

RISK REGISTER
(Report by the Audit & Risk Manager)

1. INTRODUCTION

- 1.1 In line with the Council's Risk Management Strategy, a risk register has been developed that holds details of the significant risks faced by the Council. Details of progress made in identifying and managing risks is reported regularly to the Corporate Governance Panel.
- 1.2 The Risk Management Strategy requires the Cabinet to consider each of the very high or 'red' residual risks to identify whether they should be further mitigated by cost-effective and affordable actions. This report provides information in respect of each of the six 'red' risks currently on the register.

2. RISK TREATMENT OPTION FORMS

- 2.1 Each manager responsible for a 'red' risk has considered the options available to further mitigate their potential impact on the Council. COMT have also reviewed their proposals.

For each 'red' risk an option form has been prepared.

Only one risk, risk register entry 6, which deals with IT business continuity, has any additional mitigation proposed and is attached at Annex A. Funding for the additional controls listed on the option form has already been made available. The mitigation that is being planned reduces the residual risk from 'Very High' to High" which falls within the Council's risk appetite as outlined by the risk management strategy.

- 2.2 Business continuity is often seen as being about maintaining IT services and supporting infrastructure. Whilst IT does play a major role in the delivery of services, there are many scenarios that would require business continuity plans to be implemented whilst IT services remained available. For example during the past year, managers have had to prepare and/or deal with industrial action, snow and fuel shortages. Each of these events impacts on services in different ways.
- 2.3 Heads of Service are currently reviewing their service business continuity plans and considering the criticality of service. Following this review, it is intended to consider the overall non-IT related business continuity risks and update the risk register accordingly. The Head of Information Management is leading this exercise and intends to report to Members via Overview & Scrutiny Panel (Economic Well-Being) before the end of the year on the current readiness for managing continuity issues.

2.4 Of the remaining five risks, managers consider that either no further controls can be introduced, or that the cost of implementing further controls cannot be justified compared to the risk reduction benefits expected. A summary of these five risk areas is attached at Annex B.

3. RECOMMENDATION

Cabinet is recommended to:

- Note the proposed actions 'within existing resources' for risk 6;
- decide what action it wishes to take if any, to further mitigate against the risks 15, 47, 58, 130 and 223.

BACKGROUND INFORMATION

Risk Register

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Risk Treatment Option Form - 6

Risk Treatment – Action Plan					
Description of risk from register:	Risk ID No:	6	Current residual risk score: Likelihood x Impact	4	4
IT Business Continuity plans are inadequate resulting, over both the short and medium term, in the Council's inability to provide an appropriate service.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> Server suite at Eastfield House in addition to Pathfinder House 2 telecoms switches in new accommodation and at Eastfield House 			<ul style="list-style-type: none"> IT recovery agreement in place; data is backed up for each site and is stored off site on a weekly basis; physical environment – air conditioning UPS - allows 10 minutes closing down time 		
Are these controls operating effectively? Yes					
Risk Action Plan (All actions listed in priority order)					
Proposed actions to reduce risk using existing resources	New residual risk score ¹			Extra resources required ²	
	L	I			
Reduction in IT BC risks					
a. Improved remote access via Network Enhancement project	4	4			
b. Improve resilience in terms of networking – migration to CPSN network	4	4			
c. Introduction of a SAN and virtual servers	3	3			
d. Introduction of Virtualised Desktop	3	3			
e. IT BC plans in place	3	3			
Actions requiring additional resources					
1.					
2.					
Decision					
Agreed Option:	Implementation Date		Risk Owner		
Decision taken by:			on:		

¹ **New Residual Risk Score:** after the action has been introduced

² **Extra Resources:** only complete if extra resources will be required to allow the proposed action to be introduced e.g. financial costs and staff time

Risk Treatment Option Form - 6

Remember, when considering treatment options that the Council's aim is to manage risk rather than eliminate it completely – successful risk management is about improving risk taking activities whilst minimising the frequency of the event occurring.

Issues that should be considered when making the risk treatment decision are listed below.

