
CORPORATE RISK MANAGEMENT FRAMEWORK AND POLICY AND CORPORATE RISK REGISTER - 2011/12

1 SUMMARY

- 1.1 This report provides details of the revision of the Council's corporate risk management framework and policy and an updated Corporate Risk Register for 2011/12 for Members' consideration and approval.

2 INTRODUCTION

- 2.1 The corporate risk management framework and policy specifies how the Council seeks to manage and control risk.
- 2.2 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.
- 2.3 A review of the risks faced by the Council following the change of Government earlier this year was undertaken in September 2010 by the Council's Senior Management Team (SMT) and the officers of the Corporate Risk Group (CRG).
- 2.4 Following the above review of risks, an updated risk register was submitted for consideration at the December meeting of the Audit Committee. This meeting was subsequently cancelled owing to the severe weather at that time.
- 2.5 The opportunity has therefore been taken to further update the corporate risk management framework and policy and the allied Corporate Risk Register going forward into 2011/12.

3 THE CORPORATE RISK MANAGEMENT FRAMEWORK AND POLICY

- 3.1 The previous version of the corporate risk management framework and policy was approved by the Audit Committee in September 2009.
- 3.2 An updated version of the corporate risk management framework and policy for 2011/12, which has been subject to minor amendments only, is attached at appendix A for re-approval by the Committee.

4 THE CORPORATE RISK REGISTER FOR 2011/12

- 4.1 The SMT/CRG review of September 2010 identified 9 key risks facing the Council, as shown in the Corporate Risk Register (CRR) at appendix B. In addition, there are 8 other operational risks that are best controlled and monitored on a Council wide basis, and these are also shown at appendix B.
- 4.2 Each of the strategic 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. An example of a risk analysis is included at appendix C and the other risk analyses are available for Members' inspection, if

required. A regular review of these risks and the mitigating controls and actions is undertaken by the officer Corporate Risk Group and is minuted accordingly.

- 4.3 A mapping from the old to the new risk registers is provided at appendix D to ensure all previously identified risks are addressed and to identify any new risks added to the register.
- 4.4 The revision of the Corporate Risk Register has also resolved the apparently contradictory notes on the old corporate risks 1 and 7, which Members asked to be revisited at the June Audit Committee (Minute 159 refers).
- 4.5 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.
- 4.6 As part of the 2011/12 assurance programme, testing will be carried out to confirm that controls detailed in divisional risk registers to mitigate risk are actually in place.

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.

6 LEGAL IMPLICATIONS

- 6.1 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 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES:-**
 - (1) That the revised corporate risk management framework and policy for 2011/12 be approved,
 - (2) That the revised Corporate Risk Register for 2011/12 be approved.

Yvonne Woodward

Head of Finance

Background Papers: -

None.

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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 cost effective control of public funds
- Preserve and promote the reputation of the Council
- Preserve and enhance the quality of our environment

These objectives will be attained by systematically identifying, analysing and evaluating, effectively controlling and monitoring risk, which may otherwise endanger people, property, or the 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, putting the customer and citizen at the heart of everything we do. It will also ensure that its business and strategy is managed in an open manner, with an emphasis on the sustainable use of resources.

The Council's constitution vests the overall responsibility for the management of risk with the Audit Committee.

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 in all operations and service planning processes.

This Register and the Risk Action Plans will be regularly reviewed and updated on an annual basis as a minimum. The register covers significant risks, that is those that, if they materialised, 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 is 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 the severity of consequences should risks occur.
- Ensure that 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 this risk management strategy, and setting out the roles and responsibilities of officers key to its implementation.

Corporate Risk Management Framework and Strategy

1. Process

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

- The Corporate Risk Group (CRG) will review the corporate Risk Register and any relevant action plans on a regular basis.
- Divisional management teams will identify and assess the risks appropriate to their areas of operation with oversight by the CRG.
- Action plans will be prepared for all significant risks for which additional controls are required.
- CRG will seek Senior Management Team (SMT) and Audit Committee approval of the revised Corporate Risk Register 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 the Audit Committee showing the compliance with, and any changes to, the risk management framework.

3. Assurance of Controls

In addition to the line management oversight role, Internal Audit will, independently, review the adequacy of the Council's internal controls and the effectiveness of the risk management framework.

