

TITLE	Corporate Risk Register Refresh – January 2013
FOR CONSIDERATION BY	Audit Committee on 6 January 2013
WARD	None Specific
STRATEGIC DIRECTOR	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.

SUMMARY OF REPORT

As part of this CRR refresh Business Assurance has met with all seven officers that form the Council's Corporate Leadership Team (CLT). As a result an update has been obtained over the control of each risk since the last CRR refresh in September 2012. This report summarises those changes and the refreshed CRR is presented to Audit Committee for its consideration and comment.

Background

The roles and responsibilities of Members and Officers with respect to risk management are detailed in the council's ERM Policy (ERMP). The updated ERMP was approved by the Audit Committee at its meeting of 28 November 2012. The ERMP states that CLT is responsible for identifying and managing the council's risks and opportunities, and for leading by example to staff in relation to ERM. 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 by CLT. Strategic risks are essentially those risks that might occur and could prevent the council from achieving its strategic objectives as detailed in its Vision, Priorities and Corporate Plan.

Analysis of Issues

The refreshed CRR contains **two proposed new risks**:

- Risk 24 – Risk of challenge regarding delegated Executive decisions; and
- Risk 25 – Risk that a decision regarding the changes to decision making is not

reached.

There are also **two risks** which have been **closed** in the quarter:

- Risk 10 – Risk that a business continuity incident occurs and the organisation fails to respond effectively; and
- Risk 22 - Risk that the public health transition fails.

None of the other risks have been majorly revised by the relevant CLT Risk Owner.

Following the request of the Audit Committee, the date that risks are removed from the CRR has been added to the CRR.

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

- Implementation of ERM costs the council significant management time.
- Non-implementation of ERM can leave the council exposed to the risk of significant financial loss.

Cross-Council Implications

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 achieving objectives. Therefore good risk management will assist the council in delivering its services and achieving its strategic 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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Very High
High
Medium
Low

CORPORATE RISK REGISTER

Risk Matrix					
LIKELIHOOD	6	Yellow	Orange	Red	Red
	5	Yellow	Orange	Orange	Red
	4	Yellow	Yellow	Orange (2)(15)(19)	Orange (7)(8)(12)
	3	Green	Yellow	Yellow (18)	Orange (14)
	2	Green	Green (20)(24)(25)	Yellow	Yellow
	1	Green	Green	Green	Yellow (23)
		2	4	6	8
		IMPACT			

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Risk No	Risk Description	Date of Entry
(1)	Risk of the organisation not buying into a shared agenda	Removed - May 12
(2)	Risk of inability to secure sufficient schools placements	Nov-09
(3)	Risk that decisions are made on inaccurate/ incomplete information	Removed - Sep 11
(4)	<i>Risk of Partnership working stagnating due to changes at a national level</i>	Removed - Jun 12
(3)	Risk that decisions are made on inaccurate/ incomplete information	Removed - Sep 11
(6)	Risk that the savings element of Transformation does not deliver	Removed - Mar 12
(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 - Mar 12
(10)	Risk that a business continuity incident occurs and the organisation fails to respond effectively	Removed - Jan 13
(11)	Risk of the loss of critical data and the impact on service delivery	Removed - Sep 11
(12)	Risk that 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 - Mar 12
(14)	Risk that the council fails to deliver key objectives through insufficient project resources	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	Removed - Sept 12
(17)	Risk of a residential care home provider failing leading to potential harm/ death of residents	Removed - Jan 12
(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	Removed - Jan 13
(22)	Risk that the public health transition fails	Removed - Jan 13
(23)	Risk of corporate manslaughter case and conviction	Sep-12
(24)	Risk of challenge regarding delegated Executive decisions	Jan-13
(25)	Risk that a decision regarding the changes to decision making is not reached	Jan-13

Risk Register for:	Corporate Risk Register	Previous Review	18/06/12	Updated on	31/08/2012
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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 infrastructure and capacity, along with the associated effect on learning and achievement.</i></p>	<p>Inefficient places, reputation damage, quality of education affected, resources lost due to council development of free schools/academies, infrastructure affected, perceived as less attractive place</p>	PM	CHT	H	Close ongoing working with Head teachers through high profile projects (see risk 14)	
			Risk Appetite	Direction of Travel			Implementation of the 2013 agreed action plan as part of the approved Primary Provision Strategy
			L	—			Future capacity to be considered through a demographer report which has been commissioned.
(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, Inadequate judgement by Ofsted,</p>	PM	CHT	H	Ongoing management check/ supervision/ training for staff and partners	
			Risk Appetite	Direction of Travel			Ongoing internal quality assurance activity
			L	—			Aim to absorb revenue reductions without affecting safeguarding services
							Development and implementation of an action plan following Ofsted inspection

