

Epping Forest District Council Corporate Risk Register

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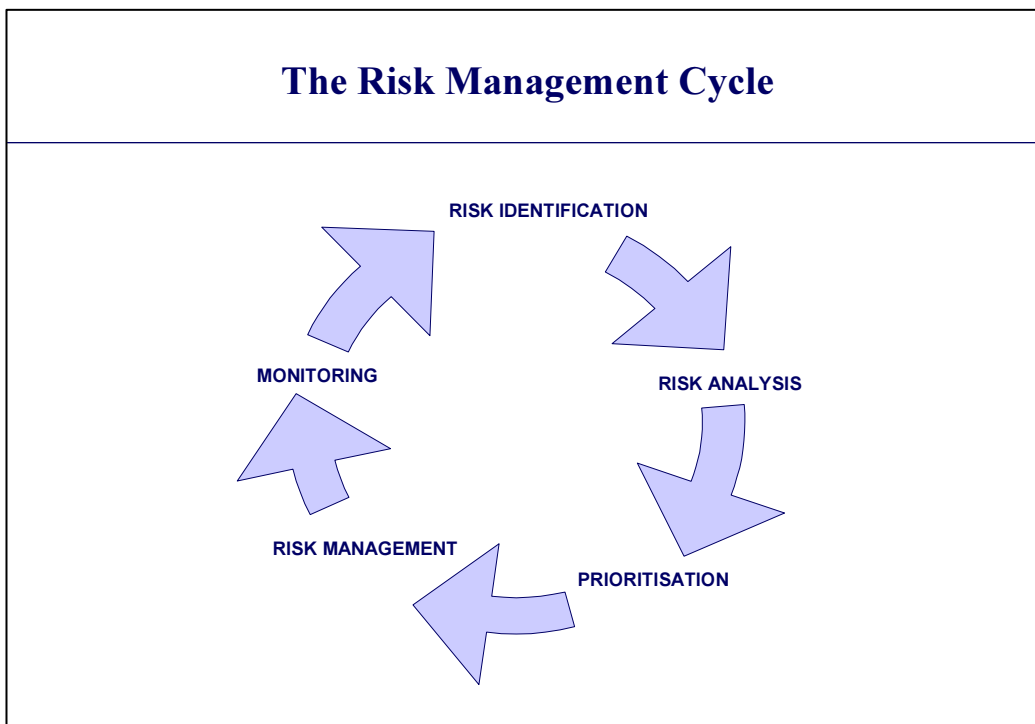
1. Introduction

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is not an end in itself. Rather, risk management is a means of minimising the costs and disruption to the organisation caused by undesired events.

The aim is to reduce the frequency of risk events occurring (where possible) and minimise the severity of their consequences if they do occur.

