
MID YEAR REVIEW OF THE COUNCIL'S CORPORATE RISK REGISTER FOR 2013/14

1 SUMMARY

- 1.1 This report provides a mid year review and update of the Council's corporate risk register for 2013/14 for Members' consideration and approval.

2 INTRODUCTION

- 2.1 The corporate risk register (CRR) provides an overview of the key risks that may affect delivery of the Council's corporate objectives and service delivery.
- 2.2 The Council's corporate risk management framework and policy, which specifies how the Council seeks to manage and control risk, is not being presented for update and will next be reviewed for 2014/15.

3 THE CORPORATE RISK REGISTER FOR 2013/14

- 3.1 The summary corporate risk register for 2013/14 is included at appendix A. 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 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 2013 Audit Committee and the individual risk analyses are available for Members' inspection, if required. A regular review of these risks and the mitigating controls and actions is undertaken by the officer corporate risk group and is minuted accordingly.
- 3.3 The CRR is underpinned by divisional risk registers that identify the risk management arrangements which mitigate the operational risks faced by each of the Council's service areas.
- 3.4 As part of the 2013/14 assurance programme, testing will be carried out on a range of controls contained in divisional risk registers. The 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 2013/14.

- 4.1 All the risks shown have been reviewed and updated where necessary.
- 4.2 A new strategic risk is currently under review regarding the appointment of a new Chief Executive.

4.3 No risks have been deleted at this review.

5 RISK IMPLICATIONS

5.1 Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives.

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

5.3 Failure to manage risk would also mean that the Council might face censure by its external auditors 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 2013/14 be approved.

Yvonne Woodward

Head of Finance

Background Papers:-

None.

For further information please contact Terry Harper on:-

Phone: 01702 546366 Extension 3212

Email: terry.harper@rochford.gov.uk

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

Corporate Risk Register 2013/14



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 – Strategic Risks – Assessed as Medium or High Risk

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 and/ or decreases in other income	3	3	Med	<ul style="list-style-type: none"> • Business Planning and Target setting processes and Medium Term Financial Strategy (MTFS) • Corporate and Divisional/ Service Area plans identify key priorities for service delivery • Communication of savings and consequences to Members, staff, residents and service users • Risk review of major contracts • Equality and diversity impact assessments • Budget monitors and regular reviews of financial modelling. 	Good	Oct 2013 April 2014	<p>The approved budget for 2013/14 is monitored regularly by SMT and reported quarterly to the Executive.</p> <p>Decisions are based on an understanding of service delivery priorities.</p>

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
				<ul style="list-style-type: none"> Liaison with system suppliers 			
				<ul style="list-style-type: none"> Monitoring of Government announcements on future public spending levels. Scenario analysis 			
<p>SR3 Risk that the lack of clear national direction leads to a lack of understanding as to where the Council needs to focus its resources.</p> <p>Risks and controls related to specific legislation follow.</p>	3	3	Med	<ul style="list-style-type: none"> Corporate and Divisional/Services Area plans identify key priorities Consultation with service users and staff informs decision making Shared Services and other efficiency projects explore new ways of working Organisational Development Plan (ODP) aims to maintain and develop staff skill sets Key proposals put to Members ensure correct governance Medium Term Financial Strategy and Risk Assessment 	Good	<p>Oct 2013</p> <p>Jan 2014</p> <p>April 2014</p> <p>July 2014</p>	<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.</p>

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	3	3	Med.	<ul style="list-style-type: none"> • Retention of a local Standards Committee • Community Right to Challenge process ensures robust arrangements to be applied to any services which may be operated by local bodies • MTFS and budgets take account of “localised” services • Local Development Framework process to take account of the provisions of the Localism Act • Legal monitoring of new legislation • Local Government Assoc. updates circulated to SMT 	Good	<p>Oct 2013</p> <p>April 2014</p>	<p>The extent of localism being proposed is as yet unclear and the provisions for Secretary of State determinations may create unpredictable outcomes.</p> <p>Uncertainty means that the risk likelihood remains , even with controls in place.</p>
SR3 Welfare Reform -The Council could face new financial or service delivery risks as a result of the Welfare Reform Act.	4	3	Med.	<ul style="list-style-type: none"> • Capacity reviewed regularly to ensure resources adequate to meet demand for services • Staff Career Matrix maintains career paths and expertise • MTFS and budgets take account of redefined services • Budget monitoring reports • Management monitoring of Welfare Reform legislation • Management monitoring of expenditure on Local Council Tax Support Scheme (LCTS) 	Good	<p>Oct 2013</p> <p>April 2014</p>	<p>Transitional arrangements are unclear at present and provision for Secretary of State determinations may create additional unforeseen risks.</p> <p>Uncertainty means that the risk likelihood remains significant at present, but controls should lessen impact.</p>

