

STRATEGIC RISK UPDATE
Head of Audit and Risk Management

1 PURPOSE OF REPORT

- 1.1 This report introduces two specific risks included on the Strategic Risk Register which the Governance and Audit Committee has highlighted for a detailed review with the identified risk owner, the Executive Director: Delivery.

2 EXECUTIVE SUMMARY

- 2.1 On 26th June the Governance and Audit Committee requested that the risk owner, the Executive Director: Delivery attend its September 2019 meeting to present an update on both the business continuity and cyber security items included in the Council's Strategic Risk Register.

3 RECOMMENDATIONS

- 3.1 **To receive a presentation by the Executive Director: Delivery on the two items from the Strategic Risk Register attached at Appendix 1.**

4 REASONS FOR RECOMMENDATION

- 4.1 To ensure the Strategic Risk Register accurately reflects the Council's risks and that individual risks are being pro-actively managed.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 There are no alternatives.

6 SUPPORTING INFORMATION

Update of Strategic Risk Register

- 6.1 The Register was last reviewed by the Governance and Audit Committee on 26th June 2019, by Strategic Risk Management Group on 7th August and by CMT on 14th August 2019. In order to help it be assured that individual risks identified are being appropriately managed, the Governance and Audit Committee requested an update on two specific items included in the risk register from the risk owner, the Executive Director; Delivery.
- 6.2 In order to assist the Committee understand the approach taken to identify and score risks, an extract from the Risk Management Toolkit on scoring methodology is attached at Appendix 3.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 There are no specific legal implications arising from the recommendations in this Report.

Borough Treasurer

- 7.2 There are no financial implications arising from this report.

Equalities Impact Assessment

- 7.3 Not applicable.

Strategic Risk Management Issues

- 7.4 A robust Strategic Risk Register that is a complete and up to date record of the significant corporate risks is essential for effective risk management, enabling the Council to prioritise resources to identify and implement actions to address the threats to the achievement of the Council's objectives and make informed decisions

8 CONSULTATION

Principal Groups Consulted

- 8.1 SRMG and CMT.

Method of Consultation

- 8.2 At the SRMG and CMT meetings on 7th August and 14th August 2019 respectively.

Representations Received

- 8.3 Not applicable.

Sally Hendrick

Head of Audit and Risk Management

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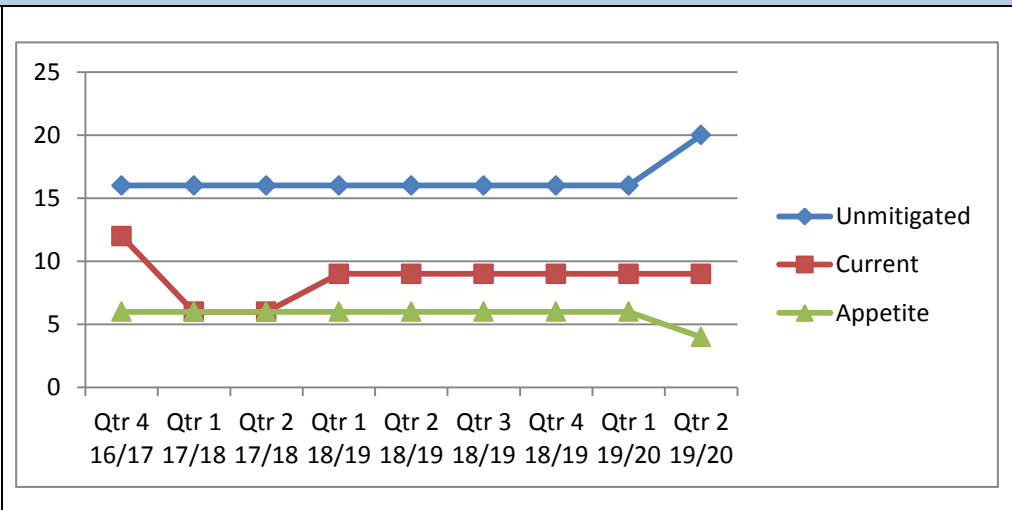
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Strategic Theme 1: Value for money
 Strategic Theme 2: A Strong and Resilient Economy
 Strategic Theme 3: People have the life skills and education opportunities they need to thrive
 Strategic Theme 4: People live active and healthy lifestyles
 Strategic Theme 5: A clean, green growing and sustainable place
 Strategic Theme 6: Strong, safe, supportive and self-reliant communities