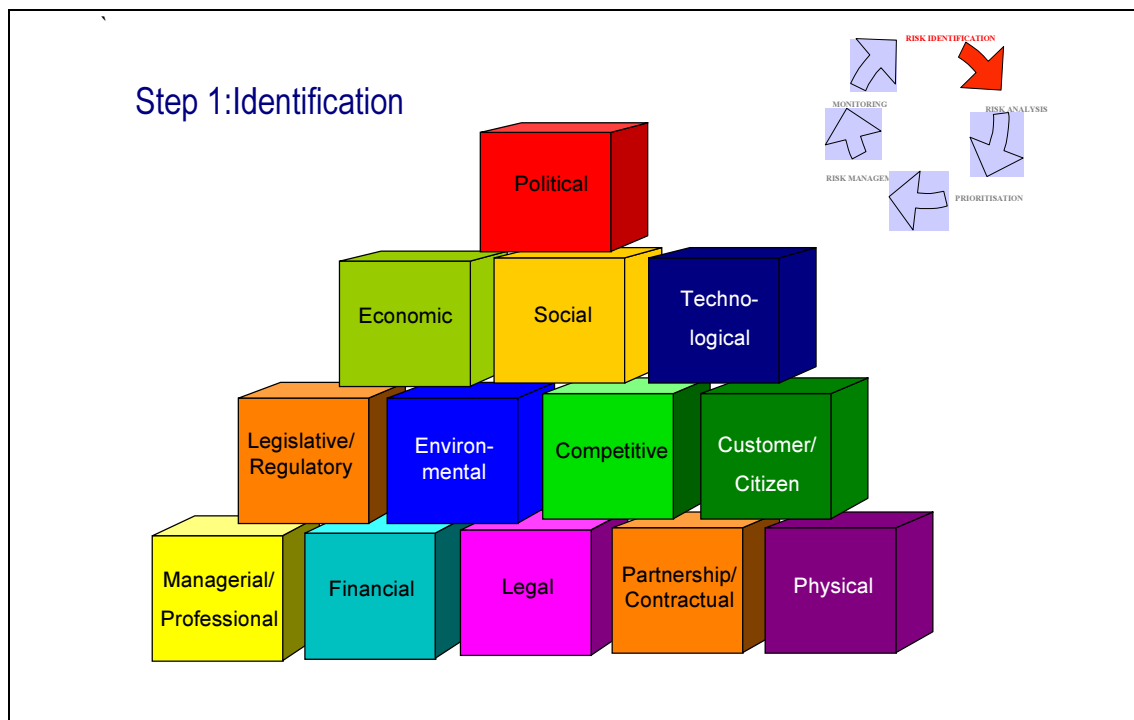
2. The Process

To manage risk effectively, the risk associated with each policy option or service delivery method needs to be systematically identified, analysed, prioritised, controlled and monitored. This process is referred to as the risk management cycle, which can be seen below.



2.1 Risk identification

The first of five stages of the risk management cycle requires risk identification. This is achieved through standing items on Corporate Governance Group and Management Board and from discussions at the Risk Management Group, which is held quarterly. Risk is covered under 13 categories of risk as shown below.



2.2 Risk analysis and prioritisation

Once the risks are identified, these are then assessed for impact and likelihood and plotted onto a matrix. The impact, compared against the objectives of the Authority, (Council Policy Themes and Aims), was measured as being negligible, marginal, critical or catastrophic. The likelihood, of the risks occurring over the next three years, was measured as being almost impossible, very low, low, significant, high or very high.

A group of Members and Senior Officers originally set the risk tolerance line, which involved considering each of the squares on the matrix and deciding if they were prepared to tolerate a risk in that box or if they wanted to actively manage it. This theoretical tolerance line effectively splits the risks on the matrix, with those risks above the line requiring further scrutiny and those below the line not requiring high-level intervention at this time. The Finance and Performance Management Cabinet Committee now review this quarterly.

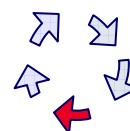
2.3 Risk management and monitoring

The next stage is to complete management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

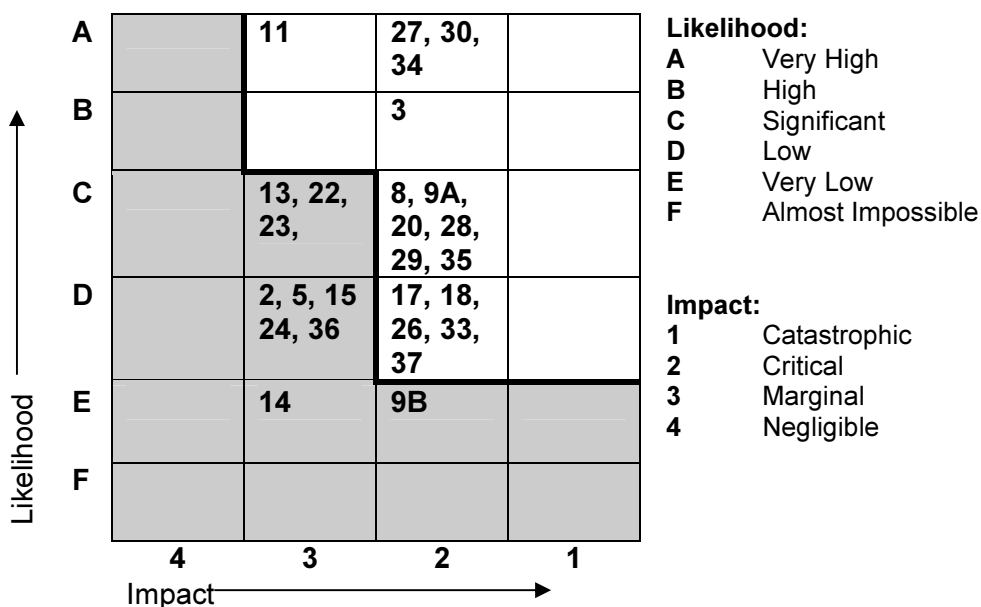
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

3. Results

3.1 Risk profile



The risk profile and priority are given below.



Appendix 1 shows all the risks that were rated on the profile.

3.2 Above the line Risk clusters

The 16 above the line risks have been grouped into 8 clusters that will help to streamline the action planning process. These are shown below:

Cluster name	Risk Scenarios	Medium Term Aims/Council Key Objectives
Local Plan	3, 29	c, e 1
Key Contracts	20	a, b, d 2, 4
Business Continuity Planning	8, 9A, 28	a, d 2, 4
Financial pressures	26, 27, 30, 34, 35	a, b, c, d, e 2, 3, 4
Local housing needs	11, 33,	a, c, d, e 5
Capital receipts spent on non revenue generating assets	17	a, b, d 2
Loss or theft of data	18	
Gazetteer	37	d 2

The action plans can be seen at Appendix 2

Medium Term Aims 2011 - 2015

- (a) Endeavour to safeguard frontline services that our local residents tell us are important against a background of diminishing resources.
- (b) Have the lowest District Council Tax in Essex and maintain that position.
- (c) Be recognised as an innovative and transparent council involving residents in our decisions.
- (d) Continuously improve efficiency by adopting new ways of working with our partners and maximising revenue from our assets.
- (e) Provide clear community leadership and be a strong advocate, championing the interests of the people of Epping Forest and protecting the special character of the District.

Council Key Objectives 2012 - 2013

The Council Key Objectives referred to above are contained on pages 27 - 41 of the Corporate Plan.

1. The development of the Council's Local Plan
2. The achievement of the levels of net savings necessary to maintain the Council's sound financial position.
3. The implementation of the Government's proposed welfare and other finance reforms with the least possible disruption to service users and the Council's operations
4. The implementation of initiatives to help mitigate the current economic conditions on local communities and businesses.
5. Maximising the provision of affordable housing within the district
6. The implementation of relevant provisions contained within the Localism Act 2011, and other public sector reforms.

Appendix 1 – Risk Register

Risks marked “ * ” are above tolerance and require managing

No	Rating		Short name	Vulnerability	Trigger	Consequence
27	A2	*	Shortfall in key income streams	<p>Recession and credit crunch causing long term lower interest rates.</p> <p>Depressed economy continues with lower demand for Building Control, MOT and Land Charges services.</p> <p>Reliance on major income generating contracts and ability to increase charges.</p>	<p>Reduced economic confidence.</p> <p>Prolonged recession/loss of business</p> <p>Collapse of a contract</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Use of reserves • Staffing and service level reductions
30	A2	*	Reduction in Government Funding	<p>With change to the funding based on local retention of NDR the Council will be more vulnerable to downturns in the local economy.</p> <p>Insufficient new homes built to offset grant Reductions.</p>	<p>Large business or businesses cease trading</p> <p>Lack of residential development.</p>	<ul style="list-style-type: none"> • Loss of revenue • Increase Council Tax • Reduction in number and level of services • Increase in charges
34	A2	*	Changes to Benefit system	<p>The government is undertaking a major reform of the welfare system this is likely to have serious impacts on the Council, benefit claimants and staff.</p> <p>The DWP are considering changes to fraud investigation which could see Housing Benefit Fraud staff transferring to them.</p>	<p>Welfare reform requiring substantial change to the calculation and administration of benefits</p>	<ul style="list-style-type: none"> • Residents no longer able to afford current tenancies. • Possible transfer of staff to DWP. • Possible redundancies of staff and associated costs. • Problems in recruiting lead to reduction in performance • Possible reduction in the authority's capacity for dealing with fraud.

