REVIEW OF THE COUNCIL'S CORPORATE RISK MANAGEMENT AND REGISTERS FOR 2017/18

1   PURPOSE OF REPORT

1.1   This report presents a six-month review of the Council's corporate risk register (CRR) for 2017/18 for consideration and approval.

2   INTRODUCTION

2.1   The previous report on this topic was presented to the Audit Committee in March 2017 when an updated corporate risk management policy and framework was approved and the content of the corporate risk register noted.

2.2   As the Council's organisation and operational structures continue to evolve it is likely that further changes to the CRR and the corporate risk management framework will be necessary and these will be notified to this Committee as required.

3   THE CORPORATE RISK REGISTER FOR 2017/18

3.1   The summary corporate risk register for 2017/18 is included at appendix A.

3.2   All the key risks faced by the Council are presented, together with the controls in place to mitigate these risks and an assessment of whether each is considered to be a high, medium, or low risk. Each of the risks listed in the summary is supported by a fuller risk analysis that is available on request.

3.3   The CRR is underpinned by service area risk registers (SARRs) owned by each Assistant Director that identify the risks and mitigation controls that apply to each of the Council's service areas. They form part of a continual review and are monitored as part of the CRR review at Leadership Team meetings. The SARRs are available on request.

3.4   As part of the 2017/18 Internal Audit programme, risk management is reviewed as is relevant to the audit being undertaken. Tests seek to confirm that controls are in place and operating well to mitigate risk.

4   Review of the Corporate Risk Register for 2017/18

4.1   Risks 2, 3a, 3b, 6, 7, 10, 11 and 14 were reviewed between March and September 2017 and only minor administration changes were made.

4.2   Risk 6: Community Cohesion has been removed and the elements of the risk are being considered for inclusion on the remaining corporate risks and relevant SARR's.

4.3   The remaining risks on the corporate risk register will be reviewed over the next 6 months, along with emerging issues such as the introduction of the General Data Protection Regulations due in May 2018.

4.4   The risks on the corporate risk register sufficiently cover both day-to-day operations and the new projects and initiatives required to achieve the Business Plan.

4.5   For each individual project, specific risk logs and actions are monitored within the project documentation. These will change as the projects evolve.

4.6   Risk 14 ICT is the corporate risk for IT in general. The ICT migration project has a project risk register. Risk 14 will be reported back to the Audit Committee in April 2018.

5   RISK IMPLICATIONS

5.1   Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have a significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives.

5.2   The implementation and operation of the risk management framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.

5.3   Failure to manage risk would also mean that the Council might face censure by its external auditors, or the potential for legal proceedings in the event of breaches of the Health and Safety at Work Act or similar legislation.

6   RESOURCE IMPLICATIONS

6.1   All risk management activity is undertaken within existing and planned budgets.

7   LEGAL IMPLICATIONS

7.1   The Council's risk management policy and framework will assist in meeting any specific and general legislative requirements to monitor and manage its risks.

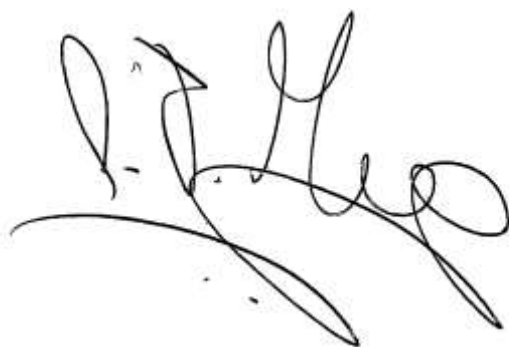7.2   No new formal delegations are created by this policy and framework.

8   EQUALITY AND DIVERSITY IMPLICATIONS

8.1   None.

9   RECOMMENDATION

9.1   It is proposed that the Committee **RESOLVES**

That the content of the corporate risk register for 2017/18 be noted.

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Background Papers:-

None.

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Corporate Risk Register 2017/18

Notes:

* Quality 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 that reduces the risk considerably.

Next Review Date(s):
- Risks are reviewed regularly by the Leadership Team and relevant service managers.
- The risk analyses are updated accordingly, but the Corporate Risk Register will be revised annually.

