ITEM NO: 22.00

TITLE	**Corporate Risk Register refresh – August 2013**
FOR CONSIDERATION BY	Audit Committee on 25 September 2013
WARD	None Specific
STRATEGIC DIRECTOR	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

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 August Corporate Risk Register refresh process. This has been reviewed by the Corporate Leadership Team on 10 September 2013.

SUMMARY OF REPORT

As part of this CRR refresh Business Assurance has met with Strategic Directors and Service Risk Champions. 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 CLT for your consideration and comment. The updated CRR is available as Appendix A.

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 following risks has been revised by the relevant Strategic Director to reflect recent

changes/ developments:

- One **new** risk has been added to the register;

- This being Risk 27 – which is the risk of failure of the Health and Social Care system due to the combination of increased demand due to demographic pressure, coupled with actual reductions in health and social care budgets leading to failure of either or both local health and social care systems.

- Risk 2 – Has been **updated** giving greater clarity following delivery of 13/14 and 14/15 School places. Leading to more emphasis on the second element of the risk around financial pressure on the DSG created by Free Schools.

- Risk 25 – Has been **returned** to the risk register. The Decision Making Review Party has been set up in order to look into the system of governance for Members. The Working Party has now completed its preliminary work and will be consulting on a number of proposals, including a return to the Committee system. Significant work will be required if change is to take effect. The consequences of these changes are deemed to be significant. During the transition, there could be organisational confusion about how decisions are made, the main focus is to mitigate the risk of loss of clarity around decision making during the transition.

- There was another proposed new risk to the register, which is the risk of the Council having financial responsibility for adult social care funding due to a cap for self-funding of £72k being introduced in 2016, as part of the Care Reform Bill. CLT have decided that this is overall a financial risk and will be covered with other financial risks in the Medium Term Financial Plan.

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

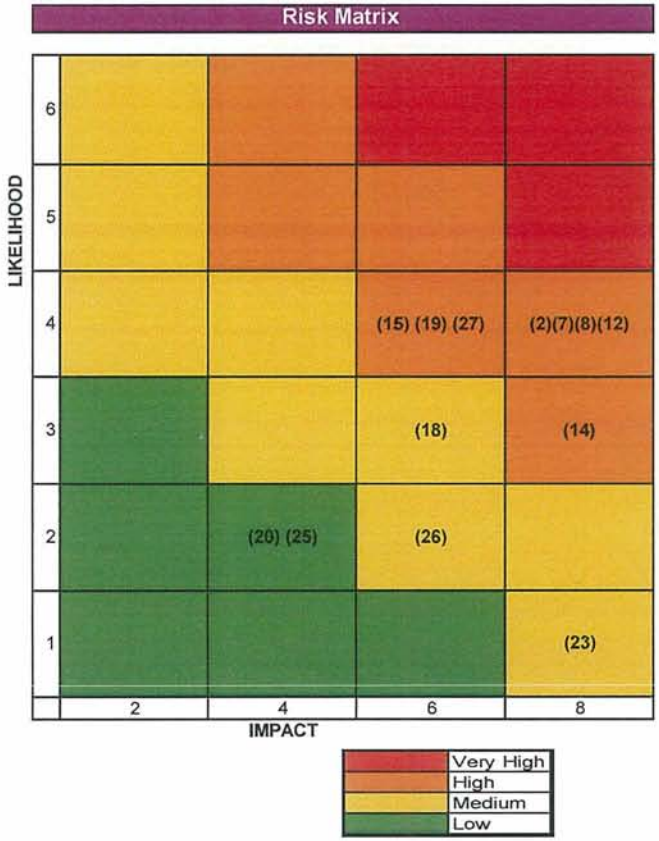
Cross-Council Implications (how does this decision impact on other Council services and priorities?)
A risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. Risk Management is about managing opportunities 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

Contact Julie Holland	**Service** Business Assurance and Democratic Services
Telephone No 0118 974 6630	**Email** Julie.holland@wokingham.gov.uk
Date 13 September 2013	**Version No.** V1

