
REVIEW OF THE COUNCIL'S CORPORATE RISK MANAGEMENT AND REGISTERS FOR 2018/19

1 PURPOSE OF REPORT

- 1.1 This report presents a six-month review of the Council's corporate risk register (CRR) for 2018/19 for consideration and approval.

2 INTRODUCTION

- 2.1 The previous report on this topic was presented to the Audit Committee on 17 April 2018 when an updated risk management policy and framework was approved and the content of the corporate risk register noted.

3 THE CORPORATE RISK REGISTER FOR 2018/19

- 3.1 The summary corporate risk register for 2018/19 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 which 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 2018/19 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 2018/19

- 4.1 Risks 2 (Safeguarding), 3a (Food/Environmental), 3b (Health & Safety), 7 (Stakeholders), 10 (Recruitment), 11 (Partnerships), 14 (ICT), and 15 (GDPR) were reviewed between April and September 2018. The majority of amendments reflect completed actions such as policy updates and training programmes. Risk 3a and 3b were updated to clarify RDC's liability and the scope of the risk. Risk 14 has had significant updates to reflect the progress to date.
- 4.2 The remaining risks on the corporate risk register will be reviewed over the next 6 months, along with emerging issues. The impact of Brexit is under review and an update will be included in the next report to the Audit Committee.

- 4.3 Findings from internal audits will be reflected in the corporate risk register as appropriate.
- 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.

5 STRATEGIC RISK MANAGEMENT REVIEW (ZURICH INSURANCE)

- 5.1 Zurich Insurance Group conducted a strategic risk review of Rochford District Council's risk management framework and documentation in October 2018. Recommendations will be included in the next report to the Audit Committee.

6 LEADERSHIP TEAM TRAINING (TRAVELERS INSURANCE)

- 6.1 In response to an Internal Audit recommendation, Travelers Insurance carried out general awareness training covering health and safety, contract responsibilities and event management with the Leadership Team in November 2018.

7 RISK IMPLICATIONS

- 7.1 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.
- 7.2 The implementation and operation of the risk management framework will minimise risks and thus mitigate any potential strategic, operational, reputational, or regulatory consequences.
- 7.3 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.

8 RESOURCE IMPLICATIONS

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

9 LEGAL IMPLICATIONS

- 9.1 The Council's risk management policy and framework will assist in meeting any specific and general legislative requirements to monitor and manage its risks.
- 9.2 No new formal delegations are created by this policy and framework.

10 EQUALITY AND DIVERSITY IMPLICATIONS

10.1 An Equality Impact Assessment has not been completed as no decision is being made.

11 RECOMMENDATION

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

That the content of the corporate risk register for 2018/19 be noted.



Naomi Lucas

Section 151 Officer

Background Papers:-

None.

For further information please contact Kate O'Brien on:-

Phone: 01702 318077

Email: katie.obrien@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.

Corporate Risk Register 2018/19

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 biannually.

Part 1 – Corporate Risks - Summary Dashboard

Corporate Risks	Potential Impacts												Residual Likelihood	Residual Impact	Residual Risk	
	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
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/liable.		✓	✓			✓			✓	✓		✓		2	4	M
3b – There is a serious Health and Safety incident for which the Council is culpable/liable (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
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.		✓					✓		✓		✓	✓		2	3	M
14 – Failure to ensure Rochford’s ICT Estate supports achievement of Business Objectives.		✓	✓	✓			✓	✓	✓		✓			4	3	M
15 – The Council fails to ensure compliance with the General Data Protection Regulations (GDPR) and is unable to demonstrate consistent application of information standards, controls and statutory compliance.		✓					✓		✓					3	4	H

Part 2 – Tabular Summary of Key Corporate Risks

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
1 – We fail to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes.	Strategic Director	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 running of the Council as a result of safeguarding incidents 	<ul style="list-style-type: none"> • 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 90%+ compliance with the Essex Safeguarding Boards’ set standards • DBS checks in recruitment processes 	Good	2	4	Med

Report to Audit Committee 27 November 2018 – Appendix A – Summary Corporate Risk Register 2018/19

Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
			<ul style="list-style-type: none"> • Designated Safeguarding Link Officers across the organisation • Staff and Member training programmes • Compliance with all relevant guidance 				
<p>3a – There is a serious Food, H&S, Environmental, or other incident which arises or continues due to a failure by the Council.</p>	<p>Assistant Director – Community and Housing Services</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<p>Good</p>	<p>2</p>	<p>4</p>	<p>Med</p>
<p>3b – There is a serious Health and Safety incident for which the Council is culpable/liable.</p>	<p>Assistant Director – Commercial Services</p>	<ul style="list-style-type: none"> • Failures within of our H&S regimes give rise to serious incidents with potentially fatal or life changing consequences • Internally we could fail to meet obligations under the Health & Safety at Work and Fire Safety Acts and allied 	<ul style="list-style-type: none"> • Annual Corporate Health and Safety Plan • Internal Health and Safety Assessments and Reviews • Risk Assessments (for staff and contractors) and Safety Procedures 	<p>Poor</p>	<p>3</p>	<p>4</p>	<p>High</p>

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
		<p>Regulations</p> <ul style="list-style-type: none"> Corporate manslaughter charges 	<ul style="list-style-type: none"> Joint enforcement plans to be established for significant problem sites with RDC planners, the HSE and/or the Environment Agency 				
4 – We fail to respond to, or provide, relevant services in the event of an incident or disaster.	Assistant Director – Commercial Services	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Emergency Plans and Business Continuity Plans Out of hours (OOH) response arrangements. IT restoration and cover facilities Essex Countrywide Traveller Committee Partnership Agreement IT incident reviews 	Good	3	3	Med
5 – Council held data is lost, disclosed or misused to detriment of individuals or organisations as result of inadequate protection.	Assistant Director – Democratic Services (SIRO)	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	Fair	3	3	Med

