

# **Epping Forest District Council Corporate Risk Register**

**Date:** 19 September 2013

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# 1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15<sup>th</sup> May 2013 with assistance from Zurich Risk Engineering. This exercise was an opportunity for the Management Board to refresh (or update) through identification, analysis and prioritisation those risks that may affect the ability of the Council to achieve its strategic objectives and Corporate Plan. In doing so, the organisation is recognising the need to sustain risk management at the highest level.

The refresh exercise involved a workshop with Management Board to identify new business risk areas and to update and re-profile important risks from the existing corporate risk register.

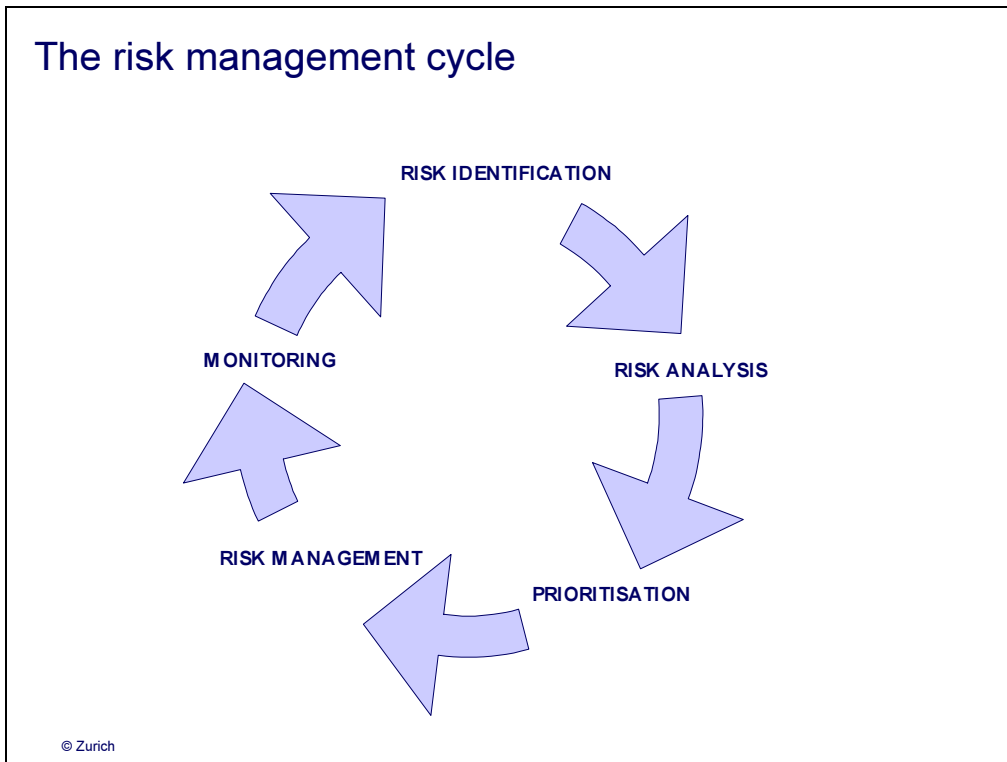
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.

For the risks that were assessed with higher likelihood and impact, the group validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.

Management Board agreed a timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios. Risks in the red zone will be monitored on a monthly basis and those in the amber zone on a quarterly basis.

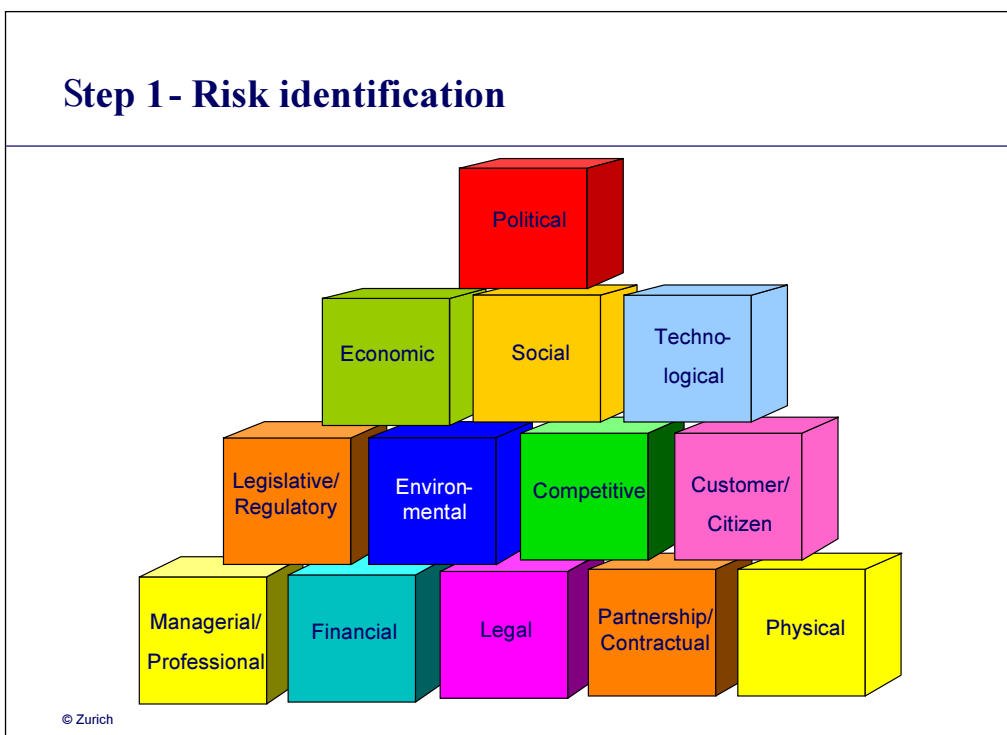
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

## 2. The Process



### Risk identification

The first of five stages of the risk management cycle requires risk identification. This formed the initial part of the workshop. In doing so the following 13 categories of risk were considered.



## **Risk analysis**

During the workshop, the identified risks were discussed and framed into a risk scenario format, containing risk cause and consequence elements, with a 'