Corporate Risk Register

ROCHFORD DISTRICT COUNCIL

CONTENTS

Risk Policy Statement

It is the policy of the Council to adopt a proactive approach to Risk Management consistent with the various conventions and best practice.

The Council acknowledges that risk cannot be totally eliminated, the Council is however committed to the management of "significant" risks in order to: -

- Ensure compliance with statutory obligations

- Preserve and enhance service delivery

- Maintain effective control of public funds

- Promote the reputation of the Council

- Support the quality of the environment

These objectives will be attained by systematically identifying, analysing and evaluating, effectively controlling and monitoring risk, which endangers the people, property, reputation and financial stability of the Council.

_____

Paul Warren

Chief Executive

Background and Introduction

Corporate Governance

Rochford District Council will employ the underlying principles of openness, integrity and accountability to achieve its objectives. It will also ensure that its business and strategy is managed in an open manner.

Introduction

The Council recognises its responsibility to manage internal and external risks and is committed to ensuring the process and culture of risk management is embedded into all operations and service planning processes.

This Register and the Action Plans will be regularly reviewed. The Register and Action Plans should be updated on an annual basis as a minimum. The register covers significant risks as well as highlighting those risks, which whilst significant, are in the "tolerable" zone. The main risks are those that, if they materialise, would have a significant impact on the achievement of the Council's ambitions. These include the failure to capitalise on opportunities

The Corporate Risk Register for 2005/06 has been developed using the notion of residual risk. This notion assumes that controls put in place, will usually lessen the inherent risk.

The Council aims to: -
- Integrate and embed risk management into the culture of the Council
- Manage risk in accordance with best practice
- Anticipate and respond to changing social, environmental and legislative requirements
- Prevent injury, damage, losses and reduce the cost of risk
- Raise awareness of the need for risk management by all involved in the delivery of the Council's services
- Take the action necessary to minimise the likelihood of risks occurring and/or reducing severity of consequences should risks occur.
- Ensure those identified risks are monitored on an ongoing basis and reported annually to Members.
- Compile an annual assurance statement on the effectiveness of the arrangements for risk management.

The Council aims to achieve these actions by implementing a risk management strategy, and setting out the roles and responsibilities of officers key to its implementation.

1. Process

The development and maintenance of the Corporate Risk Register for 2006 requires a proactive approach in order to maintain its integrity and currency. To achieve this, the following actions are deemed necessary: -

i)   The Corporate risk management group will keep under review, the corporate Risk Register and any relevant action plans on a regular basis
ii)   Divisional management teams will identify and assess the risks appropriate to their areas of operation.
iii)   Action plans will be prepared for all risks assessed to be significant.
iv)   The CRG will seek OMT endorsement of the revised plan on an annual basis.

2. Monitoring

Progress of the actions contained in the Corporate Risk Register will be monitored on a regular basis by the CRG who will provide an annual report to committee detailing the risk management framework.

3. Assurance of Controls.

In addition to the "friendly external" audit process, Internal Audit will, independently, review the adequacy of the Council's internal controls and the effectiveness of the risk management framework.

4. Champions

Risk "Champions" will be identified to take responsibility for ensuring progress against agreed actions. Where the risk has not been prioritised as significant and does not therefore fall into the high-risk areas of the risk matrix, no actions have been established and no champion appointed.

5. Risk Ranking

The matrix below shows the perceived rank of the main risks assessed. The ranking has been achieved by using a numerical calculation based on a "best guess" of the likelihood and impact.

6. Risk Management - Roles And Responsibilities

In order to ensure the successful implementation of this strategy, clear roles and responsibilities for the risk management framework have been established. The key "players" and their role are: -

Elected Members
Will adopt the role of overseeing the effective management of risk by officers. This includes:

- Agreeing structures for planning and monitoring risks across the authority
- Approving the risk management strategy, framework and process
- Receiving annual reports on the management of risk
- Approving the annual statement on the risk management processes.

Corporate Management Board (CMB)

- Approve and adopt a risk management strategy, framework and process and allocate sufficient resources to ensure its achievement
- Play a lead role in identifying and managing, the strategic risks and opportunities facing the authority
- Review cross cutting risks that may be associated with new policies and service delivery methods
- Determine the Council's risk appetite and set priorities for action
- Ensure Divisional managers can provide effective controls to mitigate risks within service areas
- Prepare an annual statement for Council on the status of the risk management framework, strategy and process (see above).

