked to business continuity or those that affect discreet service areas.
- 1.5 Following recent high profile media coverage regarding the ICT breach at Lincolnshire County Council, a strategic risk has been developed relating to the security of ICT at South Holland. The severity of an attack on the ICT, and the resulting shut down in order to avoid breaches of data, has meant that the risk is currently scored as a high risk after controls and mitigation. This will continue to be monitored.
- 1.6 Strategic risks typically affect the whole of the organisation and not just one or more parts of it. Strategic risks can potentially involve very high stakes and often affect the ability of the organisation to survive, e.g. impact on the ability of the Council to achieve its corporate plan objectives and purpose. Strategic risks are managed at Board (EMT) Level.
- 1.7 The Risk Framework is currently under review, alongside the implementation of the new ICT system. As part of the Risk Framework review, the procedure in which an operational risk becomes a strategic risk has been considered. It is recommended that operational risks continue to be monitored monthly as part of the Performance, Risk and Audit Board and where a risk remains at a score of 15 or above for a period of more than 1 quarter after

controls and mitigation have been put in place, this risk will then be considered a strategic risk and therefore be reported to this Committee.

- 1.8 As a result of the Risk Framework review the risk matrix has been changed from a 3 x 3 to a 5 x 5 matrix, based on best practice in comparable organisations. This provides a more comprehensive assessment and understanding of risk likelihood and impact. The matrix results in a numerical score which combines the impact of the risk occurring with the likelihood of it happening.

	Unlikely (1)	Possible (2)	Plausible (3)	Likely (4)	Certain (5)
Critical (5)					
High (4)					
Medium (3)					
Low (2)					
Minimal (1)					

- 1.9 Risks fall into High, Medium or Low categories depending on their rating

High	
Medium	
Low	

## 2.0 OPTIONS

- 2.1 That the contents of the report are noted.
- 2.2 To do nothing.

## 3.0 REASONS FOR RECOMMENDATION

- 3.1 One of the roles of the Governance and Audit Committee is to monitor the effective development and operation of risk management and corporate governance in the Council. This report is providing information to assist in this role.

## 4.0 EXPECTED BENEFITS

- 4.1 That the Committee is made aware of the Council's strategic risks and understands that they are being managed and mitigated effectively.

## 5.0 **IMPLICATIONS**

### 5.1 **Constitution and Legal**

5.1.1 The Council's Constitution states that one of the roles of the Governance and Audit Committee is 'to monitor the effective development and operation of risk management and corporate governance in the Council'.

### 5.2 **Corporate Priorities**

5.2.1 The report contains information on strategic risks relevant to the delivery of the Council's corporate priorities.

### 5.3 **Financial**

5.3.1 The report contains information on strategic risks relevant to the Council's budgets and financial management.

### 5.4 **Risk Management**

5.4.1 The report provides detail on the Council's strategic risks.

### 5.5 **Staffing**

5.5.1 The report contains information on strategic risks relevant to the delivery of the Council's corporate priorities

## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 No wards or communities are affected

## 7.0 **ACRONYMS**

7.1 EMT – Executive Management Team

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Background papers:- None

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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**

### **Appendices attached to this report:**

Appendix A South Holland District Council Strategic Risk Register (January, Q3 2015/16)