CORPORATE RISK REGISTER



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 match supply and demand for schools places	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 of delivering a tight budget in a sustainable way	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	Removed - Jun 13
(25)	Risk that a decision regarding the changes to decision making is not reached	Apr-13
(26)	Risk that Change and Improvement does not deliver intended outcomes	Jun-13
(27)	Risk of failure of Health and/or Social Care system	Sep-13

Risk Register for:	Corporate Risk Register	Previous Review	14/06/13	Updated on	02/09/2013

Ref	Risk (Cause & Consequence)	Potential Impacts			Risk Score	Further Actions to Mitigate Risk
(2)	Rising local population and demographic change results in a risk to ensuring sufficient places near parents' homes. There are sufficient places in 13/14 and 14/15. Thereafter, there are two risks: (1) the possibility of free schools outside the strategic planning framework; (2) the availability of infrastructure contributions from developers to meet basic need requirements. The cost of new academies and possibly free schools on the DSG is high in comparison to our own schools and places a risk to the security of funding to other schools and central services from the DSG. *Risk of inadequate infrastructure and capacity, along with the associated effect on learning and achievement.* *Risk of excess provision created by the creation of academies and free schools.*	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.	Officer Lead PM Risk Appetite L	Executive Lead CHT Direction of Travel —	H	Ongoing work with communities to promote Free Schools appropriately to fall within our strategic planning framework. Demographer has been commissioned to ascertain future demand for school places.
(7)	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. *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.*	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, impact of being judged inadequate by Ofsted could lead to statutory / government intervention.	Officer Lead PM Risk Appetite L	Executive Lead CHT Direction of Travel —	H	External provider commissioned in relation to recruitment and retention to ensure resillience. Ongoing improvements to internal quality assurance activity. Further and ongoing improvements to Governance of LSCB.

192

Ref	Risk (Cause & Consequence)	Potential Impacts			Risk Score	Further Actions to Mitigate Risk
(8)	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 (and consequent holding prices paid to providers) together with restructure from the establishment of the People Hub and 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. *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.*	Damage to reputation, possible external intervention, litigation, low staff morale, recruitment and retention problems, removal of senior managers.	Officer Lead: SR Executive Lead: JMS Risk Appetite: L Direction of Travel: —		H	A recruitment and retention market review is in place for Social Work and Occupational Therapist posts across the pathway. Ensure safety and safeguarding incorporated into the Change and Improvement process.
(12)	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. *Risk that repair on bridge / road needs a significant short term investment.*	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.	Officer Lead: MM Executive Lead: KB Risk Appetite: M Direction of Travel: —		H	Works planned for Loddon Bridge. Work planned for next high speed road risk, the A4 and then A33, dependent on capital budget allocations. 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. *Risk that the council fails to deliver key objectives through insufficient project 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 GE Risk Appetite L	Executive Lead AP Direction of Travel —	H	A project planned to make best use of Council's assets. Meeting the Council's strategic capital requirement, incorporating Strategic Development Locations (SDL) in the medium term financial plan. Resource planning for Strategic Development Locations (SDL) infrastructure needs.
(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. *Proposed changes to services, policies or contracts are quashed or set aside which reduces the influence the council can exert over corporately important projects.*	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, reputational damage, delays in the implementation of change.	Officer Lead AC Risk Appetite L	Executive Lead DL Direction of Travel —	H	Ensure that detailed legislation compliance checklists are embedded as part of project plans. Also through the development of planning policy. Early procurement of legal advice to ensure compliance with statutory obligations in relation to Planning and Development issues. FOI requests are handled in an appropriate and professional manner, being compliant with legislation.

