

## **REVIEW OF THE COUNCIL'S CORPORATE RISK MANAGEMENT FRAMEWORK AND RISK REGISTER FOR 2012/13**

### **1 SUMMARY**

- 1.1 This report provides a review and update of the Council's corporate risk management framework and corporate risk register for 2012/13 for Members' consideration and approval.

### **2 INTRODUCTION**

- 2.1 The Council's corporate risk management framework and policy specifies how the Council seeks to manage and control risk and is reviewed and presented to the Audit Committee annually.
- 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. The CRR is subject to ongoing review by officers and is presented to the Audit Committee bi-annually.

### **3 THE CORPORATE RISK MANAGEMENT FRAMEWORK AND POLICY**

- 3.1 The Council's corporate risk management framework and policy, included as appendix A to this report, has been updated to reflect organisational changes since the last review in March 2011.
- 3.2 The risk management framework also includes reference to the roles of the Council's Monitoring Officer and Section 151 Officer in the risk context.
- 3.3 The summary of risks, the risk scoring matrix and risk mapping diagrams have been removed from the framework document to reduce duplication, as these are also contained in the risk register executive summary, which is appended to the framework.
- 3.4 There are no other significant changes to the framework and policy.

### **4 THE CORPORATE RISK REGISTER FOR 2012/13**

- 4.1 The summary corporate risk register for 2012/13 is included as appendix A to the corporate risk management framework and policy.
- 4.2 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 template is included for reference as appendix B to this report. 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.

- 4.3 The CRR, as presented with this report, includes all the recognised corporate strategic and corporate operational risks faced by the Council. To reduce the volume of information presented, and give appropriate prominence to the more serious risks, it is proposed that in future, only the risks rated as medium or high will be fully reported to the Audit Committee. Risks rated as low will be shown in a simplified listing at the end of the CRR. A full listing will still be maintained and this will be available on request and held in the Members' Library. An example of the proposed simplified list is shown at appendix C.
- 4.4 The CRR is also 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.
- 4.5 As part of the 2011/12 assurance programme, testing was carried out on a range of controls contained in divisional risk registers. The tests conducted confirmed that the controls were in place and operating well to mitigate risk. Similar testing will be undertaken in 2012/13.

## **5 PRINCIPAL CHANGES TO THE CORPORATE RISK REGISTER FOR 2012/13.**

- 5.1 The corporate risk group (CRG) undertook a full review of the risks contained in the CRR in February 2012 to ensure that the register was both current and comprehensive. In particular, the group further considered the risks arising from the move to a leaner, flatter organisational structure and the risks arising from the Localism Act and the Welfare Reform Bill. Following review and approval by the Senior Management Team (SMT), the corporate risk register has been amended and the significant changes are listed below.
- 5.2 Corporate strategic risk 1 previously referred to the effects of the 2010 Comprehensive Spending Review, and is now made more generic by referring to the levels of grant received from central Government.
- 5.3 Corporate strategic risk 3 previously referred to the effects of the uncertainty surrounding the proposed Government legislation. This has now been modified to incorporate the risks posed by the known effects of the Localism Act, the Welfare Reform and Local Government Finance Bills and the introduction of Individual Electoral Registration.
- 5.4 Corporate strategic risks 4a/b, which deal with the risks arising from the procurement and operation of contracted services, have revised controls in the light of a recent legal challenge to a contract award and the financial difficulties of one contractor leading to their failure to deliver services. Additionally, the CRR indicates the salient features of the separate risk analyses available in respect of the tendering for, and operation of, the Council's major contracts.