4. Risk Champions

The Head of Finance is appointed as the Council's Officer Risk Champion taking overall responsibility for ensuring progress against the agreed actions. In addition, the Head of Finance as the Section 151 Officer is the Senior Information Risk Owner (SIRO) for Information Security and Assurance. A Member Risk and Business Continuity Champion is appointed to raise awareness of risk management amongst Members.

5. Risk Scoring

A summary of the perceived risk rating of each of the risks identified in the Corporate Risk Register is to be found at page 7 of this document. The rating is based on the estimated likelihood and impact of each risk in accordance with the scoring matrix at page 9 of this framework document.

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

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

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

Senior Management Team (SMT)

- 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 and line managers can provide effective controls to mitigate risks within service areas
- Approve an annual report for the Audit Committee on the status of the risk management framework, strategy and process (see above).

Corporate Risk Officer

- Manages the implementation of the integrated framework, strategy and process on behalf of the Council and its management team.
- Ensures the processes are implemented and offers guidance and advice.
- Chairs CRG and co-ordinates risk management activity across the Council
- Ensures staff across the Council are adequately trained to undertake risk assessments as required

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- Collates divisional risk registers and controls assurance statements for consideration at CRG
- Prepares the annual report to Audit Committee on progress of risk management framework, corporate issues, divisional risk registers, control assurance statements and areas for improvement.
- Liaises with the Council's Emergency Planning Officer in respect of his/her role to oversee Business Continuity Plans.

Corporate Risk Group (CRG)

- Ensure a coherent approach to risk management and business continuity planning
- Undertake a programmed annual review of the corporate and divisional risk registers together with additional reviews when necessary
- Annually review and update the risk management framework to take into account external and internal changes as well as experience.
- Analyse, collate and monitor risk registers and associated action plans (including business continuity planning as appropriate), receiving and reviewing reports from risk owners
- Assist with the annual report for Audit Committee.
- Make recommendations to SMT regarding the generic and cross divisional risks/issues identified from the Divisional assessments of risks.

Heads of Service and Departmental Management Teams

- Identify, analyse and "rate" divisional risks within a register
- Ensure maintenance of the divisional risk register.
- Prioritise action on divisional risks
- Monitor progress on managing divisional risks
- Report the results of the self-assessment to CRG/SMT as appropriate
- Ensure the effectiveness of controls in place to mitigate/reduce risks.
- Co-ordinate annual reviews of controls and divisional risk registers within 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 self-assessment of risk 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

7. Addition or removal of risks from the Corporate Risk Register.

As risks identified at the corporate level change or develop, it is sometimes appropriate for a risk to be added or removed from the Corporate Risk Register. Addition and removal of such risks will be undertaken as part of the regular risk review processes and these will be identified to the Audit Committee within the reports seeking their approval of revisions to the Corporate Risk framework.

Corporate Risk Register – Summary of Risks - Part 1 – Strategic Risks

Risk	Likelihood	Impact	Risk Rating	Quality of controls*	Review Date(s) #
SR1. The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review.	3	3	Med	Good	October 2011
SR2. The Council could fail to understand and respond to changes in demand for its services resulting from the challenging economic environment	3	2	Low	Good	April 2011 July 2011 Oct 2011
SR3. Risk that the lack of clear national direction could lead to a lack of understanding as to where the Council needs to focus its resources.	3	3	Med	Good	April 2011 July 2011 Oct 2011
SR4a. In awarding contracts, the Council may be challenged by unsuccessful bidders on the grounds that correct procedures (including meeting EU or other legal requirements) were not followed.	3	3	Med.	Good	May 2011 Sept. 2011
SR4b. Risk of contract arrangements failing whether due to failure of contractor, or because the Council fails to manage contracts effectively.	4	3	Med.	Good	May 2011 Sept. 2011
SR5. The Council could fail to implement shared services effectively.	3	3	Med.	Good	April 2011 Sept. 2011
SR6. The Council is at risk of employing unsuitable staff if it does not ensure robust recruitment procedures including screening staff adequately	3	2	Low	Good	Nov 2010 Oct. 2011
SR7a. The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.	2	2	Low	Good	Sep. 2011
SR7b. The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.	3	2	Low	Good	Sep. 2011
SR8. The Council fails to respond effectively to an incident.	2	3	Med.	Good	March 2011 Sep. 2011
SR9. The Council may enter into, or continue with, statutory, or non-statutory, partnerships which fail to deliver the required services within agreed budgets.	2	2	Low	Good	Sep. 2011

