

<b>TITLE</b>	<b>Corporate Risk Register refresh – February 2014</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 4 February 2014
<b>WARD</b>	None Specific
<b>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 January Corporate Risk Register refresh process.

This has been reviewed by the Corporate Leadership Team on 21 January 2014.

### **SUMMARY OF REPORT**

As part of this CRR refresh Business Assurance tasked Risk Champions with facilitating their own refresh by meeting with their Directors in order to update the risk register. The Business Assurance Risk Management facilitator was available to assist with queries and advice on any substantive changes. This approach has continued following the recent CLT decision to give more responsibility to the Risk Champions in 2014/15. 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. 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). The annual review of this policy is elsewhere on this agenda. 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 have been revised by the relevant Strategic Director to reflect recent changes/ developments:

- **Risk 2 - Risk of inability to match supply and demand for school places** has been **updated** to show a change in one of the mitigating actions. A report has now been produced by the Demographer to ascertain future demand which will inform ongoing school place planning.
- **Risk 12 - Risk that a bridge/ road needs a significant short term investment for repairs** has been **updated** to show Heather Thwaites as the risk owner following the recent restructuring process.
- **Risk 25 – Transition to New System of Governance Risk** has been **updated** to show Andrew Moulton as the risk owner following the recent restructuring process.

There has been no change to any of the risk scores or direction of travel as part of this refresh.

### FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

*The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.*

	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**

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**

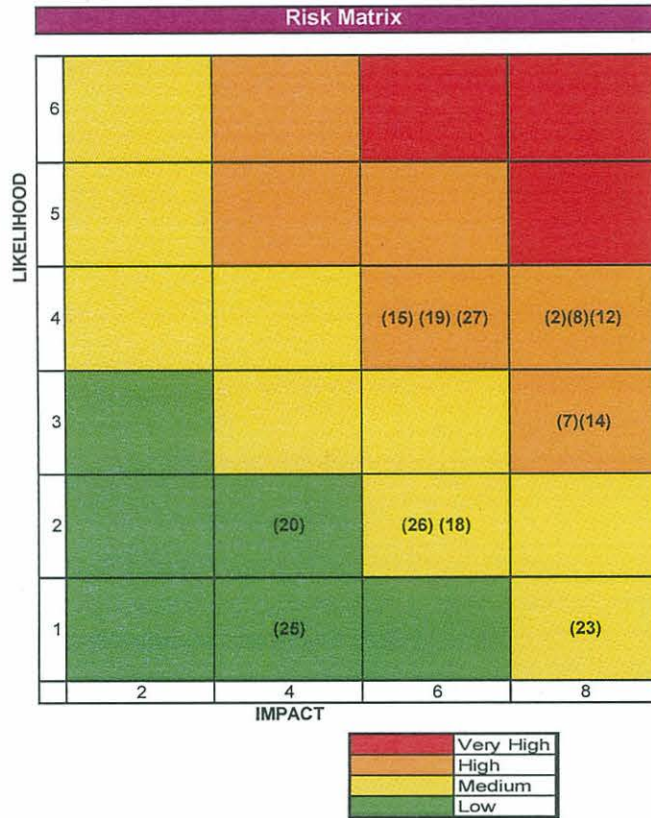
N/A

**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 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 school 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 essential transport infrastructure 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	02/09/13	Updated on	28/10/2013
Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	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:	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	Executive Lead	H	Ongoing work with communities to promote Free Schools appropriately to fall within our strategic planning framework.
	(1) the possibility of free schools outside the strategic planning framework;		PM	CHT		Report produced by demographer to ascertain future demand will inform ongoing school place planning.
	(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 Appetite	Direction of Travel		
	<i>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.</i>		L	—		
(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.	Avoidable harm to a vulnerable child, Damage to reputation, 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	Executive Lead	H	External provider commissioned in relation to recruitment and retention to ensure resilience.
			PM	CHT		Ongoing improvements to internal quality assurance activity.
			Risk Appetite	Direction of Travel		Further and ongoing improvements to Governance of LSCB.
	<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 way raises a risk of serious or significant harm to a vulnerable child or young person with whom the council is working.</i>		L	—		

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 (and consequent holding prices paid to providers) together with restructure from the establishment of the People Hub and Renaissance 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><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	A recruitment and retention market review is in place for Social Work and Occupational Therapist posts across the pathway.
			SR	JMS		Ensure safety and safeguarding incorporated into the Change and Improvement process.
			Risk Appetite	Direction of Travel		
			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.</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	Works planned for Loddon Bridge.
			MD	KB		Advanced protection of parapets at railway crossings to be reviewed.
			Risk Appetite	Direction of Travel		
			M	—		Advanced protection of parapets at railway crossings to be reviewed.

