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## **CORPORATE RISK REGISTER - 2010/11**

### **1 SUMMARY**

- 1.1 This report provides an update of the Corporate Risk Register for 2010/11 for Members' consideration and approval.

### **2 INTRODUCTION**

- 2.1 The Corporate Risk Register (CRR) provides an overview of the key risks that may affect delivery of the Council's Corporate Objectives and service delivery. The updated Corporate Risk Register for 2010/11 is attached as an Appendix.

### **3 THE CORPORATE RISK REGISTER FOR 2010/11**

- 3.1 Each of the risks contained in the CRR has been reviewed using a detailed risk analysis, which also includes a summary action plan for the mitigation of each risk. The risk analyses are available for Members' inspection if required. No risks have been removed from the CRR for 2010/11 but individual risks have been updated with the latest information.
- 3.2 The CRR is underpinned by Divisional Risk Registers that identify the risk management arrangements that mitigate the operational risks faced by each of the Council's service areas.
- 3.3 As part of the 2009/10 assurance programme, testing was carried out to confirm that controls detailed in several Divisional Risk Registers to mitigate risk are actually in place where the residual risk is categorised "Medium" or higher. There were no matters arising from these tests.

### **4 RISK IMPLICATIONS**

- 4.1 Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives.
- 4.2 The implementation and operation of the Risk Management Framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.
- 4.3 Failure to manage risk will also mean that the Council's score in external inspections, such as the Use of Resources assessments, could be jeopardised.

### **5 LEGAL IMPLICATIONS**

- 5.1 The Council's Risk Management Policy and Framework will assist in meeting any specific and general legislative requirement to monitor and manage its risks.

**6 RECOMMENDATION**

- 6.1 It is proposed that the Committee **RESOLVES** that the updated Corporate Risk Register for 2010/11 be approved.

Yvonne Woodward

Head of Finance Audit & Performance Management

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**Background Papers: -**

None.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
<p><b>1 Council's vision and objectives fail to meet public expectation and community needs.</b></p> <p>(NB: Key dependency on accurate, complete and relevant data and information)</p>	3	3	Med	<ul style="list-style-type: none"> <li>Corporate and Local Strategic Partnership Planning Processes</li> <li>Consultation Strategy &amp; processes</li> <li>Data Quality Strategy (see 4 below)</li> <li>Access to Services strategy</li> <li>Local Development Framework</li> </ul>	Good	Sept. 2010 March 2011	New government emphasis is on localism - so the need to respond to the transition from national to local priorities may temporarily increase the likelihood of not meeting community needs.
<p><b>2 Mismatch between Council Plans and available funding</b></p>	1	3	Low	<ul style="list-style-type: none"> <li>Divisional Planning Process</li> <li>Medium Term Financial Strategy</li> <li>Budget controls/monitoring</li> <li>Scenario analysis</li> <li>All plans to have specific budget allocations</li> </ul>	Good	July 2010 Nov 2010 Jan 2011	Too early to quantify effects of the reductions in government grants announced in May 2010.
<p><b>2a Failure of the Council to respond appropriately to the economic downturn</b></p> <p>(The principal risks are a downturn in income, an increase in demand for services such as Benefits and Housing, and a potential increase in fraud and/or criminal activity.)</p>	3	3	Med	<ul style="list-style-type: none"> <li>Income collection monitoring and estimates revised in line with actual.</li> <li>Reviews ensure capacity to meet demand and reduction or redeployment of surplus capacity</li> <li>Prompt payment to suppliers</li> <li>Debtor controls</li> <li>Fraud vigilance</li> <li>Homelessness prevention initiatives</li> <li>Community Safety Partnership activity</li> </ul>	Good	July 2010 Oct 2010 Jan 2011 April 2011	The prime objectives are to prevent budget overspends and under recovery of income, whilst still delivering services. Additionally, there is a need to support the local economy and help vulnerable residents.

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<b>3 Council fails to recruit and retain the right people and skills</b>	3	3	Med	<ul style="list-style-type: none"> <li>• Workforce Development Plan</li> <li>• Workforce Profile</li> <li>• Investors in People and Positive about Disabled People schemes</li> <li>• “My Performance Reviews”</li> <li>• Member and staff training and development programme</li> <li>• Recruitment and selection processes</li> <li>• Flexible and Statutory retirement policies</li> </ul>	Good	Oct. 2010  April 2011	The Council is changing in terms of structure and service delivery and needs to have the right people and skills available to deliver its priorities (officers and members).
<b>4 Lack of a robust performance management process and poor data quality</b>	2	2	Low	<ul style="list-style-type: none"> <li>• Corporate and Divisional Planning processes</li> <li>• Formal performance management framework</li> <li>• Performance reports to Members</li> <li>• My Performance Review and Quarterly Performance Report processes</li> <li>• Data quality audits and actions</li> </ul>	Good	Aug. 2010  Feb. 2011	The Council defines its objectives in terms of expected outcomes and is able to monitor this effectively.  Performance reports identify areas of good and poor performance.
<b>5a Failure to apply a robust process for entering into partnerships</b> <b>And</b> <b>5b Council fails to monitor and review its partnerships effectively to ensure anticipated outcomes are</b>	2	2	Low	<ul style="list-style-type: none"> <li>• Partnership Guidance</li> <li>• Partnership risks are assessed.</li> <li>• Partnership governance documents</li> <li>• Bonds and guarantees</li> <li>• Performance monitoring</li> <li>• Partnership Reviews reported to Review or Audit Committees</li> </ul>	Good	Sep. 2010	The Council needs to ensure continued clarity about its partnership objectives, to have clearly defined expected outcomes for service delivery from partnerships and to be able to monitor