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
SR3 Local Government Finance Act – The Council will face new financial or service delivery risks as a result of the Government’s Spending Reviews and Budgets	4	3	Med	<ul style="list-style-type: none"> • Management analysis of the effects of LG Finance legislation • Pan Essex Council Tax Support Scheme Project Group, Essex Leaders Strategic Finance Group and RDC project team • Monitor Government announcements on the Business Rates Retention Scheme. • MTFS and budgets take account of revised funding • Budget monitoring • LG Futures Financial Forecasting subscription • Middle Managers Group • Management monitoring of expenditure on Local Council Tax Support Scheme (LCTS) 	Fair	<p>Jan 2014</p> <p>July 2014</p>	<p>Spending Reviews and Budget statements feed into legislation such as the Local Government Finance Act 2012 which established the legal framework for the Local Council Tax Support Scheme (LCTS) and the introduction of the Rates Retention Scheme (RRS). Latest spending review, SR13, announced on 26 June 2013 included further reductions from 2015/16 onwards. There is uncertainty over the top slicing of New Homes Bonus to fund the Local Single Growth Fund (Heseltine recommendation).</p>
SR3 Individual Electoral Registration (IER) – Failure to implement IER by July 2014	3	3	Med	<ul style="list-style-type: none"> • Cabinet Office briefings • Project Plan and risk analysis • IT upgrades to Elections software is tested • Electoral Commission guidance • Staff training 	Fair	<p>April 2014</p> <p>Oct 2014</p>	<p>Government funding of £6,084.24 awarded for 2013/14. No details provided of level of 2014/15 allocation.</p>

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
SR4a In awarding contracts, the Council may be challenged by unsuccessful bidders on the grounds that correct procedures (including meeting EU or other legal requirements) were not followed.	3	3	Med	<ul style="list-style-type: none"> • Council Financial Regulations and Contract Procedure Rules • EU compliant tendering procedures • Clear specification of requirements and tender award 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	Sept 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.
SR4a Tender/contract process for Street Cleaning, Waste Collection and Materials Recycling Contracts	2	3	Med	<ul style="list-style-type: none"> • RDC processes as above • Other controls yet to be determined 			A report on the sale of recyclable materials was presented to the Executive on 12 th June 2013 and the Review Committee received a report on a review of options for change and financial savings that could be negotiated with the Street Cleansing and Waste Management Contractor on 3 rd September 2013.

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
SR4a Tender process for new Grounds Maintenance Contract	4	3	Med	<ul style="list-style-type: none"> • Project team formed • Project Plan produced • Risk Analysis produced • Member Advisory Group in place • Specialist advice obtained • Contractor selection systems • Adherence to Contract Procedure Rules • Specific contract clauses relevant to changes or termination of contract and other “Opt out” clauses • Performance bonds and guarantees if required • Business Continuity Planning (and prioritisation of services required) with appointed contractor • Contract and Performance Monitoring processes • Business Continuity Planning for the event of contractor failure. 	Good	Monthly	Risk reviewed at each project meeting and action taken as necessary

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"> • Opt out/service change clauses in contracts • Performance bonds and guarantees • Contract procedure notes are available to appropriate officers in event of contract manager or other experienced officers' absence/ non-availability • Contract Monitoring processes • Business Continuity Planning • Contractor selection systems • Adherence to Contract Procedure Rules • Contract Monitoring • Specifications, written clarifications, and procedures 	Good	Nov 2013 May 2014	Risk rating is supported by specific analyses for each major contract. See below.
SR4b Individual risk analyses of the potential failure to provide contracted services exist for the following major contracts: <ul style="list-style-type: none"> - Street Cleansing - Waste Management - Materials Recycling - Leisure Services - ICT contract (see comment on entry for OR13) 	2	3	Med	<ul style="list-style-type: none"> • Principal controls include: <ul style="list-style-type: none"> - 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 	Good	6 monthly	ICT Contract risk is under review

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
<p>SR5 The Council could fail to implement shared services effectively. This could include:</p> <ul style="list-style-type: none"> • failure to clearly define the outcomes required • failure to deliver the defined outcomes • failure to programme manage the shared service projects • pressure on capacity whilst implementing shared services arrangements leads to deterioration of existing services • un-intended creation of new legal entities and liabilities. 	3	3	Med.	<ul style="list-style-type: none"> • Project Plans, business cases and risk registers for each 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 • Service monitoring via Council Performance Management System 	Good	<p>March 2014</p> <p>Sept 2014</p>	
<p>SR8 The Council fails to respond effectively to an incident.</p>	2	3	Med.	<ul style="list-style-type: none"> • Business Continuity and Emergency Plans in place with an exercise and review programme. • Data Quality and Records Management Policy • Out of hours (OOH) response arrangements. • IT restoration contract/ procedures • Civil Contingency plans • Contract monitoring activity 	Good	<p>March 2014</p> <p>Sept 2014</p>	<p>Business Continuity planning in respect of major contracts was reviewed following the failure of one contractor in 2012</p> <p>An IT restoration contract is in place and tested until March 2014.</p>

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"> • 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	April 2014	In particular there is an increased propensity for legal challenges to planning decisions
SR15 The appointment of a new Chief Executive results in a discontinuity of leadership and consequential service failures and/or reputational issues.				<ul style="list-style-type: none"> • In preparation 			Risk analysis is being prepared.