Corporate Risk Officer

- Manage the implementation of the integrated framework, strategy and process on behalf of the Council and its management team.
- Ensure the processes are implemented and offer guidance and advice.
- Chair a CRG and co-ordinate risk management activity across the Council
- Ensure staff across the Council are adequately trained to undertake risk assessments as required
- Collate divisional risk registers and controls assurance statements for consideration at CRG
- Annually report to Finance and Procedures Overview & Scrutiny Committee on progress of risk management framework, corporate issues, divisional risk registers, control assurance statements and areas for improvement.

Corporate Risk Group (CRG)

- Ensure a cohesive approach to risk management and business continuity
- Undertake "spot reviews" and a programmed annual review of all corporate plans
- Annually review and update the risk management strategy to take into account external and internal changes as well as experience.
- Analyse and collate divisional risk registers (incl. Business continuity plans)
- Assist with the annual report for Finance and Procedures Overview & Scrutiny Committee.
- Make recommendations to CMB regarding the generic and cross divisional risks/issues identified from the divisional self assessments

Heads of Service and Departmental Management Teams

- Identify, analyse and "rate" divisional risks within a register
- Ensure maintenance of the departmental risk register.
- Prioritise action on divisional risks
- Monitor progress on managing divisional risks
- Report the results of the self-assessment to CMB
- Ensure the effectiveness of controls in place to mitigate/reduce risks.
- Co-ordinate preparation of annual controls assurance statements for approval by Divisional Management Teams.

Service Managers

- Identify, analyse, profile and prioritise risks within area of responsibility.
- Prioritise action on service risks
- Monitor progress on managing service risks
- Report the results of the self-assessment to divisional management team and, assess the effectiveness of controls in place to mitigate/reduce risks.

Specialist representatives (internal audit, insurance, legal, IT)

- Attend meetings of the Corporate Risk Group as necessary to consider implications of authority wide risks and to provide relevant advice
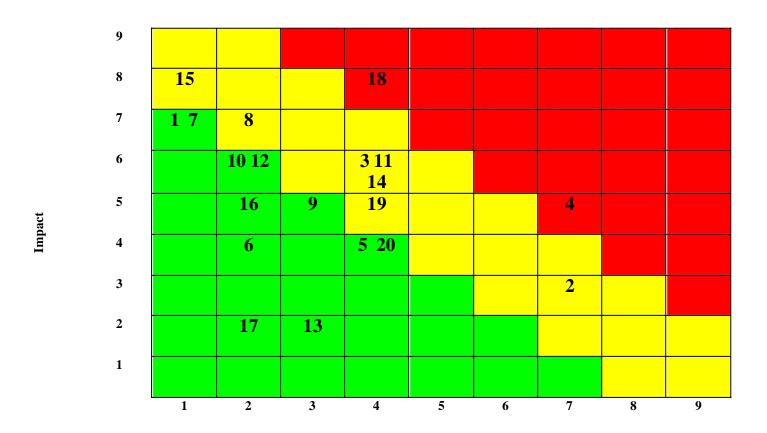
?

Rochford's Residual Risk Register & Map

Risk	Risk Description	Risk "owner"	Action/ controls already in place	Adequacy of controls in place	Required action/control by Management Group	Monitoring / success measures	Review frequency /key dates
1	Major changes in Central Government (CG) priorities / structures	OMT / CMT	Change culture		Improve effectiveness of change mechanisms		**August 2006**
			Work with L.A. associations				
			Forward planning				
			Proactive response to consultation documents				
2	Reputational Damage.		Corporate Governance mechanisms.				
			Managed Press Release system				
			H & S Policy				
			Training for Members & staff				
			Codes of conduct / Constitution				
			Member and staff protocols				
3	Significant changes to local economic or social environment		Forward budget strategy		Performance Management		
			Land use planning infrastructure (e.g. Thames Gateway etc.)				
			Community Strategy Partnerships (e.g. LSP)				
			Local economic development				
4	Failure to meet CG targets for the provision of social and affordable housing		Decent Homes				
			Stock option appraisal				
			Section 106 agreements				
5	Failure to meet e-government requirements		IEG5 Statement		Website monitored and reviewed continually	Meeting e-government requirements	
			Service Action Plan				
6	Detrimental influences through external inspection(s), (i.e. CPA, BV etc)		Performance Plan		Process review		
			Internal and external audits				
7	Failure to be aware / comply with, existing / new legislation		Legal monitoring on new legislation		Corporate awareness		
			Professional Membership notifications				
			Website checks for compliance				