Corporate Risk Register – Summary of Risks - Part 2 – Corporate Operational Risks

Risk	Likelihood	Impact	Risk Rating	Quality of controls*	Review Date(s) #
OR1 Ineffective internal or external communication.	3	2	Low	Good	July 2011
OR2 Unexpected major financial liability or uninsured loss	1	3	Low	Good	Sept. 2011
OR3 High volumes of staff, client or contractor fraud	2	2	Low	Fair/Good	Feb 2011 Jun. 2011
OR4 Failure to be aware of/comply with, existing or new legislation	1	3	Low	Good	May 2011
OR5 Failure to adapt to climate change (Monitored by CO ₂ reduction)	4	2	Med	Good	April 2011
OR6 Failure to safeguard children	2	3	Med	Fair/Good	March 2011 Sep 2011
OR7 Failure to safeguard vulnerable adults	2	3	Med	Fair/Good	March 2011 Sep 2011
OR8 Misunderstanding or misuse of the Council's investigatory powers	2	2	Low	TBA	March 2012

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 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

Corporate Risk Map

Impact	4 Catastrophic						
	3 Critical	OR 2,4	SR 8 & OR 6,7	SR 1,3,4a,5	SR 4b		
	2 Marginal		SR 7a,9 & OR 3,8	SR 2,6,7b & OR 1	OR 5		
	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

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!

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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 which reduce the risk considerably.

Next Review Date(s):

(Risks are reviewed regularly by the Corporate Risk Group and relevant service managers. The risk analyses are updated accordingly, but the Corporate Risk Register will be revised annually.)

Part 1 – Strategic Risks.

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR1. The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review.	3	3	Med	<ul style="list-style-type: none"> • Business Planning and Target setting processes • Corporate and Divisional / Services Area plans identify key priorities for service delivery • Communication of savings and consequences to Members, staff, residents and service users • Risk review of major contracts • Equality and diversity impact assessments • Medium Term Financial Strategy (MTFS) Action Plan monitoring 	Good	October 2011 April 2012	<p>The Council has approved a budget for 2011/12 and the MTFS Action Plan is monitored by Senior Management Team on a monthly basis.</p> <p>Decisions are based on an understanding of service delivery priorities.</p>

