

<b>TITLE</b>	<b>Corporate Risk Register refresh – June 2012</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 28 June 2012
<b>WARD</b>	None Specific
<b>STRATEGIC DIRECTOR</b>	Muir Laurie, Director of Business Assurance and Democratic Services

#### **OUTCOME / BENEFITS TO THE COMMUNITY**

Enterprise Risk Management (ERM) provides for robust and transparent decision making. Effective ERM is therefore an integral part of the council's control environment and helps demonstrate the effective use of resources and sound governance. The council's Corporate Risk Register (CRR) demonstrates that the council is pro-actively identifying and managing its significant business risks.

#### **RECOMMENDATION**

The Audit Committee is asked to consider and note the risks and mitigating actions of the Council's corporate risks as detailed in the attached CRR.

This was reviewed and updated by the Council's Corporate Leadership Team (CLT) on 12 June 2012.

#### **SUMMARY OF REPORT**

As part of this CRR refresh Business Assurance has met with Strategic Directors and the CRR has been reviewed by CLT collectively. As a result an update has been obtained over the control of each risk since the last refresh. This report summaries those changes and the refreshed CRR is presented to Audit Committee for your consideration and comment.

#### **Background**

The roles and responsibilities of Members and Officers with respect to Risk Management are detailed in the Council's Enterprise Risk Management Policy (ERMP) which was approved by the Audit Committee on 22 September 2010. The ERMP states that SLB (now CLT) is responsible for identifying and managing the Council's risks and opportunities, and for setting an example to staff. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis.

The Audit Committee is required to seek confirmation that the Council's strategic risks (and opportunities) are being proactively managed. Strategic risks are essentially those risks that might occur and could prevent the Council from achieving its objectives as detailed in its Vision, Priorities and Corporate Plan.

#### **Analysis of Issues**

The refreshed CRR contains **two proposed new risks** (Risk 20 – the council does not have buy-in to successfully implement the corporate vision and priorities and Risk 21 - changes to the Standards regime cause confusion over statutory requirements). There

are also **two risks** which been **closed** in the quarter (Risk 4 – Risk of Partnership working stagnating due to changes at a national level and Risk 1 – Risk of the organisation not buying into the shared Transformation agenda).

The following risks has been revised by the relevant Strategic Director to reflect recent changes/ developments:

- Risk 7 – The **impact** has been **raised** from critical to catastrophic to reflect the impact it would have on the continuity of the service;
- Risk 15 – The **Officer Lead** has **changed** to reflect the corporate wide nature of the risk; and
- Risk 16 – Has been **updated** to reflect that **alternative delivery models** are in **operation** as opposed to the council moving towards them.

The Executive Leads on the register have been updated following the announcement of the new Executive Members. We have also updated the links to corporate/service objectives following the adoption of the new corporate vision and priorities.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	N/A	N/A	N/A
Following Financial Year (Year 3)	N/A	N/A	N/A

### Other financial information relevant to the Recommendation/Decision

N/A

### Cross-Council Implications (how does this decision impact on other Council services and priorities?)

A risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. Risk Management is about managing opportunities and threats to objectives. Therefore good risk management will assist the Council in delivering its services and achieving its priorities.

### Reasons for considering the report in Part 2

N/A

### List of Background Papers

Previous Corporate Risk Register papers to Audit Committee  
Enterprise Risk Management Strategy and Policy

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## CORPORATE RISK REGISTER

Risk Matrix				
LIKELIHOOD	6			
	5			
4		(21)	(2)(15)(19)	(7)(8)(12)
3			(18)	(14)
2		(16)(20)	(10)	
1				
	2	4	6	8
	IMPACT			