No	Rating		Short name	Vulnerability	Trigger	Consequence
11	A3	*	Unable to provide sufficient housing for local people	The Council has targets in terms of key housing needs and affordable housing, however, there is a shortage of available land in the district for housing and economic development, with high house prices.	Unable to provide sufficient housing for local people	<ul style="list-style-type: none"> • Unable to achieve targets for affordable housing • Council seen as failing • District becomes more suburban • Young people leave area/Increased elderly population • Character of district changes
3	B2	*	Potential difficulty producing Local Plan to timetable	<p>Ongoing changes to Planning system.</p> <p>Staff unable to cope with increasing workloads partly due to legislative changes with associated consultation.</p> <p>Costs exceeding budget provision.</p>	<p>Missed deadlines</p> <p>Council unable to agree a coordinated plan with all other involved parties.</p> <p>Need more or longer consultant reports than anticipated.</p>	<ul style="list-style-type: none"> • Increased staff stress levels/stress related leave. • Not achieving objective of delivering a sound Local Plan. • Not providing strategic direction for housing and growth in the District. • NPPF comes into effect without adopted Local Plan • Supplementary estimate needed
8	C2	*	Business Continuity Management	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act	Unable to respond effectively to a business continuity incident (e.g. IT virus / flu pandemic)	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively
9A	C2	*	Depot Manager	That, due to the lack of an overall Depot Manager, an issue falls between the various service managers and is not adequately addressed.	Accident or conflict between users.	<ul style="list-style-type: none"> • Adverse impact on service delivery • Increased costs and legal implications • Council criticised • HSE investigation/prosecution

No	Rating		Short name	Vulnerability	Trigger	Consequence
20	C2	*	Key contract collapses or service levels deteriorate	Contractors are providing some key council services. There have been changes in terms of service delivery and there are concerns around the ability of contractors to meet service changes and deliver the required level of performance.	Contractor collapses / is unable to provide service or Service level deteriorates	<ul style="list-style-type: none"> • Service fails / adversely affected • Alternative arrangements need to be made • Increased costs and legal implications • Health risks • Dissatisfied customers • Censure by audit/inspection
28	C2	*	Workforce Development Planning	The age profile of the Council's workforce is increasing and a number of senior staff are likely to retire at a similar time. Any concentrated loss of experience could cause disruption to service management.	Loss of a number of senior staff with no immediate replacement.	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Key performance indicators affected • Censure by audit/inspection
35	C2	*	Budget reductions	The medium term financial strategy requires net CSB reductions of £1.3m over four years.	Required net savings not achieved.	<ul style="list-style-type: none"> • Greater use of reserves. • Higher level of saving in subsequent years.
29	C2	*	Gypsy Roma Traveller Provision	<p>a) The area attracts gypsies and travellers but does not have an unlimited supply of pitches.</p> <p>b) An updated GTAA is underway but is still to be completed.</p>	<p>More gypsies and travellers than can be accommodated on official sites attempt to stay in the district.</p> <p>Current GTAA found to be deficient.</p>	<ul style="list-style-type: none"> • Unofficial sites are established • Complaints from public/landowners • Possible enforcement action • Enforcement action made more difficult • Unable to successfully defend GRT related decisions. • Resource intensive legal process • Key performance indicators affected

No	Rating		Short name	Vulnerability	Trigger	Consequence
17	D2	*	Significant amount of capital receipts spent on non revenue generating assets	Capital resources are scarce and their use needs to be carefully prioritised.	Authority spends a significant amount of capital receipts on non revenue generating assets.	<ul style="list-style-type: none"> • Loss of interest • Loss of cover for contingencies • Financial strategy becomes untenable in the long term • Service reductions required • Large Council Tax increases required
18	D2	*	Loss or theft of data	The Authority handles a large amount of data. Either through hacking or carelessness security of the data could be compromised.	Data held by the Council ends up in inappropriate hands.	<ul style="list-style-type: none"> • Breach of corporate governance • Increased costs and legal implications • Reputation damaged
26	D2	*	Investments	The Council lends money to a large number of financial institutions. In the current economic climate it appears that the long-term future of very few institutions can be guaranteed.	Financial institution fails whilst holding Council funds.	<ul style="list-style-type: none"> • Loss of investment • Loss of revenue • Reduction in services • Increase in charges • Reputation damaged
33	D2	*	Reform of Housing Revenue Account	The Council took on £186m of debt. Financial modelling shows this level of debt can be managed. However variables in the model may change and the government may increase the level of debt. Accounting arrangements may impact on General Fund.	<p>More Council houses sold than anticipated so revenue reduced.</p> <p>Government increases debt settlement.</p>	<ul style="list-style-type: none"> • HRA becomes unsustainable. • Repairs and maintenance spending reduced. • Large rent increases • Additional charges to general fund.