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR2. The Council could fail to understand and respond to changes in demand for its services resulting from the challenging economic environment (e.g. increasing homelessness and increasing demand on benefits).	3	2	Low	<ul style="list-style-type: none"> • Regular reviews of capacity against demand • Redeployment of staff as appropriate • Regular monitoring of complaints levels and other feedback • Continual monitoring of income streams, savings and realistic estimates for future income • Prudent estimates of investment income • Communication with Members, staff, residents and service users 	Good	April 2011 July 2011 Oct 2011	MTFS identifies new income streams and cost savings Business Process Re-engineering (BPR) and other improvement projects seek to improve service and create additional capacity
SR3. Risk that the lack of clear national direction could lead to a lack of understanding as to where the Council needs to focus its resources.	3	3	Med	<ul style="list-style-type: none"> • Corporate and Divisional / Services Area plans identify key priorities • Consultation with service users and staff informs decision making • Shared Services and other efficiency projects explore new ways of working • Workforce Development Plan (WDP) aims to maintain and develop staff skill sets • Key proposals put to Members ensure correct governance 	Good	April 2011 July 2011 Oct 2011	There continues to be uncertainty in terms of central government decision making / policy making including uncertainty as to what constitutes a standard service supplied by a local authority and therefore how free the Council is to set its own standards.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR4a. In awarding contracts, the Council may be challenged by unsuccessful bidders on the grounds that correct procedures (including meeting EU or other legal requirements) were not followed.	3	3	Med.	<ul style="list-style-type: none"> • Council Financial Regulations and Contract Procedure Rules • EU compliant tendering procedures • Clear specification of requirements and tender award criteria 	Good	May 2011 Sept. 2011	In order to effectively manage the tender process the Council needs to ensure that it has the appropriate internal expertise and ensures that the right procedures are followed.
SR4b. Risk of contract arrangements failing whether due to failure of contractor, or because the Council fails to manage its contracts effectively.	4	3	Med.	<ul style="list-style-type: none"> • Best value analysis • Internal Audit assurance testing to determine correctness of tendering • Intention to invite tender or place a contract is made visible to the Finance team. • Contractor selection systems • Opt out / service change clauses in contracts • Performance bonds and guarantees • Contract procedure notes are available to appropriate officers in event of contract manager or other experienced officers' absence / non- availability • Contract Monitoring • Business Continuity Planning 			Risk rating is supported by specific analyses for each contract.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
<p>SR5. The Council could fail to implement shared services effectively. This could include :</p> <ul style="list-style-type: none"> • failure to clearly define the outcomes required • failure to deliver the defined outcomes • failure to programme manage the shared service projects • pressure on capacity whilst implementing shared services arrangements leads to deterioration of existing services. 	3	3	Med.	<ul style="list-style-type: none"> • Project Plans, business cases and risk registers for each shard services project • Clear partnership agreements • Reports to Council / Executive or project Steering groups and the Improvement Management Team • Service monitoring via Council Performance Management System 	Good	April 2011 Sept. 2011	
<p>SR6. The Council is at risk of employing unsuitable staff if it does not ensure robust recruitment procedures including screening staff adequately e.g. CRB checks, health checks, requirement for references, proof of eligibility to work in the UK etc.</p>	3	2	Low	<ul style="list-style-type: none"> • Job offers are not formally made until pre-employment checks are fully completed • Probationary Period of 6 months • Induction training • Ongoing Performance Review process as applied to all staff to highlight development needs and competencies • HR advice, training and guidance to staff and managers 	Good	Nov 2010 Oct. 2011	

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR7a. The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.	2	2	Low	<ul style="list-style-type: none"> Data Quality Strategy and Action Plan Performance management systems (including CorVu software) and data capture process Quarterly Performance Reports to Members and other regular reports In year and annual Performance Indicator Audit checks. Corporate and Divisional Planning and target setting processes Data protection policies and procedures 	Good	Sep. 2011	<p>The Council needs to have the right systems to capture the right data but is having to do more for less and there is a risk that mistakes will be made / risk of human error..</p> <p>The rules have been tightened on managing the security of data and this is at a time when there is an increasing demand on the Council to share data.</p>
SR7b. The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.	3	2	Low	<ul style="list-style-type: none"> Records Management Policies Government Code of Connection Standards IT Security Policies and Personal Commitment Statements Verification of information enquirers identity where appropriate Internal Audit of information security 	Good	Sep. 2011	<p>We aim to ensure that Personal data is fully protected in accordance with Data Protection Acts and with an excellent standard of controls</p> <p>Commercial or operational data is only released after appropriate authorisation, and recipients should not be able to obtain such information by deception.</p>

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR8. The Council fails to respond effectively to an incident.	2	3	Med.	<ul style="list-style-type: none"> • Business Continuity and Emergency Plans in place with an exercise and review programme. • Data Quality and Records Management Policy • Out of hours (OOH) response arrangements. • IT restoration contract 	Good	<p>March 2011</p> <p>Sep. 2011</p>	
SR9. The Council may enter into, or continue with, statutory, or non-statutory, partnerships which fail to deliver the required services within agreed budgets.	2	2	Low	<ul style="list-style-type: none"> • Senior Management Team (SMT) Partnership monitoring activity • Partnership guidance document • Risk assessments undertaken as part of the agreed governance of each Partnership and linked to relevant Council plans • Partnership Governance documents • Bond and guarantees • Partnership Reviews reported to the Review or Audit Committees 	Good	Sep. 2011	

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Part 2 – Corporate Operational Risks.