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achieved							this effectively.	
Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes	
6	Incident occurs and Council fails to respond effectively	2	3	Med	<ul style="list-style-type: none"> <li>Corporate and Divisional Business Continuity Plans</li> <li>Records Management and Data Quality Policy</li> <li>Formalised “Out of Hours” arrangements</li> <li>Civil Contingency plans</li> <li>IT restoration contract</li> </ul>	Good	Sept. 2010	<p>The Council’s Business Continuity Plans are in place and are tested periodically.</p> <p>Risk includes loss of IT services and temporary or permanent loss of data. See also Risk 16 re loss or release of personal data</p>
7	Failure to respond to political change at a national or local level leading to a change of Council priorities	1	3	Low	<ul style="list-style-type: none"> <li>Regular briefings from Chief Executive to Senior Management Team</li> <li>Work with Local Authority . associations</li> <li>Response to consultations</li> <li>Corporate and Divisional planning and budgetary process</li> <li>Member decision making structure</li> <li>Review for Annual Governance Statement</li> <li>Strategic Corporate Risk review.</li> </ul>	Good	Sept. 2010	<p>Council’s decision making structure is robust and enables timely response to changes.</p> <p>New government emphasis is on localism - the existing controls mean the Council is well placed to respond to the transition from national to local priorities</p> <p>Officers remain politically neutral</p>
8	Lack of clear understanding of what Value For Money (VFM) means	2	2	Low	<ul style="list-style-type: none"> <li>VFM programme of work</li> <li>Divisional VFM investigations</li> <li>VFM inherent in procurement processes</li> </ul>	Good	Sept 2010 March 2011	<p>The Council has a clear understanding of what VFM means in terms of service delivery and</p>

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				• VFM in Budget Process			meeting customer requirements.	
Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes	
9	Ineffective internal or external communication.	3	2	Low	<ul style="list-style-type: none"> <li>• Communications Strategy</li> <li>• Access to Services Initiatives</li> <li>• Management / Team meetings</li> <li>• Staff consultation</li> <li>• Investors in People monitoring</li> <li>• Staff training</li> <li>• My Performance Reviews</li> <li>• Intranet/website</li> <li>• Management oversight of internal and external communications</li> <li>• Core Briefing system</li> <li>• Press Release system</li> <li>• Media Protocol</li> </ul>	Good	July 2010	Internal and external communication processes are developed and continue to evolve.
11	Unexpected major financial liability or uninsured loss	1	3	Low	<ul style="list-style-type: none"> <li>• Insurance reviews</li> <li>• Whistle Blowing policy</li> <li>• Insurance reserve</li> <li>• Budget Strategy</li> <li>• Collection Fund reserve</li> <li>• Review of Financial Reserves &amp; Balances</li> <li>• Prudent investment strategy</li> </ul>	Good	Sept. 2010	Reviewed at commencement of each Business Planning Cycle.
12	High volumes of staff, client or contractor fraud	1	3	Low	<ul style="list-style-type: none"> <li>• Verification framework</li> <li>• Whistle blowing, Prosecution and Fraud policies</li> <li>• National Fraud Initiative</li> </ul>	Excellent	Jun. 2010	Review is linked to and covered by the Annual Governance Statement presented in June each

