

## **UPDATED RISK REGISTER**

### **1 SUMMARY**

- 1.1 The aim of this report is to inform Members of the current position on progressing the Risk Register.

### **2 INTRODUCTION**

- 2.1 Members will recall that progress on the formation of the Risk Register was last reported in March 2004.
- 2.2 Members resolved that further consideration be given to the construction of the Register in the light of their comments.
- 2.3 Members were also informed that consultancy from Zurich Municipal, (ZM), the Council's insurers was available.
- 2.4 Since then, the officer level Corporate Risk Group has reappraised risk definitions, reformatted the Risk Register, which appears as Annex A to this report, and has taken stock of both Member comments and those contained in the ZM report, the executive summary of which appears as Annex B to this report.

### **3 RISK REGISTER**

- 3.1 The Risk categories were expanded to accommodate the suggestions made by ZM, which made only a modest increase, (2), in the numbers of risks from the draft register previously referred to Members.
- 3.2 The revision to the Risk Register focussed on the "risk description" and the "actions/controls already in place" columns, although some entries are made in other columns.
- 3.3 Risk descriptions and actions are plainer. With these in place, divisions can review their own Registers, also following the revised format. The Corporate Risk Group will continue its work on the corporate register.

### **4 ZURICH REPORT**

- 4.1 The ZM report on the progress made with the Risk Register reveals that Rochford is broadly on a par with its peer group, in terms of range and emphasis of risk.

- 4.2 The report, running to 27 pages, contained 13 recommendations. It included two particularly useful items, namely a template for a Risk Management Action Plan, and a revised form of Risk Matrix. On this latter point, Members may recall some discussion around attempting to give risks a value. The revised format of a matrix should make this an easy proposition. Consequently, it is proposed that the ZM model be adopted, and its form is shown as Annex C to this report, with the proposed Management Action Plan.

## **5 THE WAY FORWARD**

- 5.1 On the basis that Risk Register will always be work in progress:
- The Corporate Risk Register can be brought to some conclusion.
  - Divisional registers can be revised and brought to some conclusion.
  - Management Action Plans can be prepared at both levels.
  - Further progress can be reported to Members at least twice per year, or more, if the need arises.
- 5.2 A feature of a Council's Risk Management process is that of Member ownership. It is therefore important for this Committee to receive regular reports on work progress in this area and any specific issues related to risk. It is also proposed to include Risk Management on a regular basis within the Member Training and Development programme.
- 5.3 Members will recall that a Risk Implications template, with up to seven sub-categories, has been introduced to Committee reports. Based on usage and interpretation to date, it is proposed that this template with its sub-categories be replaced by a simpler "Risk Impact Statement", it being implicit that issues under the various headings previously stated are covered by that statement, as required by each topic reported on.

## **6 RECOMMENDATION**

- 6.1 It is proposed that the Committee **resolves** to note the progress made to date, the actions proposed under the Way Forward above, and that further reports on progress will be made twice yearly to this Committee.

Paul Warren

Chief Executive

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**Background Papers:-**

None

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**Item 8**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Risk	Risk Description	Action/ controls already in place	Adequacy of action/controls to address risk	Required Management action/control	Responsible for action	Critical success factors & KPI's	Review frequency /key dates
<b>POLITICAL</b>							
1	Major changes in Central Government priorities and structures of Local Government and key partners	<p>Work with L.A. associations, etc.</p> <p>Change culture</p> <p>Forward planning to identify potential issues</p> <p>Officer guidance on changes arising</p> <p>Risk managed appraisal of courses open</p>		Improve effectiveness of change mechanisms			

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2	Rogue statement by Elected Member or member of staff	Codes of conduct  Managed Press Release system  Member and staff protocols  Corporate Governance mechanisms  Constitution					
3	Reputational damage	Codes of Conduct  Constitution  Standards committee  Member training  Culture					

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4	Sudden loss of a Key Member	Committee work plans  Chairman/Vice-Chairman training  Member training in Council-wide issues/work  Constitution					
5	Changes in political leadership and/or ineffective relationship between Officers & Members	Member training  Officer/Member Protocol  Election process					
<b>ECONOMIC</b>							