- 5.5 Corporate strategic risk 6, which deals with the risk of the Council employing unsuitable staff due to the failure to conduct appropriate checks (eg, the right to work in the UK, or Criminal Record Bureau checks), is unlikely to remain a strategic risk following the recent implementation of revised recruitment procedures. Any residual risk will be subsumed in a broader operational risk 10 dealing with recruitment and retention of staff when this is reviewed in October 2012.
- 5.6 The former corporate strategic risks 10 and 11 relating to the risks arising from the Localism Act and the Welfare Reform Bill have been subsumed into corporate strategic risk 3, as mentioned above.
- 5.7 Following the award of a new contract for ICT services commencing in April 2013, strategic risk 12, which dealt with the potential failure to agree a joint tender process for ICT procurement is now withdrawn. The potential failure to adequately plan and prepare for the implementation of the new ICT contract is seen as low risk and is covered by the relevant divisional risk register. A related operational risk is the move of Rochford's IT systems from computers based in Rochford to a remote data centre and this is covered by the new operational risk 13.
- 5.8 A new corporate strategic risk 13 has been added to show how the Council meets its commitments under Health and Safety at Work and allied legislation.
- 5.9 A new corporate strategic risk 14 has been added to show the controls in place to minimise the risk of adverse judgments arising from legal challenges of Council decisions, with particular reference to planning decisions.
- 5.10 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.
- 5.11 Corporate operational risk 12 has been added to show the controls that ensure the Council submits data required by the Government Single Data List of indicators in a timely or accurate fashion, thereby avoiding possible censure and damage to the Council's reputation or reduced funding. (The risk arises from the replacement of centrally collected Government specified national indicators by a more loosely defined Single Data List of indicators reported to a range of Government departments.)

## **6 RISK IMPLICATIONS**

- 6.1 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.
- 6.2 The implementation and operation of the risk management framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.

- 6.3 Failure to manage risk would also mean that the Council might face censure by its external auditors.

## **7 LEGAL IMPLICATIONS**

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

## **8 RECOMMENDATION**

- 8.1 It is proposed that the Committee **RESOLVES**

- (1) That the updated corporate risk management framework and policy and the corporate risk register for 2012/13 be approved.
- (2) That the proposal that risks rated as low are presented in a simplified form in future versions of the corporate risk register be approved.

Yvonne Woodward

Head of Finance

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### **Background Papers: -**

None.

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## **Contents**

	<b>Page</b>
Risk Policy Statement .....	2
Background and Introduction .....	3
Corporate Governance .....	3
Introduction.....	3
Corporate Risk Management Framework and Strategy .....	4
1. Process.....	4
2. Monitoring .....	4
3. Assurance of Controls.....	4
4. Risk Champions.....	4
5. Risk Analysis and Scoring .....	4
6. Risk Management - Roles And Responsibilities .....	5
Elected Members .....	5
Senior Management Team (SMT) .....	5
Corporate Risk Officer .....	5
Corporate Risk Group (CRG).....	6
Heads of Service and Departmental Management Teams .....	6
Service Managers.....	7
Specialist representatives (internal audit, insurance, legal, IT) .....	7
7. Addition or removal of risks from the Corporate Risk Register .....	7

### **Appendix A - Corporate Risk Register – Executive Summary**

### **Appendix B - Corporate Risk Analysis Template**

## **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.

The Council maintains a Corporate Risk Register and this Register and Risk Action Plans will be regularly reviewed and updated on an annual basis as a minimum. The register covers significant risks, which, if they materialised, would have a significant impact on the achievement of the Council's ambitions.

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 and maintain 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 as part of the Council's Annual Governance Statement.

The Council aims to achieve these actions by implementing this risk management framework and 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 Analysis and Scoring**

The perceived risk rating of each of the risks identified in the Corporate Risk Register is based on the estimated likelihood and impact of each risk in accordance with the scoring matrix at Appendix A. Risk Analysis is undertaken using the Corporate Risk Analysis template included as Appendix B.



## **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.
- The Council’s Monitoring Officer has a role to ensure lawfulness and fairness of Council decision making, ensuring that the authority complies with codes and protocols whilst promoting high standards. The Monitoring Officer is the Head of Legal, Estates and Member Services
- The Section 151 Officer has a role to ensure proper administration of financial affairs and provision of financial advice; and ensuring lawfulness and prudence in all financial matters.

### **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
- 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.

**Appendices follow:**

**Appendix A - Corporate Risk Register – Executive Summary**

**Appendix B - Corporate Risk Analysis Template**

# **Corporate Risk Register** **2012/13**



## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

### 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 levels of grant received from central government	3	3	Med	<ul style="list-style-type: none"> <li>• Business Planning and Target setting processes</li> <li>• Corporate and Divisional / Services Area plans identify key priorities for service delivery</li> <li>• Communication of savings and consequences to Members, staff, residents and service users</li> <li>• Risk review of major contracts</li> <li>• Equality and diversity impact assessments</li> <li>• Medium Term Financial Strategy (MTFS) Action Plan monitoring</li> <li>• Regular reviews of financial modelling.</li> </ul>	Good	October 2012 April 2013	<p>The approved budget for 2012/13 is monitored regularly by SMT and reported quarterly to the Executive.</p> <p>Decisions are based on an understanding of service delivery priorities.</p> <p>Next review due with mid year budget review in October 2012. ..</p>