Ref	Risk (Cause & Consequence)	Potential Impacts	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. Trend analysis over the last two years has shown significant increase in volume putting pressure on ASC systems and resources elsewhere.</p> <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>	<p>Damage to reputation, Possible external intervention, Litigation, Low staff morale, Recruitment and retention problems, Removal of senior managers,</p>	Officer Lead	Executive Lead	H	Ongoing mandatory training for staff and Partner Agencies
			SR	JMS		Implement remaining actions on the Safeguarding and Care Governance review action plan (01/04/2013)
			Risk Appetite	Direction of Travel		Frameworkki system operational. A system implementation review is to be carried out (01/04/2013)
			L	—		
(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>	Officer Lead	Executive Lead	H	Ongoing annual applications for capital funding, in order that remedial works can be undertaken
			MM	KB		Completed works to A329M crash barriers and now concentrating on the Loddon bridge
			Risk Appetite	Direction of Travel		Work planned for next high speed road risk, the A4 and then A33
			M	—		Advanced protection of parapets at railway crossings to be reviewed

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(14)	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.	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,	Officer Lead	Executive Lead	H	Annual capital bidding system and capital programme in place
			GE	AP		Joint planning for schools places with Head teacher's, Chairs of Governing Bodies, parents and community (see risk 2)
	Risk Appetite		Direction of Travel	Resource planning for Strategic Development Locations (SDL) infrastructure needs		
	L		—			
	<i>Risk that the council fails to deliver key objectives through insufficient project resources.</i>					
(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
			AC	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>					

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Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(18)	<p>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.</p> <p><i>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.</i></p>	<p>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,</p>	Officer Lead	Executive Lead	<p>M</p>	Raise awareness of confidential/ sensitive data transfer and data management corporately
			GE	PJ		Documentation to be managed electronically wherever possible
			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
(19)	<p>The council's Core Strategy makes provision for housing growth in the Strategic Development locations accompanied by the provision of infrastructure. Appeal decisions and the introduction of CIL challenges the approach of the core strategy which set to ensure this infrastructure would be provided by the developers. The council could be required to provide for more infrastructure than intended and could be subject to more appeals.</p> <p><i>Negotiations will be complex and the risk exists that not all of the infrastructure requested will be provided.</i></p>	<p>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,</p>	Officer Lead	Executive Lead	<p>H</p>	Progress the adoption of the Community Infrastructure Levy scheme and charging schedule(s) for the Borough (31/01/2014)
			HT	KB		Discussions with agencies such as the HCA and LEP to secure contributions to infrastructure feasibility work and provision
			Risk Appetite	Direction of Travel		Implementation of a joined up capital bid process through the new governance structure for infrastructure delivery (01/04/2014)
			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>	Officer Lead	Executive Lead	L	Service planning framework is being developed for 2014/15 building on the 2013/14 framework. (01/04/2014)
			AC	DL		Joint Board and Joint Working Groups are undertaking a self assessment review of their effectiveness (28/02/2012)
			Risk Appetite	Direction of Travel		Emerging programme of change following the closure of the Transformation Programme
			L	—		
(23)	<p>If the council or its employees are negligent in their behaviour and the decisions they make it could result in a corporate manslaughter case and potential conviction.</p> <p><i>There is a risk that a corporate manslaughter case could be brought against the council.</i></p>	<p>Fine or conviction, Reputation damage, Removal of key staff, Damage to individuals wellbeing,</p>	Officer Lead	Executive Lead	M	Review council activities for risk of Corporate Manslaughter
			AC	DL		Prioritisation of areas of high likelihood for preventative measures
			Risk Appetite	Direction of Travel		
			L	—		

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Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
			Officer Lead	Executive Lead		
(24)	Change in the law regarding access to information could unintentionally mean any delegated Executive decision needs to be published.	Greater bureaucracy and extra cost of report writing , Complaints, Ombudsman Investigation, Judicial Review, Reputational Damage.	SNW	DL	L	Training session for middle managers (31/03/2013)
						Review and monitoring of the Officer Executive Decision Log
	Risk Appetite		Direction of Travel			
	L		—			
(25)	A decision making review Working Party has been set up to look into a change back to a committee system of governance by Members. Significant work required if change is to take effect.	Possible extra financial costs of Committees, Failure to complete project in time will mean that the whole proposal will have to wait another year, Organisational confusion about how decisions are made, Complaints, Ombudsman Investigation, Judicial Review, Reputational Damage.	SNW	DL	L	
	Risk Appetite		Direction of Travel			
	L		—			
	The consequence of this could mean that: a. the decision can only be made at Annual Council in May, so any delays will mean a delay for a year. b.confusion over its procedures will lead to significant reputational loss. c. Failure to make the decision to change (or to retain the status quo) properly could lead to legal challenges and complaints.					

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

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.