Risk 10: IT controls or staff vulnerabilities fail to prevent a cyber attack and/or unable to respond effectively to an attack to enable IT services to be sustained. **Risk Owners:**
Executive Director
Delivery

Risk Rating (Likelihood x Impact)
 Unmitigated 4 x 5
 Current Residual 3 x 3
 Appetite 2 x 2
Potential Impact

- Disruption to services.
- Failure to meet statutory duties.
- Reputational damage.
- Financial loss



Rationale for current score:
Likelihood of staff being targeted remains a significant risk. However, the impact of an attack is mitigated by Disaster Recovery and Business Continuity arrangements.

Rationale for risk appetite:
Appetite is low due to dependency on IT for delivery of all services

Current RAG rating Amber

Current Actions (What we are currently doing about the risk)

- Cyber Security policies all re-written and published on the intranet
- Microsoft SCP ATP II Licensing acquired for advanced security on Office 365- Outlook, Office, Sharepoint and Teams as well as security and compliance on all Council data.
- Windows Defender ATP deployed for the best in class anti-virus protection for all laptops.
- MS Intune deployed for protection of smartphones

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

| | Officer responsible | Target date |
|---|---|-------------|
| Currently planning an awareness raising and training campaign around cyber security and risks | Assistant Director: Customer Experience | 30/4/20 |

| | | | |
|--|--|--|---------|
| <ul style="list-style-type: none"> • PSN compliant • Members of government early warning groups such as NCSC (National Cyber-Security Council) and WARP (Warning, Advice and Reporting Point) • Mandatory Information security and GDPR training before access is given to systems • Disaster Recovery Plan and Action Plan for the systematic recovery of systems. • Disaster Recovery contract with a provider to get systems up and running and an Action Plan for the systematic recovery of systems • Cyber risks monitored through Delivery risk register | Migrating the Proxy servers to MS Azure. Azure is far more secure as we will be sitting behind Microsoft security. | Assistant Director: Customer Experience | 31/3/20 |
| | Deploying MS Azure B2B to enable secure collaborative working with partner organisations. | Assistant Director: Customer Experience | 30/9/20 |
| | Cyber Essentials Certification in progress | Assistant Director: Customer Experience | 31/3/20 |
| | Implementing MS Sentinel Implementation for Cyberattack management. | Assistant Director: Customer Experience | 31/3/20 |

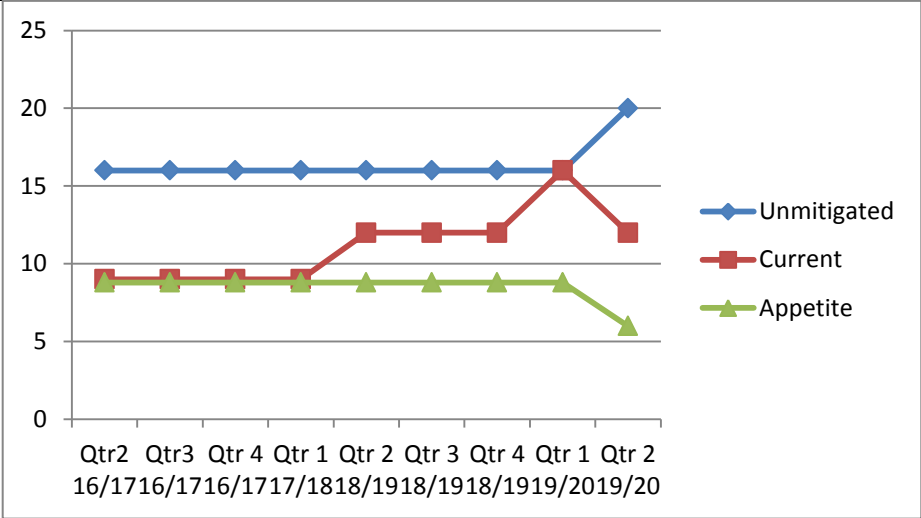
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Risk 12: The Council's Business Continuity Management (BCM) fails to effectively deal with potential threats and risks.