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				<ul style="list-style-type: none"> <li>Internal Audit activity</li> <li>Register of interests</li> <li>Segregation of duties</li> </ul>			year
Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
13 Risk of contract arrangements failing	3	3	Med	<ul style="list-style-type: none"> <li>Selection / Monitoring systems</li> <li>Adherence to Contract Procedure Rules</li> <li>Opt out clauses</li> <li>Performance bonds and guarantees</li> <li>Handover planning</li> <li>Performance measures</li> <li>Regular review meetings with key contractors</li> <li>Contractor liaison reports</li> </ul>	Good	Nov. 2010  May 2011	All contracts are subject to continual operational review and reports to Senior Management and Portfolio Holders.
14 Failure to be aware of/comply with, existing or new legislation	1	3	Low	<ul style="list-style-type: none"> <li>Legal monitoring of new legislation</li> <li>Member Training</li> <li>Professional Membership notifications and email alerts</li> <li>Training and subscriptions</li> <li>Website checks for compliance</li> <li>Local Government Association updates</li> <li>Internal Communications</li> </ul>	Good	Sep. 2010	Risk ownership has moved to Head of Legal, Estates and Member Services upon retirement of the Corporate Director (Internal Services)
16 Failure to protect data such that personal data is lost/made public	2	3	Med	<ul style="list-style-type: none"> <li>Data Protection and Records Management policies and procedures</li> <li>Compliance with Government Code Of Connection (CoCo)</li> <li>IT Security Policies and training</li> </ul>	Good	Dec. 2010	The Council has to ensure that personal data is fully protected in accordance with Data Protection Acts.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
<p><b>17 Failure to adapt to climate change</b></p> <p>(Monitored by National Indicator 188 - Planning to adapt to climate change and CO<sub>2</sub> reduction National Indicators)</p>	4	2	Med	<ul style="list-style-type: none"> <li>All staff sign Personal Commitment Statements</li> <li>Data collection matrix</li> <li>ClimatCO<sub>2</sub>de controls implementation</li> <li>Climate based risk assessments in key documents</li> <li>Identification of climate risks for each service</li> <li>Implementation of adaptive responses and actions to achieve level 3 of the NI188 indicator in 2010/11.</li> </ul>	Good	<p>Oct. 2010</p> <p>April 2011</p>	<p>Controls are dependant on the provision of a Climate Change officer resource currently supplied by Essex County Council under a Service Level Agreement</p>
<p><b>18 Failure to safeguard children</b></p>	2	3	Med	<ul style="list-style-type: none"> <li>Child Protection Policy and Procedures</li> <li>Criminal Records Bureau checks</li> <li>Recruitment processes</li> <li>Section 11 Audit (self assessment to ensure compliance with Section 11 of the Children’s Act).</li> <li>Attendance at Children’s Trust Board</li> <li>Attendance at South Essex Local Safeguarding Board</li> <li>Designated person(s) for children protection issues – Head of Community Services and Corporate Policy and Partnership Manager</li> </ul>	Fair/Good	<p>Sept. 2010</p> <p>March 2011</p>	<p>Procedures are developed to cover the action to take if there are concerns over the wellbeing of a child, or there are accusations against a member of staff. Procedures are being cascaded to all relevant staff.</p>



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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
19 Failure to safeguard vulnerable adults	2	3	Med	<ul style="list-style-type: none"> <li>• Criminal Records Bureau checks</li> <li>• New Vetting and Barring scheme</li> <li>• Recruitment processes</li> <li>• Attendance at South Essex Local Safeguarding Adult Board</li> <li>• Designated person(s) for adults and vulnerable people protection issues– Head of Community Services and Corporate Policy and Partnership Manager</li> </ul>	Fair/Good	Sept. 2010  March 2011	<p>Procedures are developed to cover the action to take if there are concerns over the wellbeing of a child, or there are accusations against a member of staff.</p> <p>Procedures are being cascaded to all relevant staff.</p>

**Key:**

**\* Adequacy of controls:**

- 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 are in place which reduce the risk considerably.

**# Review Date(s):**

(The “risk” is continually under review by the service manager but the Corporate Risk Register will be reviewed annually)

**NB:** Risks 10 and 15 were deleted from the register in 2009/10.

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Corporate Risk Map

<b>Impact</b>	<b>4 Catastrophic</b>						
	<b>3 Critical</b>	2, 7, 11,12,14	6,16,18,19	1,2a,3,13			
	<b>2 Marginal</b>		4, 5a,5b,8	9	17		
	<b>1 Negligible</b>						
		<b>1 Negligible</b>	<b>2 Very Low</b>	<b>3 Low</b>	<b>4 Significant</b>	<b>5 High</b>	<b>6 Very High</b>
		<b>Likelihood</b>					

Key	Risk level	Action required
	High	Urgent/imperative to manage down risk – transfer or terminate
	Medium	Seek to influence risk over medium term or transfer out risk e.g. by insuring
	Low	Tolerate and monitor – manage down if possible

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Risk Scoring

LIKELIHOOD of event occurring					
Negligible – 1	Very Low – 2	Low – 3	Significant – 4	High – 5	Very High – 6
0% to 5%	6% to 15%	16% to 30%	31% to 60%	61% to 85%	86%to100%

IMPACT of event occurring				
	Negligible – 1	Marginal – 2	Critical – 3	Catastrophic – 4
<b>Financial</b>	£0K - £10K	£10K - £200K	£200K - £1M	£1M- £10M
<b>Service Provision</b>	Minor service delay	Short term service delay	Service suspended/ Medium term delay	Service suspended long term/ Statutory duties not delivered
<b>Project</b>	Minor delay	A few milestones missed	A major milestone missed	Project does not achieve objectives and misses majority of milestones
<b>Health &amp; Safety</b>	Sticking Plaster/first-aider	Broken bones/Illness	Loss of Life/Major illness	Major loss of life/Large scale major illness
<b>Objectives</b>	Minor impact on objectives	Objectives of one section not met	Directorate Objectives not met	Corporate objectives not met
<b>Morale</b>	Mild impact on morale	Some hostile relationships and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
<b>Reputation</b>	No media attention/minor letters	Adverse Local media	Adverse National publicity	Remembered for years!
<b>Government relations</b>	Minor local service issues	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently
<b>Political</b>	No interest/ Minor attention	Adverse local media or individual public reaction	Adverse national publicity or organised public reaction	Major political reaction - remembered for years!