Risk	Risk Description	Risk "owner"	Action/ controls already in place	Adequacy of controls in place	Required action/control by Management Group	Monitoring / success measures	Review frequency /key dates
			Communications groups notifications				
8	Failure to be an organisation of choice for partners, contractors and staff		Corporate objectives				
			Workforce development plan				
			Investors in People scheme				
9	Failure to meet the current and changing needs / expectations of customers		Provision of information in correct context (options rather than IT)		Approach needs to be formalised		
			Ombudsman process				
			Effective complaints procedure		Effective analysis of consultation exercises		
			Consultation Programme				
10	Fail to manage major projects effectively		Formal project management processes				
			Budget management				
			Political & management commitment				
			Project review procedure				
			Procurement arrangements				
11	Ineffective management structure (including the setting and adherence to priorities)		Regular review of structure		Proposed new management structure to be communicated		
			Effective feedback and consultation				
12	Failure to meet the delivery of corporate priorities		Workforce Development Plan				
			PDR process				
			Recruitment / Retention process				
			Service action plan for each objective				
			Reporting and monitoring of SAP				
			Review by CPA inspectors				
			Regular reports to Committee				
13	Poor communications within the Authority		Departmental Management / Team meetings				
			Staff sounding board				
			IIP monitoring / improvements				
			Rochford Files				
			Staff induction				
			Staff Training				

Risk	Risk Description	Risk "owner"	Action/ controls already in place	Adequacy of controls in place	Required action/control by Management Group	Monitoring / success measures	Review frequency /key dates
			PDR process				
14	Ineffective performance management, training and development of staff		PDR process		Cleary defined performance management framework		
			Quarterly performance report				
			SAP				
15	Unexpected major financial liability or uninsured loss		Insurance reviewed		Liabilities being looked. More work on risk assessment		
			Whistle blowing policy				
			Review financial Reserves				
16	Failure to obtain adequate funding to achieve service objectives		Statutory powers		Some risk assessment required for operational risks		
			Balanced budgets		Pro-active in identification of funding streams		
			Building up reserves				
			Good relations with members				
			Budget strategy				
17	High volumes of staff or client fraud		Verification framework		Fraud awareness training / culture		
			Whistle blowing Policy				
			Prosecution policy				
			Fraud team / policy		Development of a SIC process		
			Internal Audit processes				
			Internal controls identified				
18	Risk of contract arrangements failing		Selection / Monitoring systems		Improve capabilities & capacity to instantly replace contractors		
			Opt out clauses		BCP		
			Performance bonds and guarantees				
19	Failure of partnership arrangements		Relationship management		Lack of arrangements		
			Service level agreements				
			Bonds & guarantees		Feedback from current review		
			Risk monitoring arrangements				
20	Failure to meet Government targets (Recycling etc)		Corporate plan				
			CPA inspectors reports				

Risk Where quality of controls are poor, no change in likelihood Where quality of controls are fair, reduce likelihood by 1 Where quality of controls are good, reduce likelihood by 3 Where quality of controls are excellent, reduce likelihood by 5	Impact	Likelihood	Risk Ranking	Quality of controls* 1 Poor 2 Fair 3 Good 4 Excellent	Review date (The "risk" is continually under review by the service provider but the CRR will be reviewed annually)
1 Failure to have regard for major changes in Government priorities	7	1	=9	3	Aug 06
2 Reputational damage to the Authority	7	3	=3	3	Aug 06
3 Significant changes to local economic or social environment	6	4	=3	3	Aug 06
4 Failure to meet Government targets for the Provision of social and affordable housing	5	7	2	4	Aug 06
5 Failure to meet e-government requirements	4	4	=9	4	Aug 06
6 Detrimental influences through external inspection(s), (i.e. CPA, etc)	4	2	18	3	Aug 06
7 Failure to be aware / comply with, existing / new legislation	7	1	15	3	Aug 06
8 Failure to be an organisation of choice for partners, contractors and staff	7	2	=6	3	Aug 06
9 Failure to meet the current and changing needs / expectations of customers	5	3	=9	2	Aug 06
10 Fail to manage major projects effectively	6	2	=9	3	Aug 06
11 Ineffective management structure	6	4	=3	2	Aug 06
12 Failure to meet the delivery of corporate priorities	6	2	=9	2	Aug 06
13 Poor communications within the Authority	2	3	19	3	Aug 06
14 Ineffective performance management, training and development of staff	6	4	=6	3	Aug 06
15 Unexpected major financial liability or uninsured loss	8	1	=6	2	Aug 06
16 Failure to obtain adequate funding to achieve service objectives	5	2	17	3	Aug 06
17 High volume of Staff / client fraud	2	2	20	4	Aug 06
18 Failure of contract arrangements	8	4	1	3	Aug 06
19 Failure of Partnerships	5	4	=15	3	Aug 06
20 Failure to meet various Government Targets (recycling etc)	4	4	=9	3	Aug 06