Risk Owners: Executive Director: Delivery

Risk Rating (Likelihood x Impact)
 Unmitigated 4 x 5
 Current Residual 3 x 4
 Risk Appetite 2 x 3

- Potential Impact**
- Lack of ability to respond in a coordinated manner during a Business Continuity event, particularly when affecting the whole Council over prolonged periods.#
 - Enforcement action under the Civil Contingencies Act 2004.
 - Reputational damage.



Rationale for current score:
 Following an external business continuity review, the Council's Business Continuity status was considered to be RED based on the outcome of the Audit where the Council was High Risk, having regard to the Business Continuity Institute Audit scoring

The risk remains significant because the improvement programme put in place is not completed. However, as a result of the existing plans in place, albeit they are not robust, it is considered that the risk to the Council is currently an AMBER rating. This is based on the fact plans are in place but not robust and there are current specific risks to the Council causing potential risks to the Council including the implications around Brexit, some weaknesses identified in known critical services including the Out of Hours contact centre and the robustness of the ICT recovery process following recent incidents and a gap in staff training.

Rationale for risk appetite
 The Council has agreed that as a minimum the level of improvement should take the Council to Low risk if not best practice.

Current RAG rating Amber

Current Actions *(What we are currently doing about the risk)*

- Following the external review an action plan is now in place to ensure all service and corporate business continuity plans covering essential and critical functions are in place and robust by 31 March 2020
- Service Business Continuity Liaison Officers and Emergency Planning Liaison Officers have been identified to work with the Emergency Planning Unit
- Business Impact Analysis Workshops and Drop in Sessions have been arranged
- Recovery Workshops have been arranged.
- Enhanced Brexit monitoring arrangements have been put in place and action plans are being developed

Further Mitigation (what more should we do to reduce risk to our risk appetite level) and opportunities

| | Officer responsible | Target date |
|---|-----------------------------------|--------------------|
| Workshop scheduled for business impact analysis and drop in sessions arranged | Emergency Planning | 31/10/19 |
| Recovery workshop arranged to support services develop service recovery plans | Emergency Planning | 30/11/19 |
| Developing strategic governance document for business continuity | Emergency Planning | 30/11/19 |
| All Service & Corporate Plans to be in place | All Services & Emergency Planning | 31/9/20 |
| Formal Annual Reviews put in place | Emergency Planning | 20/21 |
| Service and/ or Corporate Exercises to be undertaken | Emergency Planning | 20/21 |

RISK MATRIX

LIKELIHOOD

| | | | | | |
|---|---|---|---|---|---|
| 5 | | | | | |
| 4 | | | | | |
| 3 | | | | | |
| 2 | | | | | |
| 1 | | | | | |
| | 1 | 2 | 3 | 4 | 5 |

IMPACT

Likelihood:

- 5 Very High
- 4 High
- 3 Significant
- 2 Low
- 1 Almost Impossible

Impact:

- 5 Catastrophic
- 4 Critical
- 3 Major
- 2 Marginal
- 1 Negligible

EXTRACTS FROM THE RISK MANAGEMENT TOOLKIT

CRITERIA FOR ASSESSING LIKELIHOOD

| PROBABLILTY | SCORE | DEFINITION |
|-------------------|-------|--|
| Almost impossible | 1 | Rare (0-5%).The risk will material only in exceptional circumstances. |
| Low | 2 | Unlikely (5-25%). This risk will probably not materialise. |
| Significant | 3 | Possible (25-75%). This risk might materialise at some time |
| High | 4 | Likely (75-95%). This risk will probably materialise at least once. |
| Very High | 5 | Almost certain (>95%). This risk will materialise in most circumstances. |

