

<b>TITLE</b>	<b>Corporate Risk Register refresh – June 2013</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 16 July 2013
<b>WARD</b>	None Specific
<b>STRATEGIC DIRECTOR</b>	Julie Holland, Interim Head 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 following the June Corporate Risk Register refresh process.

#### **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 summarises 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 28 November 2012. The ERMP states that 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 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 one new risk:

- Risk 26 – That Change and Improvement does not deliver intended outcomes.

This has been reviewed by CLT and scored as a medium risk.

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

- Risk 2 – Has been **updated** to reflect progress with implementation of new school places for 13/14 intake. Risk now also includes potential over provision of school places dues to new academies and free schools.
- Risk 8 – Has been **updated** to include the Council's potential inability to hold down prices paid to suppliers of Adult Social Care.
- Risk 24 – Has been **removed** from the register (Risk of challenge regarding delegated Executive decisions), as this is actively monitored on the service risk register for Shared Legal Solutions. Non compliance is an operational risk owned by the service.
- Risk 25 – Has been **removed** from the register (Risk that a decision regarding the changes to decision making is not reached) as changes to the decision making process will not be made until next Council year.

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.

#### 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		IMPACT			
		2	4	6	8
6					
5					
4				(2)(15)(19)	(7)(8)(12)
3				(18)	(14)
2			(20)	(26)	
1					(22)

LIKELIHOOD

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 the required number of schools placements	Nov-09
(3)	Risk that decisions are made on inaccurate/ incomplete information	Removed - Sep 11
(4)	Risk of Partnership Working stagnating due to changes at a national level	Removed - Jun 12
(5)	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's 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 for me 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	Removed - June 13
(25)	Risk that a decision regarding the changes to decision making is not reached	Removed - June 13
(26)	Risk that Change and Improvement does not deliver intended outcomes	Jun-13



Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score			Further Actions to Mitigate Risk the Change and Improvement process
			Officer Lead	Executive Lead	Risk Score	
(8)	<p>MBC has a duty to care for the needs of, and to provide safeguarding services to the most vulnerable adults in the Borough. This includes the provision of financial support and consequent bidding prices paid to providers) together with Renascence Review 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	
			Risk Appetite L	Direction of Travel —		
(12)	<p>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.</p> <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>Impact on transport infrastructure, Possible health and safety issues, Traffic Problems, Adverse publicity / reputation damage, Serious injuries or deaths, Significant financial cost, Financial impact on other areas of council,</p>	MM	KB	H	<p>Completed works to A329M crash barriers and now concentrating on the Laddon bridge</p> <p>Work planned for next high speed road risk, the AH and then A33, dependent on capital allocations</p> <p>Advanced protection of parapets at railway crossings to be reviewed</p>
			Risk Appetite M	Direction of Travel —		
	Risk that repair on bridge / road needs a significant short term investment.					

Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk
(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>Shortage of capital resources. Schemes delayed. Scope of schemes reduced. Changed attitudes with partners. Circularity of funding. Delivering less. Loss of fee income. Impact of funding on service and posts.</p>	GE	AP	H	<p>Engagement with parents and the community on the development of new schools</p> <p>Resource planning for Strategic Development Locations (SDL) infrastructure needs</p>
	Risk that the council fails to deliver key objectives through cross-sector project resources.		Risk Appetite L	Direction of Travel —		
(15)	<p>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.</p>	<p>The degree of influence that the council can exert over corporate proposals is reduced leading to poor quality &amp; undesirable outcomes. Financial cost and staff time required for our actions to be challenged. The original aim of the proposal could be damaged. Delays in the implementation of change.</p>	AC	DL	H	<p>Ensure that detailed legislation compliance checklists are embedded as part of project plans. Also through the development of planning policy.</p> <p>Early procurement of legal advice to ensure compliance with statutory obligations in relation to Planning and Development Issues.</p> <p>FOI requests are handled in an appropriate and professional manner, being compliant with legislation.</p>
	Proposed changes to services, policies or contracts are quashed or set aside which reduces the influence the council can exert over corporately important projects.		Risk Appetite L	Direction of Travel —		

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score	Further Actions to Mitigate Risk
	Many files and documents (data) of a confidential and sensitive nature are being managed and transferred in traditional paper format by staff to the new-EDRMS system. With a daily change and Review Meeting System (EDRMS). With a daily change of work stations for many staff, the likelihood of losing or misplacing 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 reputational bad media coverage, breach of contract and payment of damages. Loss of future business. Increased number of complaints, Loss of trust from Partner organisational contractors.	M	Wokingham Secure Mail project being currently worked on, pilot will be launched for the People Hub  Review of document retention schedules, in order to obtain best practice guidance  Roll out of EDRMS to all areas across the Council  Training for staff on document / information handling and basic information security practice
(18)	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.			
	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.	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.	H	Progress the adoption of the Community Infrastructure Levy scheme and charging schedule(s) for the Borough  Discussions with agencies such as the HCA and LEP to secure contributions to infrastructure feasibility work and provision  Implementation of a joined up capital bid process through the new appearance structure for infrastructure delivery
(19)	Negotiations will be complex and the risk exists that not all of the infrastructure requested will be provided.			

Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	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 promises.</p>	<p>Organisational dissonance. Disharmony across organisation. Lack of clarity. Different objectives / targets. Delivery affected. Fall behind neighbours. Non-compliance with legislation.</p>	AC	DL	L	<p>Service planning framework is being developed for 2014/15 building on the 2013/14 framework. (01/04/2014)</p> <p>Joint Board and Joint Working Groups are undertaking a self assessment review of their effectiveness (23/02/2012)</p> <p>Emerging programme of change following the closure of the Transformation Programme</p> <p>Refresh of the Corporate Plan</p>
	<p>The council does not deliver its vision and priorities.</p>		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>Fine or conviction. Reputation damage. Removal of key staff. Damage to individuals wellbeing.</p>	AC	DL	M	<p>Review of all historical corporate manslaughter cases in order to ascertain where the main risks lie within the authority</p> <p>Review council activities for risk of Corporate Manslaughter</p> <p>Prioritisation of areas of high likelihood for preventative measures</p>
	<p>There is a risk that a corporate manslaughter case could be brought against the council.</p>		L	—		



Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk
[26]	<p>Uncertainty engendered by the Change and Improvement process relating to potential changes in service delivery. The potential changes being: modified delivery, reduced service or no service provision. This transition to new delivery will require capacity to implement and effectively manage the changed provision including potential reputational damage.</p> <p>The Change and Improvement process impacts the delivery of existing operations and the transition to new service delivery is ineffective.</p>	<p>Loss of people and organisational intelligence, Reputational Damage, Negative impact on existing Service Delivery, Failure to implement successful changes to service delivery.</p>	AC	DL	M	<p>CLT acting now in order to reduce impact by recruiting in order to reduce the volume of leavers in September 2013</p> <p>Business Assurance review top 5 directorate risks during the Change and Improvement process</p> <p>Member and Officer collective ownership of Change and Improvement through programme governance</p>

## Impact Criteria

Score	Level	Description
8	Catastrophic	<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> <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> <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> <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>
6	Critical	<p>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> <p>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>
4	Marginal	<p>Significant waste of time and resources. Impact on operational efficiency, output and quality.</p> <p>Medium term effect which may be expensive to recover.</p>
2	Negligible	<p>Minimal loss, delay, inconvenience or interruption. Short to medium term affect.</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.