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
		<p>claims</p> <ul style="list-style-type: none"> 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 	<p>Policies</p> <ul style="list-style-type: none"> Compliance with the Transparency Code Data quality spot checks 				
7 – Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.	Strategic Director	<ul style="list-style-type: none"> Council is unaware of stakeholders concerns, needs or ambitions Lack of a clear vision for the future Failure to respond to the Devolution agenda 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Transformation Projects including the Connected Rochford transformation project 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	Section 151 Officer	<ul style="list-style-type: none"> The Council is not able to set a balanced budget in line 	<ul style="list-style-type: none"> Robust Medium Term Financial Strategy (MTFS) process linked 	Good	3	4	High

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
<p>priorities contained in the Business Plan or to adequately plan, fund and monitor the Council's Capital Programme.</p>		<p>with its statutory duties</p> <ul style="list-style-type: none"> • The Council reserves and balance levels are unsustainable in the event of an unforeseen contingency requirement • The Council cannot deliver its business plan objectives effectively due to financial constraints • The council does not have sufficient cash flow to meet its contractual obligations 	<p>to Business Plan objectives</p> <ul style="list-style-type: none"> • Robust budgetary monitoring and control • Quarterly financial monitoring reports to the Executive • Communication of savings delivery and consequences to all stakeholders • Monitoring and analysis of Government funding announcements for future financial planning • Active treasury and cash flow management • Twice-yearly cross party Member Away days to discuss Financial Strategy and Corporate Matters 				
<p>10 – Inability to recruit, retain, develop and manage appropriately skilled staff to deliver the Council's priorities.</p>	<p>Managing Director</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • People Plan - Organisational Development Plan • Transformation Projects • Positive about Disabled People • Recruitment policy and procedures 	<p>Fair</p>	<p>4</p>	<p>4</p>	<p>High</p>

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
		<ul style="list-style-type: none"> • Use of temporary staff or contractors leads to additional costs and/or delays • Service failures lead to potential intervention or loss of funding 	<ul style="list-style-type: none"> • Probationary periods • Induction, Training and Development plans • Performance Reviews Appraisals • OHS referrals • Procedure notes to be made available to appropriate officers in event of manager or other experienced officers' absence/ non-availability • Staff Survey and People Plan 				
11 – Failure to enter into and manage effective partnerships and contracts for the delivery of services and outcomes.	Assistant Director – Community and Housing Services with support from all Assistant Directors with contract responsibilities	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Contract procedures • Contract Terms and Conditions • Monitoring processes and meetings • Contingency and business continuity arrangements • Contract performance bonds • Clear partnership agreements covering legal, financial and operational 	Good	3	3	Med

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
			arrangements <ul style="list-style-type: none"> • Training for contract managers as required. • Project Risk Registers 				
12 – The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.	Section 151 Officer	<ul style="list-style-type: none"> • Service costs exceed funding available leading to overspends and loss of financial control • Contractual commitments become unsustainable • Customer dissatisfaction with VFM 	<ul style="list-style-type: none"> • Sustainable Commissioning and Procurement Strategy • Benchmarking, and best practice case studies • Contract Procedure Rules • Internal and external Audit reports • Expenditure monitoring and reporting to Members • Business Process Re-engineering as required • Robust option appraisals 	Good	2	3	Med
13 – Failure to ensure good governance of the Council’s activities and delivery of its priorities.	Monitoring Officer (Assistant Director – Legal Services)	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Business Plans/MTFS • Council Constitution, Financial Regulations and Contract Procedure Rules • Council, Executive and Committee, LT minutes and records of decisions 	Good	2	3	Med

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
		<p>trends of fraud</p> <ul style="list-style-type: none"> • 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 • 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 	<ul style="list-style-type: none"> • Internal Audit Programme • Performance management system • Legally compliant tendering procedures • Anti-Fraud and Corruption Policy and Anti Money Laundering Procedures • Whistleblowing Policy and Procedures • Codes of Governance, Conduct and Registers of Interests • RIPA procedures 				
<p>14 – The Council could fail to ensure Rochford's ICT Estate supports achievement of Business Objectives.</p>	<p>Assistant Director – Transformation Services</p>	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • ICT/Digital Roadmap • Project plans • Software Asset list • Budget controls • Contract Management 	<p>Fair</p>	<p>4</p>	<p>3</p>	<p>Med</p>

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Risk	Lead Risk Owner	Principal impacts or consequences	Principal controls & actions	Quality of controls*	Residual Likelihood	Residual Impact	Residual Risk Rating
		software/hardware leading to application and service delivery failure <ul style="list-style-type: none"> • Fail to adequately manage ICT projects 					
15 – The Council fails to ensure compliance with the General Data Protection Regulations (GDPR) and is unable to demonstrate consistent application of information standards, controls and statutory compliance.	Assistant Director – Legal Services	<ul style="list-style-type: none"> • Failure to process sensitive/personal data appropriately leading to potentially substantial fines • Information Commissioner investigations and/or penalties 	<ul style="list-style-type: none"> • Compliance with relevant Policies and Procedures • Roles and Responsibility Training • ‘Opt In’ Consent fully detailed on all relevant paperwork. • Internal Compliance Audits 	Good	3	4	High

Part 3 Corporate Risk Map

Impact	4 Catastrophic		Risk 2 and 3a	Risks 3b, 9 and 15	Risk 10		
	3 Critical		Risks 1, 7, 8, 12 and 13	Risks 4, 5 and 11	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/communities	Long term Impact on large group of clients/customers/communities	Long term impact on vulnerable people