

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 18 February 2019

Reporting officer: Assistant Director (Corporate Services)

Subject: Development of the Corporate Risk Register for 2019-2020

Purpose and summary of report:

This report presents the outcome of the annual risk identification and analysis exercise that has been carried out to assist in the development of Gravesham Borough Council's Corporate Risk Register for 2019-2020.

The report also considers the review of the Corporate Risk Management Strategy which has resulted in updates being made to the strategy that reflect recommendations made by Members and Internal Audit.

Recommendations:

1. Finance & Audit Committee are requested to endorse the changes/updates made to the Corporate Risk Management Strategy, prior to it being presented to Cabinet for approval.
2. Finance & Audit Committee are requested to review the draft version of the Corporate Risk Register that has been developed for 2019-20, prior to it being presented to Cabinet for approval.

1. Introduction and Background

- 1.1 Gravesham Borough Council pursues a forward-looking and dynamic approach to delivering services to the local community and in doing so, the council is exposed to risk both in terms of threats and loss of opportunities. The council recognises that risks are inevitable and, in practice, cannot be entirely avoided. Resultantly, the council will tolerate a certain degree of risk when pursuing objectives, executing strategies and delivering services.
- 1.2 Responsibility for risk management runs throughout the council and specific roles and responsibilities have been identified so that risk management is embedded in the culture of the council. Finance & Audit Committee have responsibility for monitoring the effective development and operation of risk management through:
 - Reviewing any changes that have been made to the Risk Management Strategy, prior to presentation to Cabinet for approval.

- Reviewing the annual Corporate Risk Register, prior to presentation to Cabinet for approval.
- Considering progress made during the year, in managing or mitigating risks contained within the Corporate Risk Register.
- Identifying potential risks for inclusion in the annual Corporate Risk Register.

2. Risk Management Strategy 2019-2020

2.1 The Risk Management Strategy sets out the approach that has been adopted by the council for identifying, evaluating, managing and recording risks to which it is exposed. The primary intention of the strategy is to ensure that risk management is embedded into the daily operations of the council. The strategy recognises that good risk management will lead to good management, good performance, good stewardship of public money, good public engagement and ultimately, good outcomes for citizens and service users.

2.2 In March 2011, it was agreed by Cabinet that the Risk Management Strategy would be reviewed on an annual basis and, where necessary, presented to Cabinet for approval if it was subject to updates and amendments resulting in material changes to the strategy.

2.3 The Risk Management Strategy has been reviewed and the following amendments made:

- The term 'Marginal' used in the Risk Matrix adopted by the council has been changed to 'Significant' and the definition of this risk revised as a consequence to clarify terms used, as proposed by a Member of the Finance and Audit Committee in April 2018.
- The role of Service Managers in risk management as set out in the table at Appendix III of the Strategy has been updated to reflect that these officers will identify both corporate and operational risks. This update was in response to an Internal Audit recommendation.

2.4 The updated Risk Management Strategy is presented at Appendix II and will be presented to Cabinet for approval.

3. Draft Corporate Risk Register 2019-2020

3.1 In preparing the draft copy of the Corporate Risk Register for 2019-2020, Management Team, Senior Officers and Members were contacted and requested to provide details of;

- Existing risks recorded in the 2018-2019 Corporate Risk Register that have generated a risk High risk score and therefore will be carried forward. Existing risks include:
 - Ongoing financial viability of the Council
 - Changes in national priorities and legislative change
 - Organisational capacity/ resilience
 - Business Rates Retention Scheme
 - Implementation of the Homelessness Reduction Act

- Universal Credit
 - General Data Protection Regulations (GDPR)
- Any new risks that should be analysed and considered for inclusion in the 2019-2020 Corporate Risk Register. New risks that have been identified include:
 - Withdrawal of the United Kingdom from the European Union
 - Cyberattack resulting in data breach or corruption of data

3.2 A Risk Identification & Analysis Assessment can be found at Appendix III of this report. The document details all risks that have been considered when producing the draft 2019-20 Corporate Risk Register.