Risk No	Risk Description	Date of Entry
(1)	Risk of the organisation not buying into a shared agenda	Removed
(2)	Risk of inability to secure sufficient schools placements	Nov-09
(3)	Risk that decisions are made on inaccurate/ incomplete information	Removed
(4)	Risk of Partnership working stagnating due to changes at a national level	Removed
(3)	Risk that decisions are made on inaccurate/ incomplete information	Removed
(6)	Risk that the savings element of Transformation does not deliver	Removed
(7)	Risk of serious or significant harm to a vulnerable child or young person with whom the council is working	Apr-10
(8)	Risk of serious harm or death of a vulnerable adult for whom the Borough has a responsibility for	Apr-10
(9)	Risk of Transformation drawing focus and resource away from the 'day job'	Removed
(10)	Risk that a business continuity incident occurs and the organisation fails to respond effectively	Pre Nov 09
(11)	Risk of the loss of critical data and the impact on service delivery	Removed
(12)	Risk tha a bridge/ road needs a significant short term investment for repairs	Nov-09
(13)	Risk that the benefits and outcomes of the transformed organisation are not understood by key stakeholders	Removed
(14)	Risk that the council does not realise the full potential from capital disposals	Nov-10
(15)	Risk of proposed changes to services, policies or contracts becoming subject to Judicial Review	Mar-11
(16)	Risk of potential loss of economies of scale from the use of alternative delivery vehicles	Jun-11
(17)	Risk of a residential care home provider failing leading to potential harm/ death of residents	Removed
(18)	Risk of a significant fine and reputational damage due to loss of confidential/ sensitive data	Sep-11
(19)	Risk that infrastructure requested by the council will not be provided	Mar-12
(20)	Risk that the council does not have buy-in to successfully implement the corporate vision and priorities	May-12
(21)	Risk that changes to the Standards regime cause confusion over statutory requirements	May-12

	Very High
	High
	Medium
	Low

Risk Register for:	Corporate Risk Register	Previous Review	22/05/12	Updated on	18/06/2012
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Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk
(2)	<p>Rising local population and demographic change combined with lack of detailed ability to predict where demand and need will happen over a 1,3 and 5 year period. Local and national funding limits have impacted on the council's capacity to improve and maintain our schools infrastructure in the current financial climate. The success or otherwise of the council's negotiations with developers for infrastructure contributions towards school buildings to meet 'basic need' requirements arising from population growth will further affect this risk. The coalition government's policies/ arrangements in relation to academies and free schools competing with local authority schools for funding has also had an impact on this risk because it reduces the control the LA has on planning and delivering places.</p> <p><i>Risk of inadequate school buildings and the associated effect on learning and achievement.</i></p>	<p>Inefficient places, Reputation damage, Quality of education affected, Resources lost to council due to development of free schools /academies, Infrastructure affected, Perceived as less attractive place,</p>	PM	CHT	H	Close ongoing working with Head teachers through the Capital Group
						Strategy developed and agreed (30/09/2012)
						Strategic planning post to be appointed (30/09/2012)
(7)	<p>WBC has a duty to care for the needs of, and to provide safeguarding services for the most vulnerable children and young people in the Borough. The changing economic circumstance needs careful consideration and monitoring in order to ensure that there is minimal impact on the management of this risk. Furthermore, changes to the strategic leadership in Children's Services also has the possibility of increasing the likelihood of this risk.</p> <p><i>A failure to follow procedures, equip the workforce with the right skills and training, or to deliver appropriate resources or services in a timely position raises a risk of serious or significant harm to a vulnerable child or young person with whom the council is working.</i></p>	<p>Avoidable harm to a vulnerable child, Damage to reputation, Possible external intervention, Litigation, Low staff morale, Recruitment and retention problems, Removal of senior managers and impact on continuity of delivery for children and families,</p>	PM	CHT	H	Ongoing management check/ supervision/ training for staff and partners
						Ongoing internal quality assurance activity
						Further and ongoing improvements to Governance of LSCB.
						Aim to absorb revenue reductions without affecting safeguarding services

Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk
(8)	<p>WBC has a duty to care for the needs of, and to provide safeguarding services for the most vulnerable adults in the Borough. The impacts of future funding reductions, a new structure in place, and new service delivery models needs careful consideration to ensure the likelihood of this risk is not increased. The impact of wider corporate changes on the council's safeguarding duties also needs due consideration and oversight.</p>	<p>Damage to reputation, Possible external intervention, Litigation, Low staff morale, Recruitment and retention problems, Removal of senior managers,</p>	SR	JMS	H	Ongoing mandatory training for staff and Partner Agencies
			Risk Appetite	Direction of Travel		Review of Safeguarding & Care Governance within adult social care (29/06/2012)
	M		—	Frameworkki system is partially implemented with the exception of the Finance and Contract elements (01/07/2012)		
<p><i>There is a risk of failure to safeguard vulnerable adults, either through systematic failure of duty of care, or an individual failure leading to the serious harm or death of a vulnerable adult.</i></p>						
(10)	<p>The Council has Business Continuity plans however they need to be further embedded, owned and understood, especially moving forwards with a new structure. Furthermore the council's move towards alternative delivery vehicles (shared service arrangements/ outsourcing) and changes in location (move from The Forge) will mean that Business Continuity plans need to accurately reflect these changing circumstances.</p>	<p>Confusion, Mixed messages internally and externally, Impact on key services, Service failure, Impact on vulnerable people, Potential health and safety issues, Possible corporate manslaughter, Drop in standards, Possible breach of contract,</p>	GE	PJ	M	Ensure Business Continuity plans are aligned to the new structure and are in place for new service delivery units (30/06/2012)
			Risk Appetite	Direction of Travel		Major contractors have been asked to provide evidence of sufficient and up-to-date Business Continuity plans. As of 21 May 2012 five out of 17 contactors who have supplied an appropriate and up to date plan. Work is underway to obtain the remaining plans (30/06/2012).
	L		—			
<p><i>Risk that a business continuity incident occurs and the organisation fails to respond effectively.</i></p>						

Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk	
(12)	<p>Programmed and proactive investment and maintenance in infrastructure has been deferred and affected by the current financial situation. This is potentially a risk with regard to highways infrastructure. Furthermore, planned infrastructure works will need to be monitored carefully including upcoming work on bridge parapets.</p> <p><i>Risk that repair on bridge / road needs a significant short term investment.</i></p>	<p>Impact on transport infrastructure, Possible health and safety issues, Traffic Problems, Adverse publicity / reputation damage, Serious injuries or death(s), Significant financial cost, Financial impact on other areas of council,</p>	MM	KB	H	Ongoing annual applications for capital funding, in order that remedial works can be undertaken	
			Risk Appetite	Direction of Travel			Ongoing works to A329M crash barriers being made in 2011/12 and almost complete. Now concentrating on the Loddon viaduct.
			M	—			Work planned for next high speed road risk (the A4)
(14)	<p>The council is currently undergoing a number of large asset based projects such as school re-builds, the town centre regeneration and meeting our housing and infrastructure needs. This has put pressure on the council's capital funding. Furthermore the council is subject to a number of external constraints when disposing of capital assets, adding to the financial pressures and ability to effectively plan capital resources.</p> <p><i>Risk that the council does not realise the full potential from its capital disposals.</i></p>	<p>Shortage of capital resources, Schemes delayed, Scope of schemes reduced, Changed attitude with partners, Credibility affected, Delivering less, Loss of fee income, Impact of funding on service and posts,</p>	GE	AP	H	Annual capital bidding system and capital programme in place	
			Risk Appetite	Direction of Travel			Refresh of council's corporate asset management plan (29/06/2012).
			L	—			There needs to be clear Governance agreed around the Town Centre Regeneration and council-owned companies (29/06/2012)
							Resource planning for Strategic Development Locations infrastructure needs

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(15)	Proposed changes to council service delivery, policies or contracts become subject to Judicial Review by interest groups such as parish councils, county councils, residents groups, developers and landowners etc.	The degree of influence that the council can exert over corporate proposals is reduced leading to poor quality & undesirable outcomes, Financial cost and staff time required to defend actions becomes unsustainable, The organisation's reputation could be damaged, Delays in the implementation of change,	Officer Lead	Executive Lead	H	Ensure that detailed legislation compliance checklists are embedded as part of project plans.
	HT		DL	Early procurement of legal advice to ensure compliance with statutory obligations.		
	Risk Appetite		Direction of Travel	FOI requests are handled in a sensitive manner		
	L		—			
	<i>Proposed changes to services, policies or contracts are quashed or set aside which reduces the influence the council can exert over corporately important projects.</i>					
(16)	As part of the council's Transformation Programme (also referenced in the Government's White Paper on Open Services), large sections of the council's existing services are being delivered through alternative delivery models such as traded services and council owned companies. As responsibility and control is devolved away from the council, oversight of key elements such as finances and data consistency is required. Delivery vehicles have the autonomy and choice as to where they buy their support services. This could also result in the potential loss of financial economies of scale.	Loss of financial economies of scale, Pricing uncertainty/ disharmony across support services, Difficulties in setting standard reporting requirements, Difficulties applying corporate policies across the board,	Officer Lead	Executive Lead	L	Corporate oversight of alternative delivery models by the Corporate Leadership Team
	GE		PJ			
	Risk Appetite		Direction of Travel			
	L		—			
	<i>Risk that the council's use of alternative delivery models (with new governance arrangements) results in the potential loss of economies of scale, affecting the delivery of both internal and external council services.</i>					