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR1 Ineffective internal or external communication.	3	2	Low	<ul style="list-style-type: none"> • Communications Strategy • Access to Services Initiatives • Management / Team meetings • Staff consultation • Investors in People monitoring • Staff training • My Performance Reviews • Intranet/website • Management oversight of internal and external communications • Core Briefing system • Press Release system • Media Protocol 	Good	July 2011	Internal and external communication processes are developed and continue to evolve.
OR2 Unexpected major financial liability or uninsured loss	1	3	Low	<ul style="list-style-type: none"> • Insurance reviews • Whistle Blowing policy • Insurance reserve • Budget Strategy • Collection Fund reserve • Review of Financial Reserves & Balances • Prudent investment strategy 	Good	Sept. 2011	Reviewed at commencement of each Business Planning Cycle.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR3 High volumes of staff, client or contractor fraud	2	2	Low	<ul style="list-style-type: none"> • Verification framework • Whistle blowing, Prosecution and Fraud policies • National Fraud Initiative • Internal Audit activity • Register of interests • Segregation of duties • Managers need to monitor and ensure compliance with controls 	Fair/Good	Feb. 2011 Jun. 2011	Review is linked to and covered by the Annual Governance Statement presented in June each year. Specific risks are investigated when they arise.
OR4 Failure to be aware of/comply with, existing or new legislation	1	3	Low	<ul style="list-style-type: none"> • Legal monitoring processes • Member Training • Professional Membership notifications and email alerts • Training and subscriptions • Website checks for compliance • Local Government Association updates • Internal Communications 	Good	May 2011	
OR5 Failure to adapt to climate change (Monitored by the “Planning to adapt to climate change” and CO ₂ reduction Indicators)	4	2	Med	<ul style="list-style-type: none"> • Data collection matrix • ClimatCO₂de controls implementation • Climate based risk assessments in key documents • Identification of climate risks for each service • Implementation of adaptive responses and actions 	Good	Nov 2010 April 2011	Risk and indicators under review at present.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR6 Failure to safeguard children	2	3	Med	<ul style="list-style-type: none"> • Child Protection Policy and Procedures • Criminal Records Bureau checks • Recruitment processes • Section 11 Audit (self assessment to ensure compliance with Section 11 of the Children’s Act). • Attendance at Children’s Trust Board • Attendance at South Essex Local Safeguarding Board • Designated person(s) for children protection issues – Head of Community Services and Corporate Policy and Partnership Manager 	Fair/Good	<p>March 2011</p> <p>Sep 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.</p> <p>Procedures are being cascaded to all relevant staff.</p>
OR7 Failure to safeguard vulnerable adults	2	3	Med	<ul style="list-style-type: none"> • Criminal Records Bureau checks • New Vetting and Barring scheme • Recruitment processes • Attendance at South Essex Local Safeguarding Adult Board • Designated person(s) for adults and vulnerable people protection issues– Head of Community Services and Corporate Policy and Partnership Manager 	Fair/Good	<p>March 2011</p> <p>Sep 2011</p>	<p>Procedures are developed to cover the action to take if there are concerns over the wellbeing of a vulnerable adult , or there are accusations against a member of staff.</p> <p>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
<p>OR 8 The Council could misunderstand or misuse its powers under the Regulation of Investigatory Powers Act (RIPA) with the result that:</p> <ul style="list-style-type: none"> • resources could be wasted on unauthorised investigations • investigations and subsequent sanctions or prosecutions are compromised by unauthorised or incorrect use of powers • other potential legal / financial implications may arise • Council or allied agency's reputation is damaged • absence / non-availability of staff empowered to authorise RIPA activity could delay urgent investigations 	2	2	Low	<ul style="list-style-type: none"> • Investigation work procedures cover RIPA • Authorisation procedures exist • Risk assessments are undertaken when investigations under the act are approved. • Staff are trained in the process and use of powers under RIPA. • Members trained in use of powers under RIPA • Review Committee strategic oversight of use of powers under RIPA and annual approval of policy 	TBA	March 2012	<p>New risk added February 2011 - the Council needs to ensure:</p> <ul style="list-style-type: none"> • that there is a clear understanding of its powers under the Act • that there is a policy and process to authorise the use of investigatory powers under the act, • Members and staff are given training which is appropriate to their role and their responsibilities under the Act.

Corporate Risk Map

Impact	4 Catastrophic						
	3 Critical	OR 2,4	SR 8 & OR 6,7	SR 1,3,4a,5	SR 4b		
	2 Marginal		SR 7a,9 & OR3,8	SR 2,6,7b & OR 1	OR 5		
	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

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!