3.3 The outcome of the risk analysis exercise is summarised below:

- **Ongoing financial viability of the Council**
The risk has been updated to incorporate the Business Rate Retention Scheme risk (previously risk 4) given its linkages to the Fair Funding Review. The score still remains **high**, therefore it will be carried forward to 2019- 2020.
- **Changes in national priorities and legislative change**
There have been no major changes to this risk and the score still remains **high**, therefore it will be carried forward to 2019-2020
- **Organisational capacity/ resilience**
There have been no major changes to risk and the score still remains **high**, therefore it will be carried forward to 2019-2020
- **Business Rates Retention Scheme**
Up to date details around this risk have been incorporated into Risk 1 - Ongoing financial viability of the Council; therefore it will not be carried forward to 2019-2020 as a standalone risk
- **Implementation of the Homelessness Reduction Act & Universal Credit**
A notion was raised by a Member during the mid-year review of corporate risks that the Implementation of the Homelessness Reduction Act risk and the Universal Credit Risk be combined as it was believed that they were intrinsically link to each other in the risk to the council. However, after assessment by officers it is considered that these risks both remain **high** in their own right and will therefore will be included in the 2019-20 register as separate risks.
- **General Data Protection Regulations (GDPR)**
The risk has been reassessed and in light of the actions that the council has implemented during the past year, it has been found to now carry a **low** likelihood. The risk will therefore not be included in the 2019-20 register; however it will continue to be monitored by the Information Governance Group which meets regularly and managed at departmental level.
- **Withdrawal of the United Kingdom from the European Union**
The risk had been put forward for consideration in previous years, though was not able to be fully assessed due to the level of information available at those times. Having been considered for assessment again this year, the risk has

scored **high** and therefore will be included as a **new** risk in the 2019-2020 Corporate Risk Register.

- **Cyberattack resulting in data breach or corruption of data**

When assessed last year, this risk generated a medium risk score and therefore was not added to the Corporate Risk Register for 2018-19, but was documented in the IT Services Risk Register and managed at departmental level. The risk has been put forward for consideration again this year and has scored **high** and will therefore be included as a **new** risk in the 2019-2020 Corporate Risk Register.

- 3.4 Following completion of the risk identification and analysis exercise, the risks that have a “High Risk” score and will therefore be included in the 2019-2020 Corporate Risk Register, are listed below. A draft copy of the register can be found at Appendix IV:

Risk 1: Ongoing financial viability of the Council

Risk 2: Changes in national priorities and legislative change

Risk 3: Organisational capacity/ resilience

Risk 4: Implementation of the Homelessness Reduction Act

Risk 5: Universal Credit

Risk 6: Withdrawal of the United Kingdom from the European Union

Risk 7: Cyberattack resulting in data breach or corruption of data

4. On-going monitoring of the Corporate Risk Register

- 4.1 Progress made against the actions in relation to each risk recorded in the Corporate Risk Register will be monitored quarterly and progress information will be presented via a half yearly report to Finance & Audit Committee
- 4.2 On presentation of the report, Finance and Audit committee will be responsible for ensuring that necessary action is being taken to mitigate risks and to make appropriate recommendations to Cabinet

5. Background Papers

- 5.1 There are no background papers pertaining to this report
- 5.2 Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	APPENDIX 1
Legal	There is a specific risk within the Register which highlights the potential issues associated with proposed legislative changes that may affect the council moving forward. Senior Management are being kept up to date with legislative change to ensure that they are able to be fully aware of potential changes proposed to assess how these may affect the council..
Finance and Value for Money	There are no financial or value for money implications arising from the Corporate Risk Register itself. 'Ongoing financial viability of the Council' is one of the key corporate risks identified within the Corporate Risk register and a specific assessment of this risk is included within appendix three.
Risk Assessment	The regular review of strategic risks facing the council aids the council in managing risk effectively as a contribution to effective strategic decision-making. It is important that the council's approach to risk is reviewed on a regular basis by both officers and Members to ensure new risks are identified and action being taken to mitigate existing risks is effective
Data Protection Impact Assessment	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data ? A definition of each type of data can be found on the Information Commissioner's Office website via the above links.
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A
c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk . N/A	
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
Corporate Plan	Good risk management is a key aspect of the council's overall governance arrangements, which support the delivery of all objectives within the Corporate Business Plan 2015-19 but particularly Strategic Objective Four – Sound and Self Sufficient Council

Crime and Disorder	The risk of Crime and Disorder is considered in the annual review and development of the Corporate Risk Register
Digital and website implications	The Corporate Risk Strategy and Risk Register for 2019-20 will be placed on the website following Council approval
Safeguarding children and vulnerable adults	N/A