No	Rating		Short name	Vulnerability	Trigger	Consequence
37	D2	*	Local Land and Property Gazetteer	Inability to ensure accurate Address Management and Local Land & Property Gazetteer (LLPG) requirements which may contravene the contractual responsibilities of the Data Co-operation Agreement (DCA)	Failure to improve National Standard Performance Indicators within the agreed timescales.	<ul style="list-style-type: none"> • Loss of reputation • Financial penalties in terms of DCA • Errors in Address Records and GIS locations cause delay in Emergency Service Response
13	C3		Key objectives not delivered due to capacity issues	<p>The Council is facing a challenging agenda with a number of initiatives and projects.</p> <p>There is a concern the corporate core, in particular, is light in terms of staffing, resource and capacity. And while the Council has the financial resources to deliver on key priorities, it may not have sufficient HR capacity</p> <p>There are concerns around overload and a recognised need to set achievable agendas.</p>	Council fails to deliver key objectives on time	<ul style="list-style-type: none"> • Slippage on key projects / initiatives • Deadlines and targets not met • Lack of focus • Workloads increase • Staff de-motivated
22	C3		Key partnership fails	<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, but these don't always have clear governance arrangements with related documentation thin on the ground.</p> <p>Localism act may cause transfer of Council services to providers with governance issues as above.</p>	Key partnership fails or services provided via arrangements lacking adequate governance.	<ul style="list-style-type: none"> • Relationships with other bodies deteriorate • Clawback of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance

No	Rating	Short name	Vulnerability	Trigger	Consequence
23	C3	Fraud including bribery	<p>A weakness in internal controls or the application of internal controls or criminal collusion such that fraud or bribery is either not prevented or not detected.</p> <p>Loss of experienced counter fraud staff</p>	<p>Significant fraud or bribery occurs.</p> <p>Welfare reform requiring transfer of investigators to SFIS.</p>	<ul style="list-style-type: none"> • Loss of resources • Damage to Council's reputation • Effect on staff morale
2	D3	Inconsistent approach to procurement	<p>a) full conformity with best practice and Contract Standing Orders is still to be achieved.</p> <p>b) failure to comply with EU procurement regulations</p>	<p>a) Procurement exercise breaches contract standing orders</p> <p>b) Challenge by unsuccessful bidders</p>	<ul style="list-style-type: none"> • Efficiency savings not made or contracts fail • Procured service poor/not value for money • Any EU failures will involve legal costs, fines and compensation • Negative impact on service delivery where procurement exercise has to be re-done.
5	D3	Local Government Reorganisation which is detrimental to the Council and Community	<p>Even though there are no current proposals to change boundaries in Essex, there remains a concern that this might change.</p> <p>There are a number of initiatives examining service deliver models that imply a sharing of resources. Concern exists that any pooling or sharing of resources may be detrimental to some individual authorities.</p>	<p>Reorganisation or change in service delivery which is detrimental to the Council and Community</p>	<ul style="list-style-type: none"> • Outflow of resources from district • Existing priorities stopped • Projects stopped / delayed • Change in direction

No	Rating	Short name	Vulnerability	Trigger	Consequence
15	D3	Sickness absence	Levels of sickness absence increase or are not consistently reported.	Sickness absence not effectively managed	<ul style="list-style-type: none"> • Staff absence impacts on ability to deliver • Increased costs of using agency staff • Efficiency savings affected • Impact on staff morale • Possible litigation / claims
24	D3	Cash balances	Retention of large reserves and balances fails to provide best value and restricts the development of key services.	Key service deteriorates due to lack of resources.	<ul style="list-style-type: none"> • Service delivery adversely affected • Criticism from inspection / audit • Slippage on key projects • Dissatisfied customers
36	D3	North Weald Airfield Bund	The bund has low to moderate likelihood of failure which may result in slump extending to the kerb of the M11 motorway.	Failure of the bund.	<ul style="list-style-type: none"> • Failure of the bund leads to disruption on the M11 motorway. • Failure of the bund may lead to injury or damage to property. • Insurance claim against the Council. • Reputational damage.
9B	E2	Depot Accommodation	That the Council is unable to provide appropriate and safe accommodation for all contracted depot users.	Depot sites disposed of prior to replacement facilities being available.	<ul style="list-style-type: none"> • Adverse impact on service delivery • Increased costs and legal implications • Council criticised

