

TITLE	Corporate Risk Register refresh – May 2014
FOR CONSIDERATION BY	Audit Committee on 1 July 2014on
WARD	None Specific
DIRECTOR	Andy Couldrick, Chief Executive

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

That the Audit Committee 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 October Corporate Risk Register refresh process.

Given the changing operating environment for the council Audit Committee should consider whether the risk appetite for each risk remains reflective of current conditions.

SUMMARY OF REPORT

As part of this CRR refresh service Risk Champions facilitated their refresh by meeting with Strategic Directors in order to update the risk register. The Business Improvement Risk Management facilitator was available to assist with queries and advise on any substantive changes. This approach has continued following the recent CLT decision to give more responsibility to the 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 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. 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 add a further mitigating actions being; renew primary school provision strategy.
- **Risk 7 – Risk of serious or significant harm to a vulnerable child or young person with whom the Council is working** has had a mitigating action **updated**; New Recruitment and Retention Strategy will be proposed to CLT in the summer.
- **Risk 12 - Risk that a bridge/ road needs a significant short term investment for repairs** has been **updated** to add further mitigating actions being; formalised program of inspections and forward plan of capital works, both to be reviewed at the point of the next refresh.
- **Risk 18 - Risk of a significant fine and reputational damage due to loss of confidential / sensitive data** has been **updated** as the risk cause was around the roll out of EDRMS, this was completed last year. This risk now reflects the ongoing information security risk being that the Council holds information of a confidential and sensitive nature. There have been past breaches of information security and it is an area under intensive scrutiny from the Information Commissioner. The primary risk is likely to concern paper based documents.
- **Risk 19 - Risk that infrastructure requested by the council as part of the SDL's will not be provided** has been updated as the likelihood has been reduced from a 4 (significant) to a 3 (moderate) in view of the success of the HCA (Home and Communities Agency) bid as well as the overall change in approach to negotiation and delivery with developers and the progress this has achieved – this has resulted in the risk itself reducing from high to medium. There has also been a minor update in the wording of one of the existing controls to include progressing a draft CIL through to the examination stage.
- **Risk 25 – Transition to New System of Governance Risk** has been **removed** and it is proposed that it continue to be managed at service level through inclusion on the service risk register. At the time this risk was identified as being appropriate for inclusion in the Corporate Risk Register there was potential for significant

change in the Council's governance arrangements and should that occur, the risk would come during the period of transition from the current governance system to a new one. However, a decision was taken at the 21 November 2013 Council meeting that the Decision Making Review Working Group further considers changes to modify and enhance the current Executive structure, including resulting constitutional changes, for consideration by Council at a future meeting. As these changes are likely to have minimal corporate impact it is considered appropriate that this risk be managed at service rather than corporate level.

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

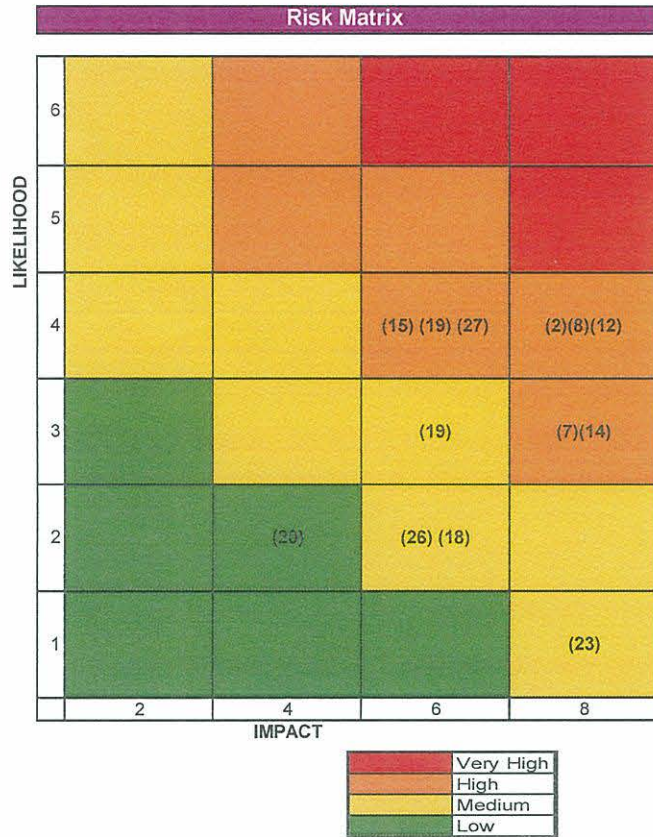
Cross-Council Implications
A risk is an unexpected event or action that can adversely affect the Council's ability to achieve its objectives and successfully execute its strategies. Risk Management is about managing opportunities and threats to objectives. Therefore good risk management will assist the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

Contact Victoria Jackson	Service Governance and Improvement Services
Telephone No 0118 974 6628	Email Victoria.jackson@wokingham.gov.uk
Date 16 June 2014	Version No. 2.0

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	Removed - Jul 14
(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