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6	Significant changes to the local economic or social environment leading to major changes on demand in service provision, and/or the need to change corporate objectives	<p>Forward priority determination and budget strategy</p> <p>Land use planning infrastructure (e.g. Thames Gateway etc.)</p> <p>Demographic studies</p> <p>Local economic development</p> <p>Community Strategy</p> <p>Partnerships (e.g. LSP)</p>		Performance Management			
<b>SOCIAL</b>							

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7	Significant changes to the local economic or social environment leading to major changes on demand in service provision, and/or the need to change corporate objectives	Forward priority determination and budget strategy  Land use planning infrastructure (e.g. Thames Gateway etc.)  Demographic studies  Local economic development  Community Strategy  Partnerships (e.g. LSP)					
8	Pressure on the provision of social and affordable housing in the private sector						
<b>TECHNOLOGICAL</b>							



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9	Failure of key ICT systems	IT Strategy  Competent contractor  System(s) capacity review  Needs analysing  Rules on usage  Payments on line  Firewall security  Testing regime  Contractor reporting process  Anti spam measures  Meets IEG4 Statement		Business continuity plan needed			

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10	Loss of key piece of infrastructure or utility (e.g. telephone, water, electricity) for a prolonged period	Contingency planning  Programmed maintenance  Mobile phone distribution		Business continuity plan to be fully developed			
11	Failure to meet e-government requirements	Meets IEG4 Statement		Website reviewed		Meeting e-government requirements	
12	Long term failure of telephone system, in part or total	Regular maintenance  Mobile phone distribution as immediate back-up		Business Continuity Plan			
13	Staff abuse of ICT systems	Corporate ICT Policy  System monitoring  Staff Handbook					
<b>LEGISLATIVE/REGULATORY</b>							

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14	Detrimental influences through external inspection(s), and other judgements on the Council	Performance Plan  Internal and external (critical friend) audit reports		Process review			
15	Failure to be aware of, and/or comply with, existing and/or new legislation	Disability Discrimination Act Compliance  Freedom of Information Act Policy  DP Act Policy		Improve DDA compliance (Civic Suite)			
<b>ENVIRONMENTAL</b>							
16	Disaster or deliberate act affects major part of the authority, and service delivery	Emergency Planning  Out of hours plan  Severe weather plan		Business continuity Plan			
<b>COMPETITIVE</b>							

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17	Failure by Council to be an organisation of choice for partners, contractors and staff						
<b>CUSTOMER/CITIZEN</b>							
18	Failure to meet the current and changing needs and expectations of customers and citizens	Consultation and communication programme for members and public  Effective complaints procedure Ombudsman process		Approach needs to be formalised			

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19	Failure to meet duty of care leading to death, injury or ill health of citizens	Risk based work programmes  Internal Health & Safety policy and procedures  Incident reporting  Staff checks  Effective contractor management  Public liability insurance					
<b>Managerial/Professional</b>							

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20	Fail to manage major projects effectively	Formal project management processes  Budget management  High levels of political & management commitment		Procurement arrangements clearly defined and operational			
21	Failure to have an effective management structure that delivers corporate priorities	Regular periodic review of management					
22	Failure to provide staff competencies to meet the delivery of corporate priorities	Workforce Development Plan  Personal Development Reviews  Recruitment and Retention process					

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23	Poor vertical and horizontal communications within the Authority	Departmental Management/Team meetings  PDRs with mutually agreed terms					
24	Lack of capacity to meet national requirements	Piece meal initiatives to address					
25	Poor communication between departments and/or staff	Intranet/e-mails  Departmental meetings  Annual objectives  PDR mechanisms in place  OMT/CMB		PDR consistency to improve  IIP being pursued			

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26	Ineffective performance management, training and development of staff leading to gaps in key skills	PDR process  Team targets  Quarterly performance report  SAP					