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Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	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.  <i>Risk that the council fails to deliver key objectives through insufficient project resources.</i>	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	A project planned to make best use of Council's assets.
			GE	AP		Meeting the Council's strategic capital requirement, incorporating Strategic Development Locations (SDL) in the medium term financial plan.
			Risk Appetite	Direction of Travel		Resource planning for Strategic Development Locations (SDL) infrastructure needs.
			L	—		
(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.  <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>	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	Executive Lead	H	Ensure that detailed legislation compliance checklists are embedded as part of project plans. Also through the development of planning policy.
			AC	DL		Early procurement of legal advice to ensure compliance with statutory obligations in relation to Planning and Development issues.
			Risk Appetite	Direction of Travel		Improved communication and joint working with Parish and Town councils.
			L	—		

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Ref	Risk (Cause & Consequence)	Potential Impacts	Officer Lead	Executive Lead	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, 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	Executive Lead	M	Undergoing central government audit to ensure continued connection to the Public Service Network.
	GE		PJ			
	<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>		Risk Appetite	Direction of Travel		
			L	—		
(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.	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	Executive Lead	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.
	HT		KB			
	<i>Negotiations will be complex and the risk exists that not all of the infrastructure requested will be provided.</i>		Risk Appetite	Direction of Travel		
			H	—		

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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.	Organisational dissonance, disharmony across organisation, lack of clarity, different objectives / targets, delivery affected, fall behind neighbours, non-compliance with legislation.	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		Re-focus of joint board on Governance and and implementation of the Vision
	Risk Appetite		Direction of Travel	Implementation of a joined up capital bid process through the new governance structure for		
	L		—			
	<i>The council does not deliver its vision and priorities.</i>					
(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.	Fine or conviction, reputation damage, removal of key staff, damage to individuals wellbeing.	Officer Lead	Executive Lead	M	Review of all historical corporate manslaughter cases in order to ascertain where the main risks lie within the authority.
			AC	DL		Review council activities for risk of Corporate Manslaughter.
	Risk Appetite		Direction of Travel	Prioritisation of areas of high likelihood for preventative measures.		
	L		—			
	<i>There is a risk that a corporate manslaughter case could be brought against the council.</i>					

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Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(25)	Transition to New System of Governance Risk Following the work of the Decision Making Review 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. In particular, these risks are:	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	Executive Lead	L	A clear, detailed project plan required, with dates by which the new Governance arrangements are implemented.
	SNW		DL	Clarity over the responsibilities to update the Constitution to reflect the new arrangements (e.g. meeting names/job titles etc.)		
	Risk Appetite		Direction of Travel	Articles on Inform, Grapevine etc. to clarify the transitional arrangements to staff.		
	L		—			
(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.	Loss of people and organisational intelligence, reputational damage, negative impact on existing Service Delivery, failure to implement successful changes to service delivery.	Officer Lead	Executive Lead	M	Emerging programme of change following the closure of the Transformation Programme.
	AC		DL	Business Assurance review top 6 directorate risks during the Change and Improvement process.		
	Risk Appetite		Direction of Travel			
	M		—			
	<i>The Change and Improvement process impacts the delivery of existing operations and the transition to new service delivery is ineffective.</i>					

Ref	Risk (Cause & Consequence)	Potential Impacts	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.	Officer Lead	Executive Lead	H	Local health and care integration project.
			SR	JMS		
			Risk Appetite	Direction of Travel		
	L		—			
	<i>Risk of failure of local health and/or social care system.</i>					

**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
			No significant disruption to service capability
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	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.