No	Rating	Short name	Vulnerability	Trigger	Consequence
14	E3	Key initiatives resisted / delayed by culture of authority	<p>There is a view that the authority needs to significantly change means of service delivery to meet the ever-changing demands of the wider community, and the requirements of the government agenda.</p> <p>Implementing this will require a significant culture change across the authority, and strong consistent leadership from senior levels of the Authority.</p>	Key initiatives e.g. shared services resisted / delayed by current culture within the authority	<ul style="list-style-type: none"> • Initiatives / plans not achieved • Failure to make savings, reduce duplications and make continuous improvements • Adverse effect on performance • Censure by audit/inspection • Image of council damaged

Appendix 2 – Action Plans

RISK NO.	CURRENT RISK SCORE	TARGET RISK SCORE	CLUSTER NAME
8, 9A, 28	C 2	C 3	Business Continuity Planning
26, 27, 30, 34, 35	A 2/ C 2/ D 2	D 2	Financial pressures
11, 33	A 3/ D 2	A 4	Local housing needs
3, 29	B 2 / C 2	D 2	Local Plan
20	C 2	D 2	Key Contracts
17	D 2	E 2	Capital receipts spent on non revenue generating assets
18	D 2	E 2	Loss or theft of data
37	D2	E 2	Local Land and Property Gazetteer

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
27	Shortfall in key income streams						
	Monitoring of both investment returns and income	Effective to date, as revised estimates have allowed for necessary changes	Continue to monitor and seek to diversify income streams.	Cabinet All Directors	Avoid need to make severe budget cuts	Quarterly	None
30	Reduction in Government Funding						
	The Medium Term Financial Strategy is updated each year to identify any need for savings.	To date savings targets have been achieved.	As part of the 2013/14 budget process identify areas for review to achieve savings.	Leader of Council Chief Executive	Savings targets achieved with expenditure reductions over the medium term as part of a structured plan.	Quarterly	31/12/13
34	Changes to Benefit system						
	Joint Benefits and Housing working group established. Mitigation action plan developed.	Effective to date, but will only be fully tested from April 2013.	Working Group to continue and amend mitigation action plan as necessary.	Finance and Technology Portfolio Holder. Housing Portfolio Holder Director of Finance and ICT Director of Housing	A smooth implementation of welfare reforms. Minimise number and cost of redundancies.	Quarterly	31/03/13

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
11	Unable to provide sufficient housing for local people						
	Requirement for 40% affordable housing on all large sites. Developments on green belt can result in more affordable housing. Council considers annual provision of grant to housing associations.	Meeting all housing need will not be addressed by existing control, but will help. Grant from the Council also assists.	Early identification of new sites as part of emerging Local Plan process.	Housing Portfolio Holder Director of Housing	Whether housing need is significantly reduced.	Quarterly	None
3	Potential Difficulty producing Local Plan to timetable						
	Early engagement with key stakeholders, Managing workload and external staff recruitment, On-going joint working with Harlow Council	Timetable for delivery, which has key milestones in place.	Member approved framework required to progress inter-authority working. Continued monitoring through dedicated Cabinet Committee.	Leader of Council Planning Portfolio Holder Director of Planning and Economic Development	Council retains control of the delivery arrangements at a local level.	Quarterly	30/09/13
8	Business Continuity Management						
	Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.	The effectiveness of controls is assessed periodically through test and exercises.	Both corporate and service business continuity plans are being updated. Cabinet has approved measures to enhance the resilience of ICT.	Support Services Portfolio Holder Chief Executive	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
9 A	Depot Manager						
	An officer group meets to co-ordinate management issues at Langston Road.	No serious incident to date.	Evaluate need to unify management of site under one individual.	Asset Management and Economic Development Portfolio Holder Chief Executive	Avoidance of accidents/conflicts.	Quarterly	None
20	Key contract collapses or service levels deteriorate						
	Systems for contract monitoring in place. Contingency plans exist to deal with contract failure.	Contract monitoring established. Business continuity planning has proved effective in waste management.	Continue existing contract monitoring procedures for extended contracts.	Leisure & Wellbeing People Portfolio Holder Environment Portfolio Holder Director of Environment and Street Scene	No significant impacts on service delivery from any contract failures.	Quarterly	None
28	Workforce Development Planning						
	A Council wide initiative on Workforce Development Planning is now being pursued.	Staff capable of promotion on a temporary or permanent basis can generally be identified.	All Directorates need to analyse future skills gaps and plan to develop staff accordingly.	Cabinet All Directors	No disruption to service provision caused by retirements.	Quarterly	None
35	Budget reductions						
	Some service reviews already underway.	Service reviews have successfully identified savings required for 13/14.	Identify saving required for 2014/15.	Leader of Council Chief Executive.	Required net savings achieved.	Quarterly	31/12/13