Report to Audit Committee – 2 March 2011 – Appendix C – Example Corporate Risk Analysis

Risk No. SR 1	Risk Descriptor (s): The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review. (In doing so it has limited flexibility for making savings and decisions will need to be based on an understanding of service delivery priorities.) Risk includes the following: <ul style="list-style-type: none"> • Cuts are made in the wrong areas of service • Changes in service delivery are ineffective or fail to realise required savings, or result in challenges on equality/diversity grounds, • Heads of Service fail to identify required savings, • A lack of understanding of contractual requirements in terms what has to be paid, or could be changed 	Risk Owner: Chief Executive/Head of Finance
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Risk prior to controls	Likelihood: 5	Impact: 3	Risk Rating: High
Residual Risk	Likelihood: 3	Impact: 3	Risk Rating: Medium
Review Frequency: 6 monthly (as monthly budget monitoring is in place)		Key dates for Review: October 2010 and monthly thereafter to grant announcement Latest Review: 9/2/11 – TH/YW /PW Next Review: Oct 2011	

Risk Consequences:	<ul style="list-style-type: none"> • Impact on services delivered • Impact on savings required • Financial inefficiencies • Short term decision making • Disillusioned staff • Members frustrated • Reputational damage • Contractual commitments not met.
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**Report to Audit Committee – 2 March 2011 – Appendix C – Example Corporate Risk Analysis
CONTROLS AND ACTION PLAN(S)**

Action/controls	Adequacy of controls*	Evidence of controls	Action required by SMT	Monitoring/success measures
Business Planning and Target challenge process includes a variety of savings scenarios	Good	Business Plans Agreed Medium Term Financial Strategy (MTFS)	Identification of potential savings for each scenario	Correct level of savings/income identified and delivered
Corporate and Divisional / Services Area plans identify key priorities for service delivery	Good	Corporate Plan 2011-12 Divisional /Service Area Plans	Identification of service priorities including consultation with users	Priority services identified and delivered
Communication of savings and consequences to staff	Good	Core brief & team meeting notes Chief Executive's blog and letter to staff	Ensure communication is maintained	Staff understand what is being done and why.
Communication with Members	Good	Member awaydays and briefings Member Budget Forums Reports to Members	Ensure communication is maintained	Members are informed to make good decisions
Communication with residents and service users	TBA	Rochford District Matters Council Website Budget Consultation Media Briefing	Ensure communication is maintained and equality / diversity impacts are considered	Residents and service users understand what is being done and why.
Risk review of major contracts	Good	Contract Risk Analysis Documents Contract documents and specification	Identify the contracts to be reviewed. Review and approve or modify analyses undertaken	Contracts amended as required and savings achieved where possible
MTFS Action Plan monitored by SMG	Good	Actions arising from budget decisions reported to SMT on monthly basis	Update progress and identify issues as they arise	Budget decisions implemented on time and savings/income delivered

Risk review completed by:	Name: T. Harper	Signed: TH	Date: 2/2/11
Risk review approved by:	Name: Y.Woodward	Signed: YW/PW	Date: 9/2/11

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 in place which reduce the risk considerably.

Report to Audit Committee – 2 March 2011 – Appendix C – Example Corporate Risk Analysis

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				
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Report to Audit Committee – 2 March 2011 – Appendix C – Example Corporate Risk Analysis

Risk Map

Impact	4 Catastrophic						
	3 Critical			Residual Risk		Risk Prior to controls	
	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

Report to Audit Committee - 2 March 2011 - Appendix D
Corporate Risks - mapping between old and revised Risk Registers

Old Risk Description	Linkage to New Risk Description including: Merging with risks on updated Corporate Risk Register, restating as a Corporate Operational Risk, or removal from Risk Register
<p>1 Council's vision and objectives fail to meet public expectation and community needs. (NB: Key dependency on accurate, complete and relevant data and information)</p>	<p>Covered by: Strategic Risk 1 - The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review. and Strategic Risk 2 - Risk of a failure to understand and respond to demand resulting from challenging economic circumstances.</p>
<p>2 Mismatch between Council Plans and available funding</p>	<p>Covered by: Strategic Risk 1 - The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review.</p>
<p>2a Failure of the Council to respond appropriately to the economic downturn (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>	<p>Covered by: Strategic Risk 1 - The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review. and Strategic Risk 2 - Risk of a failure to understand and respond to demand resulting from challenging economic circumstances.</p>
<p>3 Council fails to recruit and retain the right people and skills</p>	<p>Covered by: Strategic Risk 3 - Risk that the lack of clear national direction leads to a lack of understanding as to where the Council needs to focus its resources. and Strategic Risk 6 - The Council is at risk of employing unsuitable staff if it does not ensure robust recruitment procedures including screening staff adequately</p>