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(18)	Many files and documents (data) of a confidential and sensitive nature are being managed and transferred in traditional paper format by staff prior to the full roll-out of an Electronic Document and Records Management System (EDRMS). With a daily change of work stations for many staff, the likelihood of losing or mislaying confidential or sensitive data is significantly increased. Loss of such data may result in significant fines imposed by the Information Commissioner and lead to reputational damage.	Imposition of a substantial fine, Loss of reputation/ bad media coverage, Breach of contract and payment of damages, Loss of future business, Increased number of complaints, Loss of trust from Partner organisations/ contractors,	Officer Lead	Executive Lead	M	Raise awareness of confidential/ sensitive data transfer and data management corporately.
	GE		PJ	Documentation to be managed electronically wherever possible		
	Loss of confidential or sensitive data, leading to a significant fine and reputational damage for the council, with a potentially damaging impact on the resident/ customer to which the information relates.		Risk Appetite	Direction of Travel	Accelerate the archiving of physical records and documents to Iron Mountain for storage, as part of Smart Working process.	
			L	—	Accelerate the implementation of EDRMS to all areas of the Council	
					New IT client-side team established following review (29/06/2012)	
					Risk assessment for document retention	
(19)	The council's Core Strategy makes provision for housing growth in the Strategic Development locations accompanied by the provision of infrastructure. Appeal decisions are pending at which developers sought to challenge this approach.	The council will need to engage with other agencies to access other forms of funding and may face financial pressure to contribute towards provision beyond that which it has already planned to do,	Officer Lead	Executive Lead	H	Progress the adoption of the Community Infrastructure Levy scheme and charging schedule(s) for the Borough
	HT		KB	Discussions with agencies such as the HCA and LEP to secure contributions to infrastructure feasibility work and provision		
	Negotiations will be complex and the risk exists that not all of the infrastructure requested will be provided.		Risk Appetite	Direction of Travel	Adoption of the Managing Developing Delivery DPD will provide a five year land supply to improve the defence against appeals	
			H	—		



Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk
(20)	<p>There needs to be clarity and agreement on how the vision and priorities will be interpreted and delivered. The vision and priorities need to be articulated through the corporate and service plans. The service and resource planning is being redesigned so it will align to the vision and priorities of the council enabling us to deliver on our priorities.</p> <p><i>The council does not deliver its vision and priorities.</i></p>	<p>Organisational dissonance, Disharmony across organisation, Lack of clarity, Different objectives / targets, Delivery affected, Fall behind neighbours, Non-compliance with legislation,</p>	<p>Officer Lead</p> <p>AC</p> <p>Risk Appetite</p> <p>L</p>	<p>Executive Lead</p> <p>DL</p> <p>Direction of Travel</p> <p>—</p>	<p>L</p> <p>Service planning framework is being developed for 2013/14. (30/03/2013)</p> <p>Joint Board and Joint Working Groups are being set up to provide clarity and direction to the priorities. (01/07/2012)</p> <p>Projects the council are undertaking are being reviewed to ensure they are inline with the priorities of the council. (01/10/2012)</p>
(21)	<p>Recent changes to the Standards regime for members, including confusion over statutory requirements for transitional arrangements, could lead to the following potential risks:</p> <p>a. the adoption of a local code of conduct which is less prescriptive than required.</p> <p>b. lack of clarity with respect to newly defined 'disposable pecuniary interests' along with other edicts on predetermination and bias.</p> <p><i>The consequence of this could mean that:</i></p> <p>a. members might engage in behaviours which may serve to blur the roles between officers and members and cause friction and disruption.</p> <p>b. cause greater uncertainty and provide more opportunities for poor decision making followed by more appeals and litigation.</p> <p>c. Confusion for towns and parishes, who now have to adopt their own codes of conduct.</p>	<p>Organisational confusion about roles, Poor understanding of legal requirements and personal obligations leading to greater litigation risk, Members operating to multiple Codes of Conduct, Complaints, Ombudsman investigation, Judicial review,</p>	<p>Officer Lead</p> <p>SNW</p> <p>Risk Appetite</p> <p>L</p>	<p>Executive Lead</p> <p>RS</p> <p>Direction of Travel</p> <p>—</p>	<p>M</p> <p>Regular Berkshire Secretaries meetings and sharing of information and data.</p> <p>Presentation to Berkshire Town and Parish council clerks on the new arrangements. (13/06/2012)</p> <p>Accessing ACSes materials on a regular basis.</p> <p>Implementation of a new local code of conduct (31/07/2012)</p>