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>Regular reviews of capacity against demand</li> <li>Redeployment of staff as appropriate</li> <li>Regular monitoring of complaints levels and other feedback</li> <li>Continual monitoring of income streams, savings and realistic estimates for future income</li> <li>Prudent estimates of investment income</li> <li>Communication with Members, staff, residents and service users</li> </ul>	Good	<p>Oct 2012</p> <p>April 2013</p>	MTFS identifies new income streams and cost savings
<p>SR3. Risk that uncertainty surrounding government proposed or enacted legislation could create uncertainty as to where the Council needs to focus its resources.</p> <p><b>Risks and controls related to specific legislation follow.</b></p>	4	3	Med	<ul style="list-style-type: none"> <li>Corporate and Divisional / Services Area plans identify key priorities</li> <li>Consultation with service users and staff informs decision making</li> <li>Shared Services and other efficiency projects explore new ways of working</li> <li>Workforce Development Plan (WDP) aims to maintain and develop staff skill sets</li> <li>Key proposals put to Members ensure correct governance</li> <li>Monitoring of new legislation</li> <li>Local Government Assoc. updates circulated to SMT</li> </ul>	Good	<p>July 2012</p> <p>Oct 2012</p> <p>Jan 2013</p> <p>April 2013</p>	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.

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR3 Localism - The Council could face new financial or service delivery risks as a result of the Localism Act	4	3	Med.	<ul style="list-style-type: none"> <li>Retention of a local Standards Committee</li> <li>Robust tendering and contract management to be applied to any services which may be operated by local bodies</li> <li>MTFS and budgets take account of "localised" services</li> <li>Local Development Framework process to take account of the provisions of the Localism Act</li> </ul>	Good	October 2012  April 2013	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.
SR3 Welfare Reform -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"> <li>Capacity reviewed regularly to ensure resources adequate to meet demand for services</li> <li>Staff Career Matrix maintains career paths and expertise</li> <li>MTFS and budgets take account of redefined services</li> <li>Budget monitoring reports</li> <li>Liaison with Benefits System IT suppliers to ensure awareness of the system changes required.</li> </ul>	Good	October 2012  April 2013	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.
SR3 Local Government Finance Bill - The Council will face new financial or service delivery risks as a result of the Local Government Finance Bill, particularly in respect of the proposals to local support for Council Tax and the replacement of Formula Grant by the Business Rates Retention Scheme	4	3	Med	<ul style="list-style-type: none"> <li>Management analysis of the effects LG Finance legislation</li> <li>Pan Essex Council Tax Support Scheme Project Group and Essex Leaders Strategic Finance Group</li> <li>Monitor Government announcements on the Business Rates Retention Scheme.</li> </ul>	Fair	July 2012 Oct 2012 April 2013	A 10% cut in the Council Tax Benefit support grant coupled with defined protection for vulnerable groups could entail additional costs for the Council or reduced support to other clients.

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR3 Individual Electoral Registration (IER) - The Council will face additional responsibilities and costs in implementing IER for 2014	TBA	TBA	TBA	<ul style="list-style-type: none"> <li>Project Plan to be produced once timeline and tasks are clear</li> <li>Risk Analysis to be produced</li> <li>IT upgrades to Elections software</li> </ul>	TBA	TBA	We have yet to be informed of the value of any Government grant towards additional costs.
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	4	High	<ul style="list-style-type: none"> <li>Council Financial Regulations and Contract Procedure Rules</li> <li>EU compliant tendering procedures</li> <li>Clear specification of requirements and tender award and marking criteria</li> <li>Best value analysis</li> <li>Internal Audit assurance testing to determine correctness of tendering</li> <li>Intention to invite tender or place a contract is made visible to the Finance team.</li> <li>Contractor selection systems</li> <li>Specialist external advice is taken in respect of eg: EU procurement rules</li> </ul>	Good	Sept. 2013	<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>(Controls have been reviewed in the light of feedback from a legal challenge in respect of one contract)</p>
SR4 Tender process for new Grounds Maintenance Contract	TBA	TBA	TBA	<ul style="list-style-type: none"> <li>Project team formed</li> <li>Project Plan to be produced</li> <li>Risk Analysis to be produced</li> <li>Specialist advice to be sought</li> </ul>	TBA	TBA	The activity takes place in 2012/13 for a new contract starting in April 2013.



## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
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"> <li>• Opt out / service change clauses in contracts</li> <li>• Performance bonds and guarantees</li> <li>• Contract procedure notes are available to appropriate officers in event of contract manager or other experienced officers' absence / non- availability</li> <li>• Contract Monitoring processes</li> <li>• Business Continuity Planning</li> <li>• Ongoing "due diligence" checks to identify potential problems</li> </ul>	Good	May 2012 Nov 2012 May 2013	Risk rating is supported by specific analyses for each major contract. See below.  (Controls have been reviewed in the light of failure of one contractor during 2012)
SR4b Individual risk analyses of the potential failure to provide contracted services exist for the following major contracts: <ul style="list-style-type: none"> <li>○ Street Cleansing</li> <li>○ Waste Management</li> <li>○ Materials Recycling</li> <li>○ Leisure Services</li> </ul>	2	3	Med	<ul style="list-style-type: none"> <li>• Principal controls include: Contract procedures Contract Terms and Conditions Monitoring processes and meetings Performance bonds Business Continuity plans</li> <li>• In each case controls are Good and likelihood Very Low but risk is still Medium due to the potential impact of any failure</li> </ul>	Good	3 or 6 monthly	The current ICT Contract is seen as low risk and is covered by an entry in the Information & Customer Services Divisional Risk Register.

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>failure to clearly define the outcomes required</li> <li>failure to deliver the defined outcomes</li> <li>failure to programme manage the shared service projects</li> <li>pressure on capacity whilst implementing shared services arrangements leads to deterioration of existing services</li> <li>unintended creation of new legal entities and liabilities.</li> </ul>	3	3	Med.	<ul style="list-style-type: none"> <li>Project Plans, business cases and risk registers for each shard services project</li> <li>Clear partnership agreements covering legal, financial and operational arrangements</li> <li>Reports to Council / Executive or project Steering groups and the Improvement Management Team</li> <li>Service monitoring via Council Performance Management System</li> </ul>	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>	2	2	Low	<ul style="list-style-type: none"> <li>Job offers are not formally made until pre-employment checks are fully completed</li> <li>Probationary period of 6 months</li> <li>Induction training</li> <li>Ongoing Performance Review process as applied to all staff to highlight development needs and competencies</li> <li>HR advice, training and guidance to staff and managers</li> </ul>	Good	Oct. 2012  Oct 2013	<p>This risk will diminish as the result of the recent introduction of the new Safer Recruitment policy.</p> <p>At the next review in October 2012 it is likely to be withdrawn as a strategic risk and subsumed into the broader Operational Risk 10 now being developed.</p>

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>• Data Quality Strategy</li> <li>• Performance management systems (including CorVu software) and data capture process</li> <li>• Quarterly Performance Reports to Members and other regular reports</li> <li>• In year and annual Performance Indicator Audit checks.</li> <li>• Corporate and Divisional Planning and target setting processes</li> </ul>	Good	Sep. 2012 Sep 2013	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"> <li>• Data protection policies and procedures</li> <li>• Data protection refresher training for staff</li> <li>• Data Quality and Records Management Policy</li> <li>• Government Code of Connection Standards</li> <li>• IT Corporate Information Security Policy and Personal Commitment Statement</li> <li>• Verification of information enquirers identity where appropriate</li> <li>• Internal Audit of information security</li> <li>• Information sharing protocols</li> </ul>	Good	Sep. 2012 Sep 2013	<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>

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>• Business Continuity and Emergency Plans in place with an exercise and review programme.</li> <li>• Data Quality and Records Management Policy</li> <li>• Out of hours (OOH) response arrangements.</li> <li>• IT restoration contract</li> <li>• Civil Contingency plans</li> </ul>	Good	March 2012  Sep. 2012  March 2013	Business Continuity planning in respect of major contracts is under review in the light of experience of the failure of one contractor in 2012  The IT restoration contract will end after the planned move of IT services to an off site data centre in 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"> <li>• Senior Management Team (SMT) Partnership monitoring activity</li> <li>• Partnership guidance document</li> <li>• Risk assessments undertaken as part of the agreed governance of each Partnership and linked to relevant Council plans</li> <li>• Partnership Governance documents</li> <li>• Bond and guarantees</li> <li>• Partnership Reviews reported to the Review or Audit Committees</li> </ul>	Good	Sep. 2012  Sep 2013	Partnership guidance document updated in September 2011 with establishment of joint LSP with Castle Point BC
SR10 The Council could face new financial or service delivery risks as a result of the Localism Act							Now part of Strategic Risk 3
SR11 -The Council could face new financial or service delivery risks as a result of the Welfare Reform Bill.							Now part of Strategic Risk 3