**Report to Audit Committee - 2 March 2011 - Appendix D
Corporate Risks - mapping between old and revised Risk Registers**

Old Risk Description	Linkage to New Risk Description including: Merging with risks on updated Corporate Risk Register, restating as a Corporate Operational Risk, or removal from Risk Register
4 Lack of a robust performance management process and poor data quality	Covered by: Strategic Risk 7a - The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.
5a Failure to apply a robust process for entering into partnerships	Covered by: Strategic Risk 9 - The Council may enter into statutory, or non-statutory, partnerships which fail to deliver the required services within agreed budgets.
5b Council fails to monitor and review its partnerships effectively to ensure anticipated outcomes are achieved	Covered by: Strategic Risk 9 - The Council may enter into statutory, or non-statutory, partnerships which fail to deliver the required services within agreed budgets.
6 Incident occurs and Council fails to respond effectively	Covered by: Strategic Risk 8 - The Council fails to respond effectively to an incident.
7 Failure to respond to political change at a national or local level leading to a change of Council priorities	Covered by: Strategic Risk 1 - The Council fails to respond appropriately to the levels of Government grant beyond 2011/12 or other outcomes of the Government 2010 Comprehensive Spending Review.
8 Lack of clear understanding of what Value For Money (VFM) means	No longer a risk – removed from Corporate Risk Register
9 Ineffective internal or external communication.	Carried forward as Corporate Operational Risk 1
10 Failing to achieve a better grade within CPA.	Removed from risk register after CPA grade improved to Good

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Corporate Risks - mapping between old and revised Risk Registers

Old Risk Description	Linkage to New Risk Description including: Merging with risks on updated Corporate Risk Register, restating as a Corporate Operational Risk, or removal from Risk Register
11 Unexpected major financial liability or uninsured loss	Carried forward as Corporate Operational Risk 2
12 High volumes of staff, client or contractor fraud	Carried forward as Corporate Operational Risk 3
13 Risk of contract arrangements failing	Covered by: Strategic Risk 4b - Risk of contract arrangements failing whether due to failure of contractor, or because the Council fails to manage its contracts effectively
14 Failure to be aware of/comply with, existing or new legislation	Carried forward as Corporate Operational Risk 4
15 Failure to meet additional cost of revised concessionary fare schemes	Removed from risk register after risk transferred to Essex County Council
16 Failure to protect data such that personal data is lost/made public	Covered by: Strategic Risk 7b - The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.
16a Failure to protect data such that commercial or operational data is lost / or released to those not entitled to receive it	Covered by: Strategic Risk 7b - The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.
17 Failure to adapt to climate change (Monitored by National Indicator 188 - Planning to adapt to climate change and CO ₂ reduction National Indicators)	Carried forward as Corporate Operational Risk 5
18 Failure to safeguard children	Carried forward as Corporate Operational Risk 6

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Corporate Risks - mapping between old and revised Risk Registers

Old Risk Description	Linkage to New Risk Description including: Merging with risks on updated Corporate Risk Register, restating as a Corporate Operational Risk, or removal from Risk Register
19 Failure to safeguard vulnerable adults	Carried forward as Corporate Operational Risk 7
20 Unsuccessful bidders for Council contracts are able to use the EU Remedies Directive to hold up or set aside the award of contracts	Covered by: Strategic Risk 4a - In awarding contracts, the Council may be challenged by unsuccessful bidders on the grounds that correct procedures (including meeting EU or other legal requirements) were not followed.
21 Shared services projects give rise to unidentified risks.	Covered by: Strategic Risk 5 - The Council could fail to implement shared services effectively.
Item with no risk entry for 2009/10	New Corporate Operational Risk 8 - The Council may misunderstand or misuse its powers under the Regulation of Investigatory Powers Act (RIPA).