

## SOUTH HOLLAND DISTRICT COUNCIL

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

**To:** Governance and Audit Committee – 28<sup>th</sup> July 2016

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

**Subject:** Quarterly Risk Report, Q1 2016/17

**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 May 2016 for Q4. Since then, there have been a number of changes to the strategic risk register.
- 1.2 This report is generated using the Covalent system and includes updates on strategic risks for quarter 1, 2016/17.
- 1.3 Strategic risks are visible on the Corporate Dashboard which is available to EMT and risks are 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 the responsible members of the Executive Management Team (EMT). The strategic risk register includes 14 strategic risks (see Appendix A) which is an increase of 2 since Q4. 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 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.
- 1.6 The Risk Framework is currently under review, alongside the implementation of the ICT system Covalent. 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.
- 1.7 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)	Yellow	Yellow	Red	Red	Red
High (4)	Yellow	Yellow	Yellow	Red	Red
Medium (3)	Green	Yellow	Yellow	Yellow	Red
Low (2)	Green	Green	Yellow	Yellow	Yellow
Minimal (1)	Green	Green	Green	Yellow	Yellow

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

High	Red
Medium	Yellow
Low	Green

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

1.10 The highest scoring risk regards the cyber-attacks to ICT and the threat of a breach of the security which safeguards the information we hold. The severity of a successful attack on the ICT, and the resulting shut down in order to avoid breaches of data, has meant that the risk remains scored as a high risk after controls and mitigation. This continues to be monitored and additional security has been released in May as per the notes relating to the risk (Appendix A)

## 2.0 OPTIONS

2.1 That the contents of the report are noted.

## 3.0 REASONS FOR RECOMMENDATION(S)

3.1 Not applicable

## 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 **Corporate Priorities**

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

### 5.2 **Financial**

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

### 5.3 **Risk Management**

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

### 5.4 **Staffing**

5.4.1 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:- [See The Committee Report Guide](#)

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**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Discretionary Service**

**Appendices attached to this report:**