Administration	<p>Is the option easy to implement? Will the option be neglected because it is difficult to implement? Do staff have sufficient expertise to introduce the option?</p>
Continuity of effects	<p>Will the effects of the risk treatment option be long term/continuous or short term? If short term, when will further risk treatments be needed? Does the risk need to be treated at all as it will 'disappear' in the short term (e.g. a project it refers to will be completed or in the next three months)</p>
Cost effectiveness	<p><i>Costs need to be estimated accurately as it's the base against which cost effectiveness is measured.</i></p> <p>Can the cost of implementing further control be justified compared to the risk reduction benefits expected? What financial loss is to be expected if no action is taken? Could the same results be achieved at lower cost by other means?</p> <p>Will running costs go up or down? What capital investment will be needed? What other costs will there be?</p>
Benefits	<p>What will happen to service levels? What will happen to service quality? What additional benefits or risk reductions will occur in other areas? Can other controls in place be amended to deal with this risk? How will you evaluate this option to see if it is reducing the identified risk?</p>
Objectives	<p>Will reducing risk advance the Council's overall objectives? What will be the economic and social impacts? What will be the impact on the environment of leaving the risk as it is?</p>
Regulatory	<p>Complying with laws and regulations is not an option.</p> <p>Does the lack of treating the risk (or the current method of control) breach any laws or regulatory requirement? Is the treatment option proposed, including its cost, totally disproportionate to the risk?</p>
Risk creation	<p>What new risks will be created from introducing the option?</p>

Risk treatment action plans No further controls proposed

Description of risk from register:	Risk ID No: 15	Current residual risk score: Likelihood x Impact	2	5	
ICT Security is breached causing both the loss of data and a loss of confidence in the integrity of the data being held.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> • Access controls – Logical • Anti-virus and Firewalls preventing unauthorised access by viruses. • Offsite storage of backup tapes • Booking procedures for use of laptops away from the office 			<ul style="list-style-type: none"> • Email filtering reduces reducing viruses, trojan software & spam • Fire / security protection • Locks on notebook computers. • Monthly floor walk of laptops and mobile kit to check if secure. • Security marking of assets • Compliance with Government Connect including a new remote access system and an enhanced wireless system. 		
Are these controls operating effectively? Yes					

Description of risk from register:	Risk ID No: 47	Current residual risk score: Likelihood x Impact	2	5	
Council's funds not invested appropriately leading to losses or poor returns resulting in unexpected service cuts.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> • Treasury strategy in place • Discussion of issues with Treasury Management Advisory Group • External consultant appointed • Restrict investments to counterparties that have high credit ratings and Building Societies in line with the Strategy. • Restrict period of investment in line with the Strategy 			<ul style="list-style-type: none"> • Limiting maximum loan to a counterparty or group of related counterparties or country in line with the Strategy. Prompt reaction to daily notification of changes to credit ratings. • Suitably qualified and experienced staff • Half yearly reports to Cabinet, O&S, and Council. • Internal and External Audit reviews 		
Are these controls operating effectively? Yes					

Description of risk from register:	Risk ID No: 58	Current residual risk score: Likelihood x Impact	2	5	
Information Security Policy is not followed leading to an inability to provide an appropriate service, litigation against the Council and a failure to respond to requests for information.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> • Information Security Policy covers all aspects of IT and information security. Policy agreed by COMT and HoS advised that their staff must follow the training. Guidance and Training provided by IMD. • Online training provides staff with training and awareness of Information Security issues. 			<ul style="list-style-type: none"> • Regular reminders / training given to staff regarding the need for confidentiality • The Business systems and database register keeps a log of all the databases and IT business systems which are used by the Council. By controlling this systems we are reduce the likelihood on information security issues. 		
Are these controls operating effectively? Yes					

Description of risk from register:	Risk ID No: 130	Current residual risk score: Likelihood x Impact	3	5	
Changes in government funding leading to a reduction in income for the Council.					
Controls already in place as listed on the risk register:					
<ul style="list-style-type: none"> Overview & Scrutiny consider the budget at regular intervals. Close Cabinet oversight of the Budget Plan 			<ul style="list-style-type: none"> The Council considers regularly the minimum level of reserves and ensures through the MTP process that these can be maintained. 		
Are these controls operating effectively? Yes					

Description of risk from register:	Risk ID No: 223	Current residual risk score: Likelihood x Impact	5	3	
MMI Ltd are unable to 'run-off' outstanding liabilities from their reserves leading to a call on the Council to meet funding shortfall.					
Controls already in place as listed on the risk register: None					
Are these controls operating effectively? No controls in place					
Note: Due to the outcome of the Supreme Court decision to which the Council was a party, it may be that MMI enforce the Scheme of Arrangement which requires the Council to pay back a proportion of claims payments made since 1993. The maximum claw back is £601k.					