
MID YEAR REVIEW OF THE COUNCIL'S CORPORATE RISK REGISTER FOR 2011/12

1 SUMMARY

- 1.1 This report provides a mid year review and update of the Council's corporate risk register for 2011/12 for Members' consideration and approval.

2 INTRODUCTION

- 2.1 The corporate risk register (CRR) provides an overview of the key risks that may affect delivery of the Council's corporate objectives and service delivery.
- 2.2 The Council's corporate risk management framework and policy, which specifies how the Council seeks to manage and control risk, is not being presented for update and will next be reviewed for 2012/13.

3 THE CORPORATE RISK REGISTER FOR 2011/12

- 3.1 The summary corporate risk register for 2011/12 is included at appendix A.
- 3.2 Each of the risks contained in the CRR has been reviewed using a detailed risk analysis, which also includes a summary action plan for the mitigation of each risk. An example of a risk analysis was presented at the March 2011 Audit Committee and the individual 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.
- 3.3 The CRR is underpinned by divisional risk registers that identify the risk management arrangements that mitigate the operational risks faced by each of the Council's service areas.
- 3.4 As part of the 2011/12 assurance programme, testing has been carried out on a range of controls contained in divisional risk registers. The tests conducted so far confirmed that the controls were in place and operating well to mitigate risk. (Testing of one service area has yet to be undertaken.)

4 PRINCIPAL CHANGES TO THE CORPORATE RISK REGISTER FOR 2011/12.

- 4.1 The Corporate Risk Group (CRG) was asked to consider the emerging risks arising from the move to a leaner organisational structure and also those risks arising from the proposed Localism and Welfare Reform Bills. Additionally, the risks arising from the potential joint procurement of an ICT contract were examined. Following approval by the Senior Management Team (SMT), the risks shown below have been added to the corporate risk register.

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- 4.2 Corporate operational risk 9, which identifies the risks and mitigating actions required to ensure that the Council's service delivery does not suffer if key staff are lost from a smaller leaner flatter organisation.
 - 4.3 Corporate strategic risk 10, which shows how the Council could face new financial or service delivery risks as a result of the Localism Bill
 - 4.4 Corporate strategic risk 11, which covers the new financial or service delivery risks the Council could face as a result of the Welfare Reform Bill.
 - 4.5 Corporate strategic risk 12, which examines how failure to agree and complete a satisfactory joint tender process for the next ICT procurement in 2011 would mean we need to run our own process for a contract commencing in 2013.
 - 4.6 Additionally, officers have been reviewing the risk to the Council of failing to respond effectively to any unauthorised or illegal encampments on land within the District, and SMT has agreed a set of action protocols, which are summarised as corporate operational risk 11.
 - 4.7 Work is underway on the risk to the Council of not being able to recruit and retain the right people or skills to meet the changing demands of customers in the current uncertain economic climate and will be presented as corporate operational risk 10 in due course.
 - 4.8 No risks have been deleted at this review.

5 RISK IMPLICATIONS

- 5.1 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.
- 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** that the updated corporate risk register for 2011/12 be approved.

Yvonne Woodward

Head of Finance

Background Papers: -

None.

For further information please contact Terry Harper (Senior Performance Management Officer) on:-

Phone: 01702 546366 Extension 3212

Email: terry.harper@rochford.gov.uk

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

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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 bi-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 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 approved budget for 2011/12 and the MTFS Action Plan is monitored monthly by Senior Management Team</p> <p>Decisions are based on an understanding of service delivery priorities.</p> <p>Next review due with mid year budget review in October 2011 and in light of the Government's consultation on Local Government funding.</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	Oct 2011 Jan 2012 April 2012	MTFS identifies new income streams and cost savings
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	Oct 2011 Jan 2012 April 2012 July 2012	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 • 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 	Good	Sept. 2012	<p>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.</p> <p>(In spite of these controls a challenge has been received in respect of one contract, which is now the subject of legal process. Controls will be further reviewed in the light of feedback from this challenge)</p>
SR4b. Risk of contract arrangements failing whether due to failure of contractor, or because the Council fails to manage its contracts effectively.	3	3	Med.	<ul style="list-style-type: none"> • 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 	Good	Nov 2011 May 2012	Risk rating is supported by specific analyses for each major 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 un-intended creation of new legal entities and liabilities. 	3	3	Med.	<ul style="list-style-type: none"> Project Plans, business cases and risk registers for each shard services project Clear partnership agreements covering legal, financial and operational arrangements Reports to Council / Executive or project Steering groups and the Improvement Management Team Service monitoring via Council Performance Management System 	Good	April 2012 Sept. 2012	
<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	Oct. 2011 Oct 2012	

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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 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 	Good	Sep. 2012	The Council needs to have the right systems to capture the right data efficiently and with the minimum of mistakes whether due to systematic or human error.
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"> Data protection policies and procedures 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 Information sharing protocols 	Good	Sep. 2012	<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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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 • Civil Contingency plans 	Good	March 2012 Sep. 2012	
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. 2012	Partnership guidance document updated in September 2011 with establishment of joint LSP with Castle Point BC