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27	Loss of key members of staff or groups of staff	<p>Informal individual cover arrangements in place at various levels</p> <p>Documented management processes and procedures</p> <p>Health and Safety Policy/Procedures</p> <p>Record keeping</p> <p>Training within Workforce Development Plan</p> <p>Risk Managed</p>		<p>Identify key staff and review notice periods</p> <p>Provision of a formal top to bottom succession plan</p> <p>Additional training as necessary as part of improved Workforce Development Plan</p> <p>Business Continuity Plan</p> <p>Address outside workers' issues</p> <p>(Expand detail in Divisional Risk Register)</p>			

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28	High levels of work related illness impacting on financial liability and/or disruption to work streams	Health and Safety Policy and Procedures  Human Resources Policies  General Management Policies  Relationship Management with Union		Improve succession planning  Workforce Development Plan		Reduced level of sickness	
29	Major strike action	Regular meetings with Union		Relationship management with Union			
<b>Financial</b>							

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30	Unexpected major financial liability or uninsured loss leading to revenue stream interruption	Regular Insurance reviews  Short-term/low cash level contingency plan  Reserves  High capacity borrowing plan through authorised staff/delegated powers  Whistle blowing policy		Liabilities being looked at but needs some more work on risk assessment  Business Continuity Plan			

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31	Insufficient funding available to achieve Budget Strategy	Budget Strategy  Exchequer powers under S.114, Local Government and Finance Act 1988  Good relations with Members  Adequate Reserves		Some risk assessment required for operational risks			
<b>Legal</b>							
32	Major fraud or corruption case	Constitution, (Codes of Conduct, Whilst Blowing Policy, Financial Regulations)  Contract controls  Audit Plan					

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33	Staff and/or client fraud	Verification framework  Fraud team  Prosecution policy  Fraud & corruption policy  Whistle blowing Policy  Gifts and Hospitality Register  Voluntary Register for Officers		Ethics Policy			
<b>Partnership/Contractual</b>							

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34	Risk of contract arrangements failing, e.g. through poor relationship management or failure of key provider	Careful selection of contractor  Monitoring systems  Regular formal meetings with contractors (officer management and reporting to Members)  Contract Terms  Consideration of Performance Bonds and Guarantees as appropriate		Improve capabilities & capacity to instantly replace contractors  Improve scrutiny of construction of contracts, including regular reviews and updates of "standard" forms  Business Continuity Plan			

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35	Risk of partnership arrangements failing through poor relationship management or failure of key partner	Service Level Agreements  Relationship management through regular meetings  Performance Monitoring		Lack of some formal arrangements  SLAs not formal			
<b>Physical</b>							
37	Death or injury of member of staff	H&S officer  Record keeping  Training  Risk assessment		Outside workers still to be addressed			

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**ANNEX B**

**"Executive summary**

The findings from our review clearly demonstrate that Rochford District Council has pro-actively implemented a recognised process of risk management. The establishment of the Corporate Risk Group and the adoption of a Risk Management Strategy support this view. However there are areas, particularly around embedding the risk management process that could well benefit from further development. It should be stressed however that most of the recommendations are 'tweaks' to the existing process, rather than suggesting any kind of complete overhaul.

Particular issues to consider at this time are:

- Getting more member involvement in the risk identification process
- An expanded format for framing risk issues – a wider description of the risk
- Using a larger risk matrix and provide clearer guidance on the prioritisation process to achieve more effective prioritisation of the risks
- Abandon the assessment of both inherent and residual risk
- Broadening the scope of the action planning aspects of the risk register
- Updating the Corporate risk register
- Resolving some of the uncertainties around the risk management process and put in place more comprehensive guidance.
- Timetable, as part of the annual planning process, the risk management process and regular reviews of progress
- Re-invigorating the Corporate Risk Group