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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.				Tender process is completed and a new contract for Rochford's ICT services will commence April 2013.			Withdrawn.
SR13 The Council fails to discharge its responsibilities under either the Health and Safety at Work etc Act 1974 (or Regulations made there-under) or the Regulatory Reform (Fire Safety) Order 2005	2	2	Low	<ul style="list-style-type: none"> <li>• SMT Review of Annual Corporate Health and Safety Assessment (January)</li> <li>• Health and Safety Policy – Annual Review (March)</li> <li>• Corporate and Divisional / Service plans and Risk Registers identify any Health and Safety issues</li> <li>• Health and Safety as fixed agenda item for Divisional Management Team meetings</li> <li>• Annual Review of Fire Risk Assessments</li> <li>• Trained Health &amp; Safety Co-ordinators/ Fire Marshals to assist Line Managers</li> <li>• Health and Safety guidance in operational procedure notes</li> </ul>	Good	<p>April 2012</p> <p>Oct 2012</p>	

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
SR14 The Council could face legal challenges and adverse legal judgements of Council decisions if relevant procedures are not followed or satisfactorily evidenced	2	3	Med.	<ul style="list-style-type: none"> <li>• Council Constitution and Procedure rules</li> <li>• Compliance with relevant statutory regulations</li> <li>• Records of decisions take</li> <li>• Council, Executive and Committee minutes</li> <li>• Progress on Decisions schedule</li> <li>• Consultation documents and responses to consultation</li> </ul>	Good	April 2013	In particular there is a increased propensity for legal challenges to planning decisions

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

### 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"> <li>• Communications Strategy</li> <li>• Access to Services Initiatives</li> <li>• Management / Team meetings</li> <li>• Staff consultation</li> <li>• Investors in People monitoring</li> <li>• Staff training</li> <li>• My Performance Reviews</li> <li>• Intranet/website</li> <li>• Management oversight of internal and external communications</li> <li>• Core Briefing system</li> <li>• Press Release system</li> <li>• Media Protocol</li> </ul>	Good	July 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"> <li>• Insurance reviews</li> <li>• Whistle Blowing policy</li> <li>• Insurance reserve</li> <li>• Budget Strategy</li> <li>• Collection Fund reserve</li> <li>• Review of Financial Reserves &amp; Balances</li> <li>• Prudent investment strategy and treasury management procedures</li> </ul>	Good	Sept. 2012	Reviewed at commencement of each Business Planning Cycle.

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>• Verification frameworks</li> <li>• Whistle blowing, Fraud and Sanctions policies</li> <li>• Procedures and Rules</li> <li>• National Fraud Initiative</li> <li>• Internal Audit activity</li> <li>• Register of interests</li> <li>• Segregation of duties</li> <li>• Managers need to monitor and ensure compliance with controls</li> </ul>	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"> <li>• Legal monitoring processes</li> <li>• Member Training</li> <li>• Professional Membership notifications and email alerts</li> <li>• Training and subscriptions</li> <li>• Website checks for compliance</li> <li>• Local Government Association updates</li> <li>• Internal Communications</li> </ul>	Good	May 2012	
OR5 Failure to adapt to climate change (Monitored by energy usage and CO <sub>2</sub> reduction Indicators)	4	2	Med	<ul style="list-style-type: none"> <li>• ClimatCO<sub>2</sub>de controls implementation</li> <li>• Climate based risk assessments in key documents</li> <li>• Implementation of adaptive responses and actions</li> <li>• Monitoring by Environmental Strategy Group</li> </ul>	Good	April 2012 Oct 2012	Risk and indicators under review at present.



## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>New Safeguarding Children &amp; Vulnerable Adults Policy and Procedures</li> <li>Criminal Record Bureau checks</li> <li>Recruitment processes</li> <li>Section 11 Audit (self assessment to ensure compliance with Section 11 of the Children's Act).</li> <li>Attendance at the South East Local Children's Commissioning &amp; Delivery Board</li> <li>Attendance at South Essex Stay Safe Group</li> <li>Designated person(s) for safeguarding issues– Head of Community Services and HR Managers.</li> <li>Specific safeguarding section on Intranet that details processes, contact numbers, "what to do" actions etc.</li> <li>Staff and Member training programmes</li> </ul>	Good	<p>Sep 2012</p> <p>March 2013</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 conducted in November 2011</p>

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR7 Failure to safeguard vulnerable adults	2	3	Med	<ul style="list-style-type: none"> <li>New Safeguarding Children &amp; Vulnerable Adults Policy and Procedures</li> <li>Criminal Record Bureau checks</li> <li>Recruitment processes</li> <li>Section 11 Audit to ESAB.</li> <li>Designated person(s) for adults and vulnerable people safeguarding issues– Head of Community Services and HR Manager</li> <li>Specific safeguarding section on Intranet that details processes, contact numbers, “what to do” actions etc.</li> <li>Staff and Member training programmes</li> </ul>	Good	<p>Sep 2012</p> <p>March 2013</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 conducted in November 2011</p>

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>resources could be wasted on unauthorised investigations</li> <li>investigations and subsequent sanctions or prosecutions are compromised by unauthorised or incorrect use of powers</li> <li>other potential legal / financial implications may arise</li> <li>Council or allied agency's reputation is damaged</li> <li>absence / non-availability of staff empowered to authorise RIPA activity could delay urgent investigations</li> </ul>	2	2	Low	<ul style="list-style-type: none"> <li>Investigation work procedures cover RIPA</li> <li>Authorisation procedures exist</li> <li>Risk assessments are undertaken when investigations under the act are approved.</li> <li>Staff are trained in the process and use of powers under RIPA.</li> <li>Members trained in use of powers under RIPA</li> <li>Review Committee strategic oversight of use of powers under RIPA and annual approval of policy</li> </ul>	Good	March 2013	<p>New risk added February 2011 - the Council has ensured:</p> <ul style="list-style-type: none"> <li>that there is a clear understanding of its powers under the Act</li> <li>that there is a policy and process to authorise the use of investigatory powers under the act,</li> <li>Members and staff are given training which is appropriate to their role and their responsibilities under the Act.</li> </ul>

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>• Succession planning</li> <li>• Work shadowing / secondments</li> <li>• Procedure notes</li> <li>• Managed substitution and nominated deputies</li> <li>• Holiday/absence management</li> <li>• "My Performance Review" (MPR) process covers training and development needs</li> <li>• 'E' Learning modules</li> <li>• Intranet libraries of procedures</li> <li>• Member Training and Development Programme</li> <li>• Insurance to cover the loss of key staff</li> </ul>	Good	<p>April 2012</p> <p>October 2012</p>	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, legislation, or the economic climate	TBA	TBA	TBA	<ul style="list-style-type: none"> <li>• Safer Recruitment Policy and procedures, including; CRB checks, health checks, requirement for references, proof of eligibility to work in the UK etc.</li> <li>• Probationary period of 6 months</li> <li>• Induction training</li> <li>• Performance Reviews highlight development needs and competencies</li> </ul>	TBA	<p>April 2012</p> <p>Oct 2012</p>	Risk analysis under development by People & Policies Manager

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

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"> <li>Defined central point of contact for staff, Members and the public</li> <li>Legal procedure notes</li> <li>Senior Management Team emergency callout briefing note</li> <li>Rota call out officers notes</li> <li>Staff/Members briefings</li> <li>Appropriate physical barriers</li> <li>Intelligence reports</li> <li>Multi agency co-ordinated response arrangements including the Countywide Travellers Unit</li> </ul>	Good	April 2012 October 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>
OR12 - Risk of not supplying accurate and timely data to meet requirements of the government Single Data List .	2	2	Low	<ul style="list-style-type: none"> <li>Single Data List schedule of requirements</li> <li>Audit and Performance Team liaison with Heads Of Service</li> <li>Annual Performance Indicator Audit</li> <li>Other checks conducted as part of Internal Audits</li> </ul>	Good	April 2012 October 2012	The Single Data List was introduced by government to reduce the reporting burden on councils. It replaced the centralised collection National Indicators via a single channel with a range of reports to different departments. New Homes Bonus is based on a number of statistical returns.