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR10 The Council could face new financial or service delivery risks as a result of the Localism Bill	4	3	Med.	<ul style="list-style-type: none"> Monitoring of new legislation Local Government Assoc. updates circulated to SMT Retention of a local Standards Committee Robust tendering and contract management to be applied to any services which may be operated by local bodies MTFS and budgets take account of "localised" services Local Development Framework process to take account of the provisions of the Localism Bill 	Good	October 2011 April 2012	The extent of localism being proposed is as yet unclear and the provisions for Secretary of State determinations may create unpredictable outcomes. Uncertainty means that the risk likelihood remains significant at present, even with controls in place.
SR11 The Council could face new financial or service delivery risks as a result of the Welfare Reform Bill.	4	3	Med.	<ul style="list-style-type: none"> Management monitoring of Welfare Reform legislation Capacity reviewed regularly to ensure resources adequate to meet demand for services Staff Career Matrix maintains career paths and expertise MTFS and budgets take account of redefined services Budget monitoring reports 	Good	October 2011 April 2012	Transitional arrangements are unclear at present and provision for Secretary of State determinations may create additional unforeseen risks. Uncertainty means that the risk likelihood remains significant at present, but controls should lessen impact.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR12 Failure to agree and complete a satisfactory joint tender process for the next ICT Procurement in 2011 would mean we need to run our own process for a contract commencing in 2013.	2	3	Med.	<ul style="list-style-type: none"> Joint Officer Project Board & Sponsors Group Member Advisory Group Standing item on SMT agenda and IMT Shared Services report Tender process is compliant with EU procurement legislation Decision making by Executive 	Good	Each SMT & IMT meeting	A joint tender process is being undertaken with Braintree, Castle Point & Colchester Councils, with an anticipated contract award around October 2011. Rochford's existing IT contract runs until March 2013 and our new contract would therefore run from April 2013.

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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 2012	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. 2012	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 frameworks • Whistle blowing, Fraud and Sanctions policies • Procedures and Rules • National Fraud Initiative • Internal Audit activity • Register of interests • Segregation of duties • Managers need to monitor and ensure compliance with controls 	Fair/Good	Jun. 2012	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 2012	
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	Oct 2011 April 2012	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"> New Safeguarding Children & Vulnerable Adults 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 the South East Local Children's Commissioning & Delivery Board Attendance at South Essex Stay Safe Group Designated person(s) for safeguarding issues– Head of Community Services and HR Managers. Specific safeguarding section on Intranet that details processes, contact numbers, "what to do" actions etc. Staff and Member training programmes 	Good	<p>March 2012</p> <p>Sep 2012</p>	<p>Procedures have been developed to cover the action to take if there are concerns over the wellbeing of a child, or if there are accusations against a member of staff.</p> <p>Procedures are being cascaded to all relevant staff.</p> <p>Safeguarding training currently being reviewed and E-Learning modules of differing levels to be rolled out to all staff over next few months.</p> <p>Member training planned for November 2011</p>

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OR7 Failure to safeguard vulnerable adults	2	3	Med	<ul style="list-style-type: none"> New Safeguarding Children & Vulnerable Adults Policy and Procedures Criminal Records Bureau checks Recruitment processes Section 11 Audit to ESAB. Designated person(s) for adults and vulnerable people safeguarding issues– Head of Community Services and HR Manager Specific safeguarding section on Intranet that details processes, contact numbers, “what to do” actions etc. Staff and Member training programmes 	Good	<p>March 2012</p> <p>Sep 2012</p>	<p>Procedures have been developed to cover the action to take if there are concerns over the wellbeing of a vulnerable adult, or if there are accusations against a member of staff.</p> <p>Procedures are being cascaded to all relevant staff.</p> <p>Safeguarding training currently being reviewed and E-Learning modules of differing levels to be rolled out to all staff over next few months.</p> <p>Member training planned for November 2011</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 	Good	March 2012	<p>New risk added February 2011 - the Council has ensured:</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.

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR9 The Council's service delivery may suffer if key staff are lost from a smaller leaner flatter organisation.	3	3	Med.	<ul style="list-style-type: none"> • Succession planning • Work shadowing / secondments • Procedure notes • Managed substitution and nominated deputies • Holiday/absence management • "My Performance Review" (MPR) process covers training and development needs • 'E' Learning modules • Intranet libraries of procedures • Member Training and Development Programme 	Good	October 2011 April 2012	With expertise vested in fewer individuals, the Council is at greater risk of losing key knowledge, expertise, or skill sets. The controls listed seek to minimise this risk.
OR10 Council fails to recruit and / or retain the right people and skills to meet the changing demands of customers in the current uncertain economic climate							Under development

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Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR11 The Council fails to respond appropriately, or effectively, to unauthorised or illegal incursions/encampments on land in the District	3	3	Med.	<ul style="list-style-type: none"> Defined central point of contact for staff, Members and the public Legal procedure notes Senior Management Team emergency callout briefing note Rota call out officers notes Staff/Members briefings Appropriate physical barriers Intelligence reports Multi agency co-ordinated response arrangements. 	Good	October 2011 April 2012	<p>Aim is to ensure any such incursions are remedied as soon as possible and with the minimum of cost, disruption, or damage.</p> <p>(Use of physical barriers is necessarily riskier than other controls because of the need to maintain user access to the areas concerned.)</p>

Corporate Risk Map

Impact	4 Catastrophic						
	3 Critical	OR 2,4	SR 8,12 & OR 6,7	SR 1,3,4a/b,5 & OR 9,11	SR 10,11		
	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!