## Impact Criteria

Score	Level	Description	
8	Catastrophic	Critical impact on the achievement of objectives and overall performance. Huge impact on costs and / or reputation. Very difficult and possibly long term to recover.	<p>Unable to function without aid of Government or other external Agency</p> <p>Inability to fulfil obligations</p> <p>Medium - long term damage to service capability</p> <p>Severe financial loss – supplementary estimate needed with a catastrophic impact on the council's financial plan. Resources are unlikely to be available.</p> <p>Death</p> <p>Adverse national publicity – highly damaging, severe loss of public confidence.</p> <p>Litigation certain and difficult to defend</p> <p>Breaches of law punishable by imprisonment</p>
6	Critical	Major impact on costs and objectives. Serious impact on output and / or quality and reputation. Medium to long term effect and expensive to recover.	<p>Significant impact on service objectives</p> <p>Short – medium term impairment to service capability</p> <p>Major financial loss - supplementary estimate needed which will have a major impact on the council's financial plan</p> <p>Extensive injuries, major permanent harm, long term sick</p> <p>Major adverse local publicity, major loss of confidence</p> <p>Litigation likely and may be difficult to defend</p> <p>Breaches of law punishable by fines or possible imprisonment</p>
4	Marginal	Significant waste of time and resources. Impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover.	<p>Service objectives partially achievable</p> <p>Short term disruption to service capability</p> <p>Significant financial loss - supplementary estimate needed which will have an impact on the council's financial plan</p> <p>Medical treatment require, semi- permanent harm up to 1 year</p> <p>Some adverse publicity, need careful public relations</p> <p>High potential for complaint, litigation possible.</p> <p>Breaches of law punishable by fines only</p>
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	<p>Minor impact on service objectives</p> <p>No significant disruption to service capability</p> <p>Moderate financial loss – can be accommodated</p> <p>First aid treatment, non-permanent harm up to 1 month</p> <p>Some public embarrassment, no damage to reputation</p> <p>May result in complaints / litigation</p> <p>Breaches of regulations / standards</p>

### Likelihood Criteria

Score	Level	Description				
6	Very High	Certain.	>95%	Annually or more frequently	>1 in 10 times	An event that is has a 50% chance of occurring in the next 6 months or has happened in the last year. This event has occurred at other local authorities
5	High	Almost Certain. The risk will materialise in most circumstances.	80 – 94%	3 years +	>1 in 10 - 50 times	An event that has a 50% chance of occurring in the next year or has happened in the past two years.
4	Significant	The risk will probably materialise at least once.	50 – 79%	7 years +	>1 in 10 – 100 times	An event that has a 50% chance of occurring in the next 2 years or has happened in the past 5 years.
3	Moderate	Possible the risk might materialise at some time.	49 – 20%	20 years +	>1 in 100 – 1,000 times	An event that has a 50% chance of occurring in the next 5 or has happened in the past 7 years.
2	Low	The risk will materialise only in exceptional circumstances.	5 – 19%	30 years +	>1 in 1,000 – 10,000 times	An event that has a 50% chance of occurring in the next 10 year or has happened in the past 15 years.
1	Almost Impossible	The risk may never happen.	< 5%	50 years +	>1 in 10,000 +	An event that has a less than 5% chance of occurring in the next 10 years and has not happened in the last 25 years.