*Poor indicates no controls in place or the few that are do not mitigate the risk. Fair indicates that some controls in place and some reduction in risk but still not adequate. Good indicates that controls in place are considered adequate and reduce the risk. Excellent indicates that effective controls in place which reduce the risk considerably. Where the score is 2/3, it means that there are controls in place which reduce the risk but it is a borderline decision whether they can be considered adequate.

Impact									
9									
8	15			18					
7	1 7	8							
6		10 12		3 11 14					
5		16	9	19			4		
4		6		5 20					
3							2		
2		17	13						
1									
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**

Likelihood

Appendix 1

Significant Risks – Individual Risk Assessment
Additional criteria for assessing likelihood and impact of a potential risk

The following can be used to further inform the risk assessment process for a number of the main corporate risks.
It is important to ensure that these additional criteria are used as part of the process and not the only considerations.

Likelihood

1	<1% likely to occur in next 12 months
2	1%-5% likely to occur in next 12 months
3	5%-10% likely to occur in next 12 months
4	10%-20% likely to occur in next 12 months
5	20%-30% likely to occur in next 12 months
6	30%-40% likely to occur in next 12 months
7	40%-60% likely to occur in next 12 months
8	60%-80% likely to occur in next 12 months
9	>80% likely to occur in next 12 months

Impact

1	No impact
2	Financial loss up to £5,000 **or** no impact outside single objective **or no adverse publicity**
3	Financial loss up to £10,000 **or** no impact outside single objective **or limited adverse publicity**
4	Financial loss up to £50,000 **or** minor regulatory consequence **or manageable / acceptable local adverse publicity** or some impact on other objectives
5	Financial loss up to £100,000 **or** impact on other objectives **or significant levels of local adverse publicity** or strong regulatory criticism
6	Financial loss up to £300,000 **or** impact on many other processes **or significant levels local adverse publicity** or regulatory sanctions (such as intervention, public interest reports)
7	Financial loss up to £500,000 **or** impact on strategic level objectives **or national adverse publicity** or **strong regulatory sanctions**
8	Financial loss up to £1 million **or** impact at strategic level **or "damaging" national adverse publicity** or **Central Government take over administration**
9	Financial loss above £1 million **or** major impact at strategic level **or closure/transfer of business**

In respect of adverse publicity, it is inevitable that the authority will be subjected to scrutiny by the media. There are bound to be incidents where "misconception or misinformation" will lead to "adverse" comment but, this need not be perceived as a "risk" to the authority.

Service Action Plan

Proposed Start date: July 05   Proposed Finish date:

Actual Start date: Actual Finish date:

No.	Key Action (no longer than 2 month intervals in first year)	Risk H/M/L	Due date	Means of Achievement	Officer		Completed date	Issues or missed date details	Issue date dd/mm	Agreed resolution	Agreed by L/CD/CMB and date
					Lead	Support					
1.	Define membership of the group			Identify departments to cover. Look at current membership & identify gaps			July 05				
2.	Agree revised terms of reference (TOR) for the group			Revisit approved TOR			**Sept 05**				
3.	Agree terms of reference for service areas			Define what is expected of service areas, also consider resource available			**August 05**				
4.	Report TOR									Continue with original TOR	
5.	Follow-up actions from Zurich Municipal Report						*Ongoing where actions agreed*			*ZM report to be used to advise / inform the risk rating and review processes.*	
6.	Rec 1 Members to be involved in the identification of corporate risks						*Report to Members in February 06*				
7.	Rec 2 clearly identify the level of detail required from each risk including triggers & monitoring data										
8.	Rec 3 Larger matrix to be used			*Use suggested matrix (9x9)*			**August 05**			*The 9x9 matrix will be used to identify a more detailed "risk priority"*	