CRITERIA FOR ASSESSING IMPACT

| | Negligible | Minor | Major | Critical | Catastrophic |
|--|--|--|---|--|--|
| Score | 1 | 2 | 3 | 4 | 5 |
| Disruption to established routines/operational delivery | No interruption to service. Minor industrial disruption. | Some disruption manageable by altered operational routine. | Disruption to a number of operational areas within a location and possible flow to other locations. | All operational areas of a location compromised. Other locations may be affected. | Total system dysfunctions. Total shutdown of operations |

| | Negligible | Minor | Major | Critical | Catastrophic |
|---|---|---|--|---|--|
| Score | 1 | 2 | 3 | 4 | 5 |
| Damage to reputation | Minor adverse publicity in local media. | Significant adverse publicity in local media. | Significant adverse publicity in national media. | Significant adverse publicity in national media. Senior management and/or elected Member dissatisfaction. | Senior management and/or elected Member resignation/removal. |
| Political | Could have a major impact one departmental objective but no impact on a Council Medium Term Objective | Could have a major impact one or more departmental objective but no impact on a Council Medium Term Objective | Could have a major impact on a Departments objective with some impact on a Council Medium Term Objective | Council severely impact the delivery of a Council Medium Term Objective | Council would not be able to meet multiple Medium Term Objectives. |
| Security | Non notifiable or reportable incident. | Localised incident. No effect on operations. | Localised incident. Significant effect on operations. | Significant incident involving multiple locations. | Extreme incident seriously affecting continuity of operations. |
| Financial (Council as a whole/ single dept.) | <1% of monthly budget | >2% of monthly budget | <5% of monthly budget | <10% of monthly budget | <15% of monthly budget |

| | Negligible | Minor | Major | Critical | Catastrophic |
|---|--|--|---|--|---|
| Score | 1 | 2 | 3 | 4 | 5 |
| General environmental and social impacts | No lasting detrimental effect on the environment i.e. noise, fumes, odour, dust emissions, etc. of short term duration | Short term detrimental effect on the environment or social impact i.e. significant discharge of pollutants in local neighbourhood. | Serious local discharge of pollutants or source of community annoyance in general neighbourhood that will require remedial attention. | Long term environmental or social impact e.g. chronic and significant discharge of pollutants. | Extensive detrimental long term impacts on the environment and community e.g. catastrophic and/or extensive discharge of persistent hazardous pollutants. |
| Corporate management | Localised staff and management dissatisfaction. | Broader staff and management dissatisfaction. | Senior management and /or elected Member dissatisfaction. Likelihood of legal action. | Senior management and/or elected Member dissatisfaction. Legal action. | Senior management and/or elected Member resignation/removal. |
| Operational management | Staff and line management dissatisfaction with part of a local service area. | Dissatisfaction disrupts service. | Significant disruption to services. | | Resignation/removal of local management. |
| Workplace health and safety | Incident which does not result in lost time. | Injury not resulting in lost time. | Injury resulting in lost time. Compensable injury. | Serious injury /stress resulting in hospitalisation. | Fatality (not natural causes) |
| Legal | Minor breach resulting in small fines and minor disruption for a | Regulatory breach resulting in small fines and short term disruption for a short | Major regulatory breach resulting in major fines and short term disruption for a | Severe regulatory breach resulting in severe fines and disruption for an | Very severe regulatory impact that threatens the strategic objectives |

| | Negligible | Minor | Major | Critical | Catastrophic |
|--------------|-------------------|--------------|--------------|-----------------|---------------------|
| Score | 1 | 2 | 3 | 4 | 5 |
| | short period | period | short period | extended period | of the Council |