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

Risk	Likelihood	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	<ul style="list-style-type: none"> • ClimateCO₂de controls implementation • Climate based risk assessments in key documents • Implementation of adaptive responses and actions • Monitoring by Environmental Strategy Group 	Good	Currently under review July 2014	

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"> • 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 East Local Children’s Commissioning & Delivery Board • Attendance at Essex Authorities safeguarding lead officers meeting • Attendance at South Essex Stay Safe Group • Designated person(s) for safeguarding issues – Head of Community Services and People and Policy Managers. • Staff and Member training programmes • Compliance with Essex Safeguarding Children Board (ESCB) guidance as appropriate 	Good	<p>March 2014</p> <p>Sept 2014</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 and have been cascaded to all relevant staff.</p> <p>The basic training E Learning module has now been rolled out to all staff. ESCB and ESAB are currently designing a new joint training module specifically for district and borough council staff that have more specific involvement with children/ vulnerable adults and would benefit from more in depth training than the above e-learning.</p>

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"> • 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– Head of Community Services and People and Policy Manager • Staff and Member training programmes • Compliance with Essex Safeguarding Adults Board (ESAB) guidance as appropriate 	Good	<p>March 2014</p> <p>Sept 2014</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 and have been cascaded to all relevant staff.</p> <p>The basic training E Learning module has now been rolled out to all staff. ESCB and ESAB are currently designing a new joint training module specifically for district and borough council staff who have more specific involvement with children/ vulnerable adults and would benefit from more in depth training than the above eLearning.</p>

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
OR9 The Council's service delivery may suffer if key staff are lost from a smaller leaner flatter organisation.	3	3	Med.	<ul style="list-style-type: none"> • Succession planning • Work shadowing/secondments • Procedure notes • Managed substitution and nominated deputies • Holiday/absence management • "My Performance Review" (MPR) process covers training and development needs • 'E' Learning modules • Intranet libraries of procedures • Member Training and Development Programme • Insurance to cover the loss of key staff 	Good	<p>Oct 2013</p> <p>April 2014</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	3	3	Med	<ul style="list-style-type: none"> • 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 	Good	<p>Oct 2013</p> <p>April 2014</p>	

Risk	Likelihood	Impact	Risk Rating	Principal Controls & Actions	Quality of controls*	Next Review Date(s)	Notes
				<ul style="list-style-type: none"> • Performance Reviews highlight development needs and competencies • Occupation Health Scheme referrals • Flexible retirement policy and procedure • Interception of resignations from key staff and/or good performing staff 			
<p>OR11 The Council fails to respond appropriately, or effectively, to unauthorised or illegal incursions/encampments on land in the District</p>	3	3	Med.	<ul style="list-style-type: none"> • Defined central point of contact for staff, Members and the public • Legal procedure notes • Senior Management Team emergency callout briefing note • Rota call out officers notes • Staff/Members briefings • Appropriate physical barriers • Intelligence reports • Essex Countrywide Traveller Committee Partnership Agreement 2012 	Good	<p>March 2014</p> <p>Sept 2014</p>	<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>

Risk	Likelihood	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	<ul style="list-style-type: none"> • 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	Sept 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	<ul style="list-style-type: none"> • 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	Currently being reviewed Feb 2014	Controls are under review following IT incidents in July and August.

Corporate Risk Map

Impact	4 Catastrophic						
	3 Critical	OR 2,4	SR 8,14 & OR 6,7 & 12	SR 1,3,4a,4b, 5 & OR 9,10,11,13			
	2 Marginal	OR14	SR 7a,9 & OR3,8	SR 2, 7b,13 & OR 1	OR 5		
	1 Negligible						
		1 Negligible	2 Very Low	3 Low	4 Significant	5 High	6 Very High
		Likelihood					

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

Risk Scoring

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

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

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 2013	Controls in place.
SR7a The Council could fail to take correct decisions because of poor quality data or a failure to interpret data effectively.	Sept 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.	Sept 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.	Sept 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	Oct 2013	Controls in place

Part 2 – Corporate Operational Risks

Risk	Next Review Date	Notes
OR1 Ineffective internal or external communication.	July 2014	Internal and external communication processes are developed and continue to evolve.
OR2 Unexpected major financial liability or uninsured loss	Sept 2014	Reviewed at commencement of each Business Planning Cycle.
OR3 High volumes of staff, client or contractor fraud	June 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	May 2014	Controls in place.
OR8 The Council could misunderstand or misuse its powers under the Regulation of Investigatory Powers Act (RIPA)	March 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	Jan 2014	Controls in place