Service: Corporate Risk

Objective | Meet the terms of reference for the Corporate Risk Group | **Authority risk**:

Service Action Plan

Proposed Start date: July 05   Proposed Finish date:

Actual Start date: Actual Finish date:

No.	Key Action (no longer than 2 month intervals in first year)	Risk H/M/L	Due date	Means of Achievement	Officer		Completed date	Issues or missed date details	Issue date dd/mm	Agreed resolution	Agreed by L/CD/CMB and date
					Lead	Support					
9.	Rec 4 assess the risk on the likelihood of occurring within 3 years and impact on the corporate objectives										
10.	Rec 5 remove the use of inherent risk						October 05				
11.	Rec 6 Ensure a risk owner is identified										
12.	Rec 7 complete the risk management solution, key controls & action points										
13.	Rec 8 update the corporate risk register & review annually						Complete update by January 06			*Annual review programme to be determined by CRG in early 06 meetings.*	
14.	Rec 9 further training to ensure identification of risk is comparable between divisions and what should be within the corporate register										
15.	Rec 10 timetable the risk assessment process and the reporting of registers										

$\bar{b}$

Origination date:

Last updated: Enter date if/when changes are made

Note: In the event that this plan is changed copies must be issued to all Lead/Support officers

A&PR 3.6.05

Service: Corporate Risk

Objective | Meet the terms of reference for the Corporate Risk Group | **Authority risk**:

Service Action Plan

Proposed Start date: July 05   Proposed Finish date:

Actual Start date: Actual Finish date:

No.	Key Action (no longer than 2 month intervals in first year)	Risk H/M/L	Due date	Means of Achievement	Officer		Completed date	Issues or missed date details	Issue date dd/mm	Agreed resolution	Agreed by L/CD/CMB and date
					Lead	Support					
16.	Rec 11 system in place for monitoring the actions identified to mitigate the risk										
17.	Rec 12 guidance on the risk assessment process, training			*CP&H&SM to provide training*			**October 05**				
18.	Rec 13 review membership of the group & re-invigorate						**January 06**				
19.	Discuss & agrees revised matrix						**October 05**				
20.	Communicate usage of matrix			*To be reported to OMT along with the CRR*			**October 05**				
21.	Agree risk register format						**October 05**				
22.	Define Business Continuity Role - Departmental Impact Statement - Forms			*Separate the BCP and CRR in order to more clearly define the nature of both registers*			To be defined once CRR is agreed but by February 06				

$$\overline{c}$$

Service: Corporate Risk

Objective | Meet the terms of reference for the Corporate Risk Group | **Authority risk**:

Service Action Plan

Proposed Start date: July 05   Proposed Finish date:

Actual Start date: Actual Finish date:

No.	Key Action (no longer than 2 month intervals in first year)	Risk H/M/L	Due date	Means of Achievement	Officer		Completed date	Issues or missed date details	Issue date dd/mm	Agreed resolution	Agreed by L/CD/CMB and date
					Lead	Support					
23.	Update on training for staff										
24.	Group to review registers for consistency						Review in February 06 after completion of CRR				
25.	Monitor key risks?										
26.	Draw on risk data from other means – committee reports, SAP										
27.	Define monitoring system for updating corporate register & departmental registers						To be decided by CRG February 06				

Management of high-risk key actions only

No.	Means of reducing risk	Level of residual risk

$$\overline{d}$$

Origination date:

Last updated: Enter date if/when changes are made

Note: In the event that this plan is changed copies must be issued to all Lead/Support officers

A&PR 3.6.05

Service: Corporate Risk

Objective | Meet the terms of reference for the Corporate Risk Group | **Authority risk**:

Legend (officer/other initials and detail)

Project completed

Detail the extent to which the objective has been achieved

	Signature	Date
Head of Service		
Corporate Director		

e

Origination date:
Last updated: Enter date if/when changes are made

Note: In the event that this plan is changed copies must be issued to all Lead/Support officers

A&PR 3.6.05