REVIEW OF THE COUNCIL'S CORPORATE RISK REGISTER 2014/15

1   SUMMARY

1.1   This report presents the Council's current corporate risk register for 2014/15 for Members' consideration with acknowledgement of the need to undertake a review following the Council's re-design.

2   INTRODUCTION

2.1   The current corporate risk register (CRR) provides an overview of the key risks that may affect delivery of the Council's corporate objectives and service delivery as it stands at present.

2.2   The Council is currently considering major changes to its organisational structure and ways of working. It is therefore intended to conduct a full review of the risk register once the revised structure is announced and present this to the next appropriate Audit Committee.

2.3   Similarly, the Council's corporate risk management framework and policy, which specifies how the Council seeks to manage and control risk, was due to be updated following a workshop with Zurich, the Council's insurers. The intention now is to consider the changes going forward, once they have been agreed, and then undertake a fundamental review of the risk management process.

3   THE CORPORATE RISK REGISTER FOR 2014/15

3.1   The summary corporate risk register for 2014/15 is included at appendix A. As mentioned above, the existing register has been subject to a minimum update, where appropriate. As agreed at the March 2012 Audit Committee, to reduce the volume of information presented, and give appropriate prominence to the more serious risks, only medium and high risks have been presented. Risks rated as low are shown in a simplified list at the end of the CRR. A full listing is available on request.

3.2   The CRR is underpinned by divisional risk registers that identify the risk management arrangements which mitigate the operational risks faced by each of the Council's service areas.

3.3   As part of the 2014/15 Internal Audit programme, risk management is reviewed as is relevant to the audit being undertaken. Tests will seek to confirm that controls are in place and operating well to mitigate risk.

4   PRINCIPAL CHANGES TO THE CORPORATE RISK REGISTER FOR 2014/15.

4.1   All the risks shown have been reviewed and updated where necessary.

4.2   Strategic risk 3 – Failure to implement Individual Electoral Registration by July 2014 - has been removed from the register as this project is now implemented.

4.3   A new strategic risk is added relating to the organisational restructure being undertaken.

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 or the potential for legal proceedings in the event of breaches of the Health and Safety at Work Act.

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 2014/15 be approved.

Y. Woodward

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Background Papers:-

None.

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Corporate Risk Register 2014/15

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 reduces 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 – All Strategic Risks

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
SR1 – Insufficient Council income and / or grant funding leads to inability to provide required services.	3	3	Med	• Corporate and Divisional/ Service Area plans identify key priorities for service delivery with Business Planning and Target setting processes linked to Medium Term Financial Strategy (MTFS) • Budget monitors and analysis • Quarterly financial reports to the Executive. • Regular review of major contracts • Equality and diversity impact assessments of proposed service changes • Communication of savings and consequences to Members, staff, residents and service users • Community Right to Challenge process ensures robust arrangements to be applied to any services which may be operated by local bodies • Local Development Framework process to take account of the provisions of the Localism Act • Monitoring of Government announcements on future public	Good	Dec 2014 April 2015	Includes insufficient funding from Government, and financial/service delivery risks from legislation such as the Localism, Welfare Reform, and Local Government Finance Acts. The provisions for the Secretaries of State to make determinations may create unpredictable outcomes. Transitional arrangements under the Welfare Reform Act are unclear. Uncertainty means that the risk likelihood remains , even with controls in place

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
				spending levels. • Local Government Assoc. updates circulated to SMT			
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	• Council Financial Regulations and Contract Procedure Rules • EU compliant tendering procedures • Clear specification of requirements and tender award and marking 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 • Specialist external advice is taken in respect of e.g. EU procurement rules	Good	Dec 2014	In order to effectively manage the tender process the Council needs to ensure that it has the appropriate internal expertise and ensures that the right procedures are followed.
SR4b Risk of contract arrangements failing whether due to failure of contractor, or because the Council fails to manage its contracts effectively.	3	3	Med.	• 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/	Good	Dec 2014	Risk rating is supported by specific analyses for each major contract.

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
				non-availability			
				• Contract Monitoring processes			
				• Business Continuity Planning			
				• Contractor selection systems			
				• Adherence to Contract Procedure Rules			
				• Contract Monitoring			
				• Specifications, written clarifications, and procedures			
				• Principal controls include: – Contract procedures – Contract Terms and Conditions – Monitoring processes and meetings – Performance bonds – Business Continuity plans			
				• In each case controls are Good and likelihood Very Low but risk is still Medium due to the potential impact of any failure			
SR5 The Council could fail to implement shared services effectively. This could include: • failure to clearly define the outcomes required • failure to deliver the defined outcomes • failure to programme manage the	3	3	Med.	• Project Plans, business cases and risk registers for each shared services project • Clear partnership agreements covering legal, financial and operational arrangements • Reports to Council/Executive or project Steering groups and the Improvement Management Team	Good	Sept 2014 Dec 2014	Shared services projects are underway for Revenues & Benefits and Building Control at present and others are to follow.