Part 1 – Key Corporate Risks - Summary Dashboard

Key Corporate Risks	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs/losses	Asset loss or damage	Contract breaches	Ineffective leadership	External Intervention	Likelihood	Impact	Risk Rating
Key Outcome Risks																
1 – We fail to deliver the objectives of the Council's Business Plan in terms of measurable outcomes.		✓	✓	✓			✓	✓	✓			✓	✓	2	3	M
2 – There is a failure to safeguard children and adults with care and support needs from abuse and/or neglect in line with the Council's legal responsibilities.	✓	✓					✓						✓	2	4	M
3a – There is a serious Food, Environmental or other incident for which the Council is culpable		✓	✓			✓			✓	✓			✓	2	4	M
3b – There is a serious Health and Safety incident for which the Council is culpable (including Flood risks).		✓	✓			✓			✓	✓			✓	3	4	H
4 – We fail to respond to, or provide, relevant services in the event of an incident or disaster		✓	✓			✓				✓			✓	3	3	M
5 – Council held data is lost, disclosed or misused to detriment of individuals or organisations as result of inadequate protection.		✓	✓	✓					✓		✓		✓	3	3	M
Key Enabler Risks																
7 – Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.		✓			✓		✓	✓	✓			✓		2	3	M
8 – Failure to innovate and develop new ways of meeting customer needs and expectations.		✓	✓	✓			✓	✓				✓	✓	2	3	M
9 – Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the priorities contained in the Business Plan or to adequately plan, fund and monitor the Council's Capital Programme.		✓		✓			✓	✓	✓		✓	✓	✓	3	4	H
10 – Inability to recruit, retain, develop and manage appropriately skilled staff to deliver the Council's priority outcomes	✓	✓	✓	✓			✓		✓					4	4	H
11 – Failure to enter into and manage effective partnerships for the delivery of services and outcomes.		✓	✓	✓	✓							✓		3	3	M
12 – The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.		✓	✓	✓					✓		✓			2	3	M
13 – Failure to ensure good governance of the Council's activities and delivery of its priority outcomes		✓					✓			✓		✓	✓	3	3	M
14 – Failure to ensure Rochford's ICT Estate supports achievement of Business Objectives		✓	✓	✓			✓	✓	✓		✓			4	3	M

11.5

Part 2 – Tabular Summary of Key Corporate Risks

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
Key Outcome Risks							
1 - We fail to deliver the objectives of the Council's Business Plan in terms of measurable outcomes.	Strategic Director	• Failure to refine strategic objectives to identify what is to be achieved • Failure to articulate realistic business delivery plans • Failure to manage key programmes of work effectively • Failure to manage performance effectively	• Business Plan agreed and supported by MTFS • Key programmes of work defined • Plans identify key priorities for service delivery • Programme Office responsibilities • Project Risk Registers	Good	2	3	Med
2 - There is a failure to safeguard children and adults at risk in line with the Council's legal responsibilities.	Safeguarding Lead Officer with support from the Deputy Lead Officer - Assistant Director, Community and Housing Services	• Children or adults with care and support needs put at risk of abuse • Children or adults with care and support needs suffer harm or abuse • Staff at risk of false accusations • Reputational damage • Financial damage • External intervention in the	• Safeguarding Policy 2017-2019 and Procedures • Member of both Essex Safeguarding Boards. • Engagement with relevant sub groups of the Safeguarding Boards • Dedicated Safeguarding Officer Project Team to achieve and maintain	Good	2	4	Med

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
		running of the Council as a result of safeguarding incidents	90%+ compliance with the Essex Safeguarding Boards' set standards. • DBS checks in recruitment processes • Designated Safeguarding Link Officers across the organisation. • Staff and Member training programmes • Compliance with all relevant guidance				
3a – There is a serious Food, Environmental or other incident for which the Council is culpable	Assistant Director, Community and Housing Services	• Failures within of our Food Safety Inspection regimes give rise to serious incidents with potentially fatal or life changing consequences • Unacceptable Food Safety Return to FSA leads to service intervention • Environmental pollution or nuisance issues are not addressed • Corporate manslaughter charges	• Annual Food Safety Plan • Response procedures for Environmental Health complaints and reports • Joint enforcement plans to be established for significant problem sites with RDC planners, the HSE and/or the Environment Agency	Good	2	4	Med