## Report to Audit Committee – 27 March 2012 Appendix A – Corporate Risk Register 2012/13 – Executive Summary

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s) #	Notes
OR13 ICT service failures or other interruptions resulting from the move of ICT services to an off site data centre in 2012	1	3	Low	<ul style="list-style-type: none"> <li>Existing ICT restoration plans provide cover prior to move</li> <li>Joint RDC/Capita SIS Project Team established</li> <li>Detailed implementation plan to be produced</li> <li>Risk analysis to be produced</li> <li>Training in new versions of software to be provided</li> </ul>	Fair	Monthly and at project meetings	

## Corporate Risk Map

<b>Impact</b>	<b>4 Catastrophic</b>			SR4a			
	<b>3 Critical</b>	OR 2,4,13	SR 8,14 & OR 6,7	SR 1, 4b, 5 & OR 9,11	SR3		
	<b>2 Marginal</b>		SR 6,7a,9, 13 & OR3,8,12	SR 2,7b & OR 1	OR 5		
	<b>1 Negligible</b>						
		<b>1 Negligible</b>	<b>2 Very Low</b>	<b>3 Low</b>	<b>4 Significant</b>	<b>5 High</b>	<b>6 Very High</b>
		<b>Likelihood</b>					

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

## Risk Scoring

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

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



## Report to Audit Committee – 27 March 2012 Appendix B – Example Corporate/Divisional Risk Analysis Template

<b>Risk No(s):</b>	<b>Risk Descriptor(s):</b>	<b>Risk Owner:</b>
	<b>Risk Management objectives/Notes:</b>	<b>Division:</b>

<b>Risk prior to controls</b>	<b>Likelihood :</b>	<b>Impact:</b>	<b>Risk Rating :</b>
<b>Residual Risk</b>	<b>Likelihood:</b>	<b>Impact:</b>	<b>Risk Rating:</b>

<b>Review Frequency:</b>	<b>Key dates for Review:</b>
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<b>Risk Consequences:</b> •
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**Report to Audit Committee – 27 March 2012 Appendix B – Example Corporate/Divisional Risk Analysis Template**  
**CONTROLS AND ACTION PLAN(S)**

Action/controls	Adequacy of controls*	Evidence of controls	Action required by SMT	Monitoring/success measures

**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.

Risk review completed by:	Name:	Signed:	Date:
Risk review approved by:	Name:	Signed:	Date:

**Notes:** This list provides a summary of the Corporate Risk Register which have been assessed as Low risk.

**Part 1 – Strategic Risks.**

Risk	Next Review Date	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).	Oct 2012	
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.	Oct. 2012	This risk will diminish as the result of the recent introduction of the new Safer Recruitment policy
SR7a. The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.	Sep. 2012	
SR7b. The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.	Sep. 2012	We aim to ensure that Personal data is fully protected in accordance with Data Protection Acts and with an excellent standard of controls
SR9. The Council may enter into, or continue with, statutory, or non-statutory, partnerships which fail to deliver the required services within agreed budgets.	Sep. 2012	
SR13 The Council fails to discharge its responsibilities under either the Health and Safety at Work etc Act 1974 (or Regulations made there-under) or the Regulatory Reform (Fire Safety) Order 2005	Oct 2012	

## Report to Audit Committee – 27 March 2012 Appendix C – Corporate Risk Register 2012/13 – Low Risk Summary

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### Part 2 – Corporate Operational Risks.

Risk	Next Review Date	Notes
OR1 Ineffective internal or external communication.	July 2012	Internal and external communication processes are developed and continue to evolve.
OR2 Unexpected major financial liability or uninsured loss	Sept. 2012	Reviewed at commencement of each Business Planning Cycle
OR3 High volumes of staff, client or contractor fraud	Jun. 2012	Review is linked to and covered by the Annual Governance Statement presented in June each year.
OR4 Failure to be aware of / comply with, existing or new legislation	May 2012	
OR8 The Council could misunderstand or misuse its powers under the Regulation of Investigatory Powers Act (RIPA)	March 2013	
OR12 Risk of not supplying accurate and timely data to meet requirements of the government Single Data List .	April 2012	
OR13 Risk of ICT service failures or other interruptions resulting from the move of ICT services to an off site data centre in 2012	Monthly and at project meetings	Joint RDC/Capita SIS Project Team established