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
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/or liabilities.				• Service monitoring via Council Performance Management System			
SR8 - The Council fails to respond effectively to an incident.	2	3	Med.	• 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/ procedures • Civil Contingency plans • Contract monitoring activity	Good	Dec 2014	.
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.	• Council Constitution and Procedure rules • Compliance with relevant statutory regulations • Records of decisions taken • Council, Executive and Committee minutes • Progress on Decisions schedule • Consultation documents and responses to consultation	Good	Dec 2014	In particular there is an increased propensity for legal challenges to planning decisions

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
SR15 The organisational restructure results in a discontinuity of leadership and consequential service failures and/or reputational issues.	4	3	Med	• External expert advice on change management • Reports to Council for approval of changes • Member Advisory Group established to oversee changes • Internal and external communications plan • Briefing to Middle Managers Group • Equality Impact Assessment • Consultation with Trade Union • Consultation with staff	Fair	Dec 2014	

Part 2 – Corporate Operational Risks – Assessed as Medium or High Risk

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
OR5 Failure to adapt to climate change (Monitored by energy usage and CO_2 reduction Indicators)	4	2	Med	• Climate based risk assessments in key documents • Implementation of adaptive responses and actions	Good	Dec 2014	
OR6 Failure to safeguard children	3	4	High	• Safeguarding Children & Vulnerable Adults Policy and Procedures on the Intranet • Criminal Record Bureau checks • Recruitment processes • Section 11 Audit (self assessment to ensure compliance with Section 11 of the Children's Act). • Attendance at the South Essex Children's Partnership Board • Attendance at Essex Authorities safeguarding lead officers meeting • Attendance at South Essex Stay Safe Group • Designated person(s) for safeguarding issues – People and Policy Manager and HR Team Leader. • Staff and Member training programmes • Compliance with Essex Safeguarding Children Board (ESCB) guidance as appropriate	Fair	Dec 2014	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 and have been cascaded to all relevant staff. The basic training E Learning module has now been rolled out to all staff. Face to face training for key staff is being developed. Safeguarding audits will be conducted by the HR Team Leader and signed off by the People and Policy Manager in their roles as Deputy/Lead Safeguarding Officers

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
OR7 Failure to safeguard vulnerable adults	3	4	High	• Safeguarding Children & Vulnerable Adults Policy and Procedures on the Intranet. • Criminal Record Bureau checks • Recruitment processes • Attendance at Essex Authorities safeguarding lead officers meeting • Designated person(s) for adults and vulnerable people safeguarding issues – People and Policy Manager and HR Team Leader. • Staff and Member training programmes • Compliance with Essex Safeguarding Adults Board (ESAB) guidance as appropriate	Fair	Dec 2014	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 and have been cascaded to all relevant staff. The basic training E Learning module has now been rolled out to all staff. Safeguarding audits will be conducted by the HR Team Leader and signed off by the People and Policy Manager in their roles as Deputy/Lead Safeguarding Officers

Risk	Likeli-hood	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.	• 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 • Insurance to cover the loss of key staff	Good	Dec 2014	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	3	3	Med	• Organisational Development Plan/Profile • Investors in People/Positive about Disabled People • Safer Recruitment Policy and procedures, including; CRB checks, health checks, requirement for references, proof of eligibility to work in the UK etc. • Probationary period of 6 months • Training and development plans including Induction training • Performance Reviews highlight development needs and	Good	Dec 2014	

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
				competencies			
				• Occupation Health Scheme referrals			
				• Flexible retirement policy and procedure			
				• Interception of resignations from key staff and/or good performing staff			
OR11 The Council fails to respond appropriately, or effectively, to unauthorised or illegal incursions/encampments on land in the District	3	3	Med.	• 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 • Essex Countrywide Traveller Committee Partnership Agreement • Use of pre-emptive injunctions	Good	Dec 2014	Aim is to ensure any such incursions are remedied as soon as possible and with the minimum of cost, disruption, or damage. (Use of physical barriers is necessarily riskier than other controls because of the need to maintain user access to the areas concerned.)

Risk	Likeli-hood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
OR12 Risk of not supplying accurate and timely data to meet requirements of the government Single Data List.	2	3	Med	• Single Data List schedule of requirements • Audit and Performance Team liaison with Heads Of Service • Other checks conducted as part of Internal Audits • Data quality investigations as required	Good	Dec 2014	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. For example, the New Homes Bonus is based on a number of statistical returns.
OR13 ICT service failures or other interruptions impacting on customers	3	3	Med	• Off site data centre with inherent back up facilities • Weekly IT Manager and Contract Manager Meeting • Monthly contract meeting • SLA with suppliers and IT contractor • Web servers have 24/7 cover • Quarterly Strategic Governance Group meetings with the 3 Essex authorities with the same contractor	Under review	Dec 2014	Controls were reviewed following IT incidents in July and August 2013.

Corporate Risk Map

Impact	4 Cata-strophic			OR6&7			
	3 Critical	OR2,4	SR8,14 & OR12	SR1,4a,4b,5 & OR 9,10,11,13	SR15		
	2 Marginal	OR14	SR2,7a,9 & OR3,8	SR7b,13 & OR1	OR5		
	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!

Notes: This list provides a summary of the Corporate Risk Register entries 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).	Dec 2014	Controls in place.
SR7a The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.	Dec 2014	Controls in place.
SR7b The Council may fail to adequately protect data resulting in key operational, commercial, or personal data being lost or made public.	Dec 2014	We aim to ensure that Personal data is fully protected in accordance with Data Protection Acts and with a good 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.	Dec 2014	Controls in place.
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	Dec 2014	Controls in place

Part 2 – Corporate Operational Risks

Risk	Next Review Date	Notes
OR1 Ineffective internal or external communication.	Dec 2014	Internal and external communication processes are developed and continue to evolve.
OR2 Unexpected major financial liability or uninsured loss	Dec 2014	Reviewed at commencement of each Business Planning Cycle.
OR3 High volumes of staff, client or contractor fraud	Dec 2014	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	Dec 2014	Controls in place.
OR8 The Council could misunderstand or misuse its powers under the Regulation of Investigatory Powers Act (RIPA)	Dec 2014	Controls in place.
OR14 Cash flow problems if other bodies do not issue their precept to allow for timely production of Council Tax bills	Dec 2014	Controls in place