

# Digital Innovation and Efficiency Committee

Item No. ....

<b>Report title:</b>	<b>IMT Risks and Associated Actions Report</b>
<b>Date of meeting:</b>	<b>8<sup>th</sup> November 2017</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director, Finance and Commercial Services</b>
<b>Strategic impact</b> Risk management contributes to achieving the Digital Innovation and Efficiency Committee's objectives, and is a key part of the performance management framework. Assurance on the effective governance of risk management helps the Committee undertake some of its key responsibilities.	

## Executive Summary

This is the first Risk Management report to this committee. This report provides the latest corporate and departmental level risks, relating to the Committee, as at November 2017, following the review conducted in October 2017. Risk management is reported in its own right but the reporting is aligned with, and complements, the performance and financial reporting to the Committee.

**Recommendations:** Committee Members are asked to consider:

- a. That risk management reporting to this Committee is no less than twice per year;
- b. The risks reported to this Committee (**Appendix A**)
- c. if any further action is required (**Appendix B**)
- d. The background information in **Appendix C**

## 1. Proposal

- 1.1. Relevant Departmental Management Teams (DMTs) have been engaged in the updates to the corporate and departmental level property risks within this report that are proposed to be presented to this Committee going forward. Any additional risks identified will be added to be reported at future Committee meetings appropriately.

## 2. Evidence

### 2.1. Direction and Development

- 2.1.1. This report reflects two key business risks, relating to this Committee, that are managed in Finance and Commercial Services, and Community, and Environmental Services (CES) departments. Key business risks materialising could potentially result in the departments failing to achieve one or more of their key objectives and/or suffer a financial loss or reputational damage. Two risks are presented in **Appendix A**, which contains a full description of each risk, with the tasks to mitigate it and the progress of each mitigation;

- **RM010 - The risk of the loss of key ICT systems including:**
  - internet connection;
  - telephony;
  - communications with cloud-provided services; or
  - the Windows and Solaris hosting platforms.
- **RM14223 - Payment Card Industry compliance of call monitoring system**

- 2.1.2. There are three risk tolerance scores (original, current, and target), with each score expressed as a multiple of the impact and the likelihood of the event occurring. Where there are sufficient risks to report to this Committee, a heat map will be produced and reported, showing the position of these risks on the County Council's risk spectrum.

- 2.1.3. Work is taking place to further develop those risks that fall under the remit of this Committee. As part of this work, risks that could affect the Council priorities that are relevant to this Committee will be identified and reported appropriately going forward.

- 2.1.4. For future Risk Management reports, a reconciliation report will be provided to Members detailing any significant changes to the risk reported to this Committee since the last Committee meeting, including score changes, and major mitigation or progress updates.

- 2.1.5. The Council has a [Risk Management Policy](#) which has recently been refreshed and reported to the Audit Committee and Policy and Resources Committee. As part of the overall development of the performance and risk management framework for the Council, a new approach to corporate and departmental risk management is being adopted. This new approach involves the development of corporate and

departmental level risks that are: outcome focussed; linked to strategic priorities; business critical, identifying areas where failure places the organisation in jeopardy; linked to financial and performance metrics. It is dependent upon a shared understanding of the risk appetite of the council.

- 2.1.6. A key element of this work is cultural change and absolute clarity of roles, responsibilities and process. Specifically, clarity of what these risks are, who is responsible for them, what they are doing to actively manage the risks and what measures are in place to hold people to account.
- 2.1.7. To assist Members with considering whether the mitigations identified in this report are appropriate, or whether other mitigations or another course of action is required, a list of such possible actions, suggested prompts and challenges are presented for information and convenience in **Appendix B**.
- 2.1.8. Explanations for the various scores and terminology can be found in a 'Bite Sized Guide to Risk Management' previously presented in an Audit Committee meeting agenda paper, pages 368-378. Risk tolerance scores are based on the scoring model found in the Norfolk County Council Management of Risk Framework.
- 2.1.9. The criteria for Corporate and Departmental risks are described at Note 1. A description of target scores is shown at Note 2.

### **3. Risk Management Reporting to Committees**

- 3.1. Risk management is reported separately to Financial and Performance Management at Committees, although there continue to be close links between financial, performance, and risk reporting.
- 3.2. Risks that, by their nature, are either directly or indirectly related to this Committee are referenced in this report. Going forward, the reporting to this Committee will be by exception, including full information for risks with a current risk score of 12 and above where the prospects of meeting the target score by the target date is reported as amber or red. Those risks that fall under the remit of this Committee and which are not reported at other Committees will be presented to this Committee in a summary.
- 3.3. As per a recommendation from the June 2017 Audit Committee, full Committee risk registers are reported at least once per year, detailing all of the Committee's departmental level and corporate risks for consideration. Members are asked to consider the frequency of reporting for Risk Management for this Committee. For guidance, other Committees receive quarterly Risk Management reports.
- 3.4. Background information on the different levels of risk, along with the definitions of risk appetite and tolerance can be seen in **Appendix C**.

### **4. Financial Implications**

- 4.1. The financial implications of this Committees risks will be reported to this Committee. At present, there are no financial risk implications to report.

## 5. Issues, risks and innovation

- 5.1. There is a new risk that is being managed on the Communities departmental risk register: *RM14293 - The organisation does not have sufficient technical capacity and/or skills to meet the needs of its digital transformation and technology driven efficiency agenda at the required pace.*

Risks affecting the better Broadband for Norfolk programme of work are managed and reported separately to the Better Broadband for Norfolk Steering Group.

A recent ICT Continuity presentation was delivered at the Council's Resilience Board, outlining measures being taken to ensure effective ICT continuity.

The Risk Management Strategy 2016-19 will include best practice. The intention is to promote the benchmarking of the function from 'Highly rated against peers' to 'world class'.

## 6. Background

- 6.1 The review of existing risks has been completed with responsible officers.

### Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, i.e. equality impact assessment, please get in touch with:

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### Note 1:

A Corporate Risk is one that:

- requires strong management at a corporate level thus the Council Leadership Team should direct any action to be taken

- requires input or responsibility from more than one Executive Director for mitigating tasks; and
- If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key corporate objectives and/or suffer a significant financial loss or reputational damage.

The criteria for a Departmental Risk Register is that:

- It requires strong management at a departmental level thus the Departmental Management Team should direct any action to be taken.
- If not managed appropriately, it could potentially result in the County Council failing to achieve one or more of its key departmental objectives and/or suffer a significant financial loss or reputational damage.

## **Note 2:**

The prospects of meeting target tolerance scores by the target dates are a reflection of how well mitigation tasks are controlling the risk. The contents of this cell act as an early warning indicator that there may be concerns when the prospect is shown as amber or red. In these cases, further investigation may be required to determine the factors that have caused the risk owner to consider that the target may not be met. It is also an early indication that additional resources and tasks or escalation may be required to ensure that the risk can meet the target tolerance score by the target date. The position is visually displayed for ease in the "Prospects of meeting the target score by the target date" cell as follows:

- Green – the mitigation tasks are on schedule and the risk owner considers that the target score is achievable by the target date
- Amber – one or more of the mitigation tasks are falling behind and there are some concerns that the target score may not be achievable by the target date unless the shortcomings are addressed
- Red – significant mitigation tasks are falling behind and there are serious concerns that the target score will not be achieved by the target date and the shortcomings must be addressed and/or new tasks introduced.