23/01/14

Updated on

04/06/2014

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 results in a risk to ensuring sufficient places near parents' homes. There are sufficient places in 14/15 and current projects to add further capacity in 15/16. Thereafter, there are two risks:</p> <p>(1) the possibility of free schools outside the strategic planning framework;</p> <p>(2) the availability of infrastructure contributions from developers to meet basic need requirements (and availability of identified school sites for larger developments) 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.</p> <p><i>Risk of inadequate infrastructure and capacity, along with the associated effect on learning and achievement.</i> <i>Risk of excess provision created by the creation of academies and free schools.</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>	Officer Lead	Executive Lead	H	Ongoing work with communities to promote Free Schools appropriately to fall within our strategic planning framework.
			JR	CHT		Report produced by demographer to ascertain future demand will inform ongoing school place planning.
			Risk Appetite	Direction of Travel		Renew primary school provision strategy
			L	—		
(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.</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 way 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, Litigation, Low staff morale - loss of staff, unstable workforce - poor outcome for children, unmanageable budget., 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.</p>	Officer Lead	Executive Lead	H	New Recruitment and Retention Strategy proposal to CLT in summer
			JR	CHT		Ongoing improvements to internal quality assurance activity.
			Risk Appetite	Direction of Travel		Further and ongoing improvements to Governance of Local Safeguarding Children Board (LSCB).
			L	—		

10

511

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. It is vital to ensure continued focus on safeguarding systems (duty, response, QA of provider sector, procedure and strategy - Safeguarding Adults Partnership Board and interagency working, workforce training) The ongoing public sector finance constraints when set against continued demographic pressures requires careful judgement to ensure essential services remain sustainable - continued pressure to hold fees may result in workforce recruitment problems and/or provider failure.</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	Review of Quality Assurance and professional standards commenced, led by the Director
			SR	JMS		Risk and impact assessment will be central to the Department's Service Planning
			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.
			HT	KB		Advanced protection of parapets at railway crossings to be reviewed.
			Risk Appetite	Direction of Travel		Formalised program of inspections
			M	—		Forward plan of capital works

Ref	Risk (Cause & Consequence)	Potential Impacts	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><i>Risk that the council fails to deliver key objectives through insufficient project resources.</i></p>	<p>Shortage of capital resources, schemes delayed, scope of schemes reduced, changed attitude with partners, credibility affected, delivering less, loss of fee income, impact of funding on service and posts.</p>	Officer Lead	Executive Lead	H	<p>A project planned to make best use of Council's assets.</p> <p>Meeting the Council's strategic capital requirement, incorporating Strategic Development Locations (SDL) in the medium term financial plan.</p> <p>Resource planning for Strategic Development Locations (SDL) infrastructure needs.</p>
			GE	AP		
			Risk Appetite	Direction of Travel		
			M	—		
(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><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></p>	<p>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.</p>	Officer Lead	Executive Lead	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>Improved communication and joint working with Parish and Town councils.</p>
			AC	KB		
			Risk Appetite	Direction of Travel		
			L	—		

114

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(18)	The Council holds information of a confidential and sensitive nature. There have been past breaches of information security and it is an area under intensive scrutiny from the Information Commissioner. The primary risk is likely to concern paper based documents.	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	Continuing IGG programme of work & SIRO updates to CLT
	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	M	Discussions with agencies such as the HCA and LEP to secure contributions to infrastructure feasibility work and provision.
	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		Implementation of a joined up capital bid process through the new governance structure for infrastructure delivery.
			M	—		

115

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	KB		
	Risk Appetite		Direction of Travel			
	L		—			
The council does not deliver its vision and priorities.						
(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	KB		
	Risk Appetite		Direction of Travel			
	L		—			
There is a risk that a corporate manslaughter case could be brought against the council.						

117

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. The transition to new delivery will require capacity to implement and effectively manage the changed provision including potential reputational damage.</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>			M	<p>Emerging programme of change following the closure of the Transformation Programme.</p>
	<p><i>The Change and Improvement process impacts the delivery of existing operations and the transition to new service delivery is ineffective.</i></p>		AC	KB		<p>Business Assurance review top 6 directorate risks during the Change and Improvement process.</p>
			Risk Appetite	Direction of Travel		
			M	—		

Ref	Risk (Cause & Consequence)	Potential Impacts	Risk Score		Further Actions to Mitigate Risk	
(27)	<p>Degree and scale of change to the health and social care system will destabilise or cause wholesale system failure. Health and social care integration requires complex changes to pathways, accountabilities and funding - risk to governance and systems in the migration (e.g. patient/client information, lack of clarity as to case management responsibility and agency response). Push to shift health care to community base and be less dependent on in-patient acute care could lead to additional pressure on social care budgets that might not be adequately compensated by savings, either because savings are targetted to community health services, or not realised.</p> <p><i>Risk of failure of local health and/or social care system such that residents receive inadequate or unsafe response.</i></p> <p><i>Unsustainable additional financial pressure on adult social care budgets</i></p>	<p>Poor service in health and social care systems, negative impact on population health, more costly interventions required, failure to meet legal responsibilities, reputational damage.</p>	Officer Lead	Executive Lead	H	Local health and care integration project.
			SR	JMS		
			Risk Appetite	Direction of Travel		
			L	—		

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
4	Marginal	Significant waste of time and resources. Impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover.	Breaches of law punishable by fines or possible imprisonment
			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.
2	Negligible	Minimal loss, delay, inconvenience or interruption. Short to medium term affect.	Breaches of law punishable by fines only
			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			

11A

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.

120