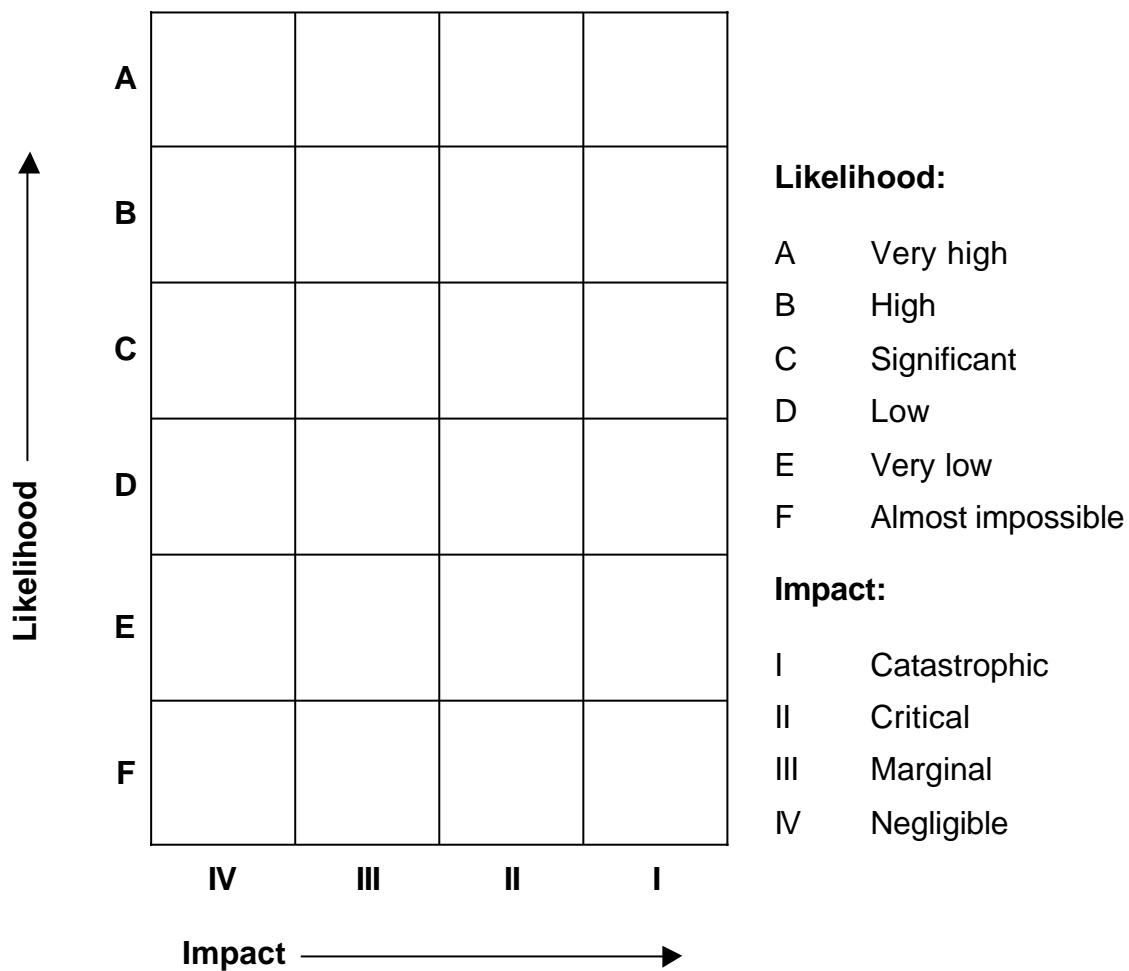
Rochford DC shows broad similarity to its peers in terms of the range and emphasis of risk issues present in its corporate risk register. Although there are some areas with slightly more marked differences the overall picture is one of consistency with other District Councils. This is analysed in more detail in the main part of the report.

Also included in this report are comparisons of Rochford DC's key strategic risks with those of other similar District Councils and, through several interviews and a review of key documents, a list of other potential risk areas that should be considered."



ANNEX C

The Risk Matrix



**Example Management Action Plan**

This is an example of a format Management Action Plan. It allows a number of risks to be managed together on the same plan and contains all the required elements of effective action planning.

<b>Owned by:</b>					<b>Date:</b>	
<b>Likelihood</b>	A					
	B					
	C					
	D					
	E					
	F					
		VI	III	II	I	
		Impact				

Risk Number	Current Risk Score	Target Risk Score	Description

Action/controls already in place	Adequacy of action/control to address risk	Required management action/control	Responsibility for action	Critical success factors & KPI's	Review frequency	Key dates