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
3b – There is a serious Health and Safety incident for which the Council is culpable (including Flood risks).	Assistant Director, Commercial Services	• Failures within of our H&S regimes give rise to serious incidents with potentially fatal or life changing consequences • Flood risks are not recognised or mitigated • Internally we could fail to meet obligations under the Health & Safety at Work and Fire Safety Acts and allied Regulations • Corporate manslaughter charges	• Annual Corporate Health and Safety Plan • Flood Risk Forum • Internal Health and Safety Assessments and Reviews • Risk Assessments (for staff and contractors) and Safety Procedures • Joint enforcement plans to be established for significant problem sites with RDC planners, the HSE and/or the Environment Agency	Poor	3	4	High
4 - We fail to respond to, or provide, relevant services in the event of an incident or disaster	Assistant Director, Commercial Services	• Loss of internal or public IT services • Loss or reduction in operational capacity • Inadequate response to civil/weather emergencies • Failure to respond to unauthorised or illegal incursions, encampments or events	• Emergency Plans and Business Continuity Plans • Out of hours (OOH) response arrangements. • IT restoration and cover facilities • Essex Countrywide Traveller Committee Partnership Agreement • Use of pre-emptive injunctions to deal with	Good	3	3	Med

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
			• incursions etc. • IT incident reviews.				
5 - Council held data is lost, disclosed or misused to detriment of individuals or organisations as result of inadequate protection.	Assistant Director, Legal Services (SIRO)	• Key operational, commercial, or personal data is lost, disclosed, or misused. • Increased risk of loss or disclosure when data is transferred between supply chain partners. • Residents or customers interests put at risk • Commercial or partnership relationships put at risk • Consequential damage claims • Information Commissioner investigations or penalties • Reputational damage • Incorrect decisions made as the result of poor quality, or poorly interpreted, data • Failure to disclose appropriately where required	• Data Protection measures including ICT Security Policies & Procedures • Data sharing protocols • Annual review of systems and software required by Government Connect Code of Connection (CoCo) • Information Security Policies • Compliance with the Transparency Code • Data quality spot checks	Fair	3	3	Med

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
Key Enabler Risks							
7 - Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.	Strategic Director	• Council is unaware of stakeholders concerns, needs or ambitions • Lack of a clear vision for the future • Failure to respond to the Devolution agenda	• Consultation programmes involve Members, Residents, Businesses, Service Users, Parishes, Partners and Staff.	Good	2	3	Med
8 - We fail to innovate and develop new ways of meeting customer needs and expectations	Managing Director	• Council fails to respond to changing circumstances or needs in a sustainable way • Services fail and/or are taken over • Ineffective use or understanding of Council asset base	• Transformation Projects • Staff involvement in cultural change e.g. the "quick wins team " • Training in Innovation • Project Risk Registers	Good	2	3	Med
9 - Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the priorities contained in the Business Plan or to adequately plan, fund and monitor the Council's Capital Programme.	Section 151 Officer	• Reduced Government funding • Potential reduction in income streams • Potential Increased demand for services • Unexpected new financial liabilities or losses e.g. new Living Wage effect on Contract Prices	• Budget monitors and analysis • Quarterly financial reports to the Executive. • Communication of savings and consequences to all stakeholders • Monitoring and analysis of Government	Good	3	4	High

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
		• Need to transform operations as a result of prolonged budget cuts will create new opportunities with attendant risks.	announcements • Business Planning linked to Medium Term Financial Strategy (MTFS) • Active treasury and cash flow management • Twice-yearly cross party Member Away days to discuss Financial and Corporate Matters.				
10 - Inability to recruit, retain, develop and manage appropriately skilled staff to deliver the Council's priorities.	Managing Director	• With expertise vested in fewer individuals, the Council is at greater risk of losing key knowledge, expertise, or skill sets • Increased vacancy rates and lost skills lead to operational pressures and ultimately to service failures • Use of temporary staff or contractors leads to additional costs and/or delays • Service failures lead to potential intervention or loss of funding	• Organisational Development Strategy • Transformation Projects • Positive about Disabled People • Recruitment policy and procedures • Probationary periods • Induction, Training and Development plans • Performance Reviews Appraisals • OHS referrals • Procedure notes to be made available to appropriate officers in	Fair	4	4	High