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
29	Gypsy Roma Traveller Provision						
	<ul style="list-style-type: none"> - Timely adoption of a revised GTAA, - Additional 1 year post agreed to support Forward Planning Section, - Early engagement with key stakeholders - Joint working (external and internal) and enforcing on such incidents 	<p>Implementation of the GTAA, but effectiveness depends on planning appeal success rate, which is decided by The Planning Inspectorate.</p> <p>Changes required in Government policy to effectively controlled incidents</p>	<p>Part of the Local Plan timetable for engagement and decision making.</p> <p>Evidence base for GTAA needs to be agreed.</p>	<p>Leader of Council Planning Portfolio Holder</p> <p>Director of Planning and Economic Development</p>	<p>Timely delivery of the Local Plan and appeal success rate.</p> <p>Successful management of incidents.</p>	Quarterly	30/09/13
17	Significant amount of capital receipts spent on nonrevenue generating assets						
	Five year capital programme prepared which includes resources.	Effective to date as even with £83M capital programme over 5 years over £7.8M of usable receipts anticipated at end of period.	Continue to highlight consequences of all new capital schemes.	<p>Finance & Technology Portfolio Holder</p> <p>Chief Executive</p>	Maintenance of adequate capital and revenue balances.	Quarterly	31/12/13

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
26	Investments						
	Lending is controlled in accordance with the Treasury Management Strategy, which is structured on levels of credit ratings.	To date there has been one failure where the Council is at risk of some loss.	Ensure all credit rating updates are promptly reflected in the counter party list and in considering alternative investments give highest weighting to security.	Finance & Technology Development Portfolio Holder Director of Finance & ICT	No further counter party failures that put Council funds at risk.	Quarterly	None
33	Reform of Housing Revenue Account						
	Detailed financial modelling undertaken. Representations made to CIPFA and CLG.	Effective to date but debt settlement could be reopened.	Continue to make representations and respond to consultations.	Housing Portfolio Holder. Finance and Technology Development Portfolio Holder. Director of Finance and ICT Director of Housing	Sustainable level of debt agreed. No serious impact on general fund.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
18	Loss or theft of data						
	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Data Protection Officer seeking to raise awareness amongst all officers of issues in relation to the need to ensure the security of personal data.</p>	Generally effective to date.	<p>Controls in the agenda publication system have been strengthened and staff have been reminded of the additional care needed when dealing with confidential documents.</p> <p>Revised Corporate Data Protection Policy considered by Management Board (28.11.2012)</p> <p>Data Protection e-learning module to be rolled-out for compulsory staff completion every two years.</p> <p>Data protection arrangements included within Audit plan for 2012/13.</p>	<p>Finance & Technology Portfolio Holder</p> <p>Director of Finance & ICT</p> <p>Senior Information Risk Owner (Deputy Chief Executive)</p> <p>Data Protection Officer</p>	<p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p> <p>Continued security of personal data held by the Council in accordance with the Data Protection Act 1998.</p>	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
37	Gazetteer						
	Local Land and Property Gazetteer (LLPG) improvement plan in place including support arrangements from GeoPlace LLP. Supplementary estimate approved by Council 19/02/13.	Monitoring of LLPG Improvement Plan by GIS/Mapping/Gazetteer (GMG) Team and Business Manager (PED)	Priority status by GMG Project Team Progress reports to Management Board	Director of Environment and Street Scene Director of Planning and Economic Development	Achievement of at least Silver Standard	Monthly	30/04/13