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. *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.*	Imposition of a substantial fine, reputational damage/ 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: GE Executive Lead: PJ Risk Appetite: L Direction of Travel: —		M	Wokingham Secure Mail is scheduled to be available to the whole organisation by the end of August. This has been piloted by the Information Governance Group. Document marking scheme scheduled to go live at the beginning of September. Undergoing central government audit to ensure continued connection to the Public Service Network. Appointment of an Information Security Officer to be advertised August / September 2013. Training for staff on document / information handling and basic information security practice.
(19)	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 Community Infrastructure Levy (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. *Negotiations will be complex and the risk exists that not all of the infrastructure requested will be provided.*	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 , forward funding of feasibility and costing work, capital resources being directed towards infrastructure delivery.	Officer Lead: HT Executive Lead: KB Risk Appetite: H Direction of Travel: —		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 governance structure for infrastructure delivery.

Ref	Risk (Cause & Consequence)	Potential Impacts			Risk Score	Further Actions to Mitigate Risk
(20)	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. *The council does not deliver its vision and priorities.*	Organisational dissonance, disharmony across organisation, lack of clarity, different objectives / targets, delivery affected, fall behind neighbours, non-compliance with legislation.	Officer Lead: AC Executive Lead: DL Risk Appetite: L Direction of Travel: —		L	Service planning framework is being developed for 2014/15 building on the 2013/14 framework. (01/04/2014). Refresh of the Corporate Plan.
(23)	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. *There is a risk that a corporate manslaughter case could be brought against the council.*	Fine or conviction, reputation damage, removal of key staff, damage to individuals wellbeing.	Officer Lead: AC Executive Lead: DL Risk Appetite: L Direction of Travel: —		M	Review of all historical corporate manslaughter cases in order to ascertain where the main risks lie within the authority. Review council activities for risk of Corporate Manslaughter. Prioritisation of areas of high likelihood for preventative measures.

Ref	Risk (Cause & Consequence)	Potential Impacts			Risk Score	Further Actions to Mitigate Risk
(25)	Following the work of the Governance Working Party, the Council will be consulting on a number of proposed changes to the system of Governance. The risk comes during the period of transition from the current system to the new one. There is a risk that general confusion over the Council's decision-making procedures during the transition will lead to significant reputational loss, legal challenges and complaints. If any changes to the governance arrangements is implemented prior to the settling of the Corporate officer structure, this will inevitably exacerbate any such confusion.	During the transition, there could be organisational confusion about how decisions are made, budgetary - possible extra financial and resource costs of more meetings which exceeds budget, complaints and Ombudsman investigations, judicial review, reputational damage.	Officer Lead SNW Risk Appetite L	Executive Lead DL Direction of Travel —	L	A clear, detailed project plan required, with dates by which the new Governance arrangements are implemented. Clarity over the responsibilities to update the Constitution to reflect the new arrangements (e.g. meeting names/job titles etc.) Articles on Inform, Grapevine etc. to clarify the transitional arrangements to staff.
(26)	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. The transition to new delivery will require capacity to implement and effectively manage the changed provision including potential reputational damage. *The Change and Improvement process impacts the delivery of existing operations and the transition to new service delivery is ineffective.*	Loss of people and organisational intelligence, reputational damage, negative impact on existing Service Delivery, failure to implement successful changes to service delivery.	Officer Lead AC Risk Appetite M	Executive Lead DL Direction of Travel —	M	CLT acting now in order to reduce impact by recruiting in order to reduce the volume of leavers in September 2013. Emerging programme of change following the closure of the Transformation Programme. Business Assurance review top 6 directorate risks during the Change and Improvement process.

Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	Risk Score	Further Actions to Mitigate Risk
(27)	Combination of increase demand due to demographic pressure coupled with actual reductions in health and social care budgets leading to failure of either/or both local health and social care systems. Possible mitigation may not be realised due to potential lack of appetite to change and failure to reach agreement amongst large numbers of stakeholders- 6 LAS,7CCGs,6 Trusts, etc.	Poor service in health and social care systems, negative impact on population health, more costly interventions required, failure to meet legal responsibilities, reputational damage.	SR	JMS	H	Local health and care integration project.
	Risk of failure of local health and/or social care system.		Risk Appetite: L	Direction of Travel: —		

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
4	Marginal	Significant waste of time and resources. Impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover.	Service objectives partially achievable
			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
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	Minor impact on service objectives
			No significant disruption to service capability
			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