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
			event of manager or other experienced officers' absence/ non-availability • Staff Survey and People Plan				
11 - Failure to enter into and manage effective partnerships for the delivery of services and outcomes.	Assistant Director – Community and Housing and Assistant Director - Commercial	• Failure to adequately specify and agree required outcomes • Failure to manage contracts effectively • Failure of a contractor or contract arrangements • Service delivery failures • Creation of unexpected liabilities. • Increasing number or extent of supply chains require significant expertise or experience to risk manage	• Contract procedures • Contract Terms and Conditions • Monitoring processes and meetings • Contract performance bonds • Clear partnership agreements covering legal, financial and operational arrangements • Training for contract managers as required. • Project Risk Registers	Good	3	3	Med
12 - The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.	Section 151 Officer	• Service costs exceed funding available • Contractual commitments become unsustainable	• Sustainable Commissioning and Procurement Strategy • Benchmarking, and best practice case studies	Good	2	3	Med

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
		• Customer dissatisfaction with VFM	• Contract Procedure Rules • Internal and external Audit reports • Expenditure monitors • Business Process Re-engineering as required • Robust option appraisals				
13 - Failure to ensure good governance of the Council's activities and delivery of its priorities.	Monitoring Officer	• Failure to follow procedures leads to successful appeals or legal challenges • Misuse of the Regulation of Investigatory Powers Act (RIPA) lead to prosecutions • Failure to detect and prevent fraud or to respond to rising trends of fraud. • An increasing propensity for compensation claims could result in additional costs and inefficient use of resources. • Failure to manage performance effectively leading to reduced service delivery	• Business Plans/MTFS • Council Constitution, Financial Regulations and Contract Procedure Rules • Council, Executive and Committee, LT minutes and records of decisions • Internal Audit Programme • Performance management system • Legally compliant tendering procedures • Anti-Fraud and Corruption Policy and Anti Money Laundering Procedures	Fair	3	3	Med

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Likeli-hood	Impact	Risk Rating
		• Failure to supply required data to Government, or meet the Government's Transparency Code • Government intervention in services or governance matters as a result of failures	• Whistleblowing Policy and Procedures • Codes of Governance, Conduct and Registers of Interests • RIPA procedures				
14 – The Council could fail to ensure Rochford's ICT Estate supports achievement of Business Objectives	AD Transformation	• Fail to maintain an ICT Strategy that is fit for purpose • Be unable to obtain replacement contractors at short notice with consequent and have to obtain replacement contractors charging premium prices for service recovery actions • Experience adverse effects on service with consequent reputational risks • Fail to update software/hardware leading to application and service delivery failure • Fail to adequately manage ICT projects	• ICT strategy • Project plans • Budget controls • Contract Management	Fair	4	3	Med

Part 3 Corporate Risk Map

Impact	4 Cata-strophic		Risk 2 and 3a	Risks 3b and 9	Risk 10		
	3 Critical		Risks 1, 7, 8 and 12	Risks 4, 5, 11 and 13	Risk 14		
	2 Marginal						
	1 Negligible						
		1 Negligible	2 Very Low	3 Low	4 Significant	5 High	6 Very High
		Likelihood					

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

Part 4 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**
Financial	£0K - £10K	£10K - £200K	£200K - £1M	£1M- £10M
Service Provision	Minor service delay	Short term service delay	Service suspended / Medium term delay	Service suspended long term/ Statutory duties not delivered
Project	Minor delay	A few milestones missed	A major milestone missed	Project does not achieve objectives and misses majority of milestones
Health & Safety	Sticking Plaster/first-aider	Broken bones/Illness	Loss of Life/Major illness	Major loss of life/Large scale major illness
Objectives	Minor impact on objectives	Objectives of one section not met	Directorate Objectives not met	Corporate objectives not met
Morale	Mild impact on morale	Some hostile relationships and minor non-cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention/minor letters	Adverse Local media	Adverse National publicity	Remembered for years!
Government relations	Minor local service issues	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently
Political	No interest/ Minor attention	Adverse local media or individual public reaction	Adverse national publicity or organised public reaction	Major political reaction - remembered for years!
Legal	No significant legal implications	Internal review and minimal media coverage	External review and impact on public opinion.	Criminal proceedings / civil litigation
Communities	Minimal effect on communities	Short term Impact on small group of clients/customers/comm unities	Long term Impact on large group of clients/customers/commu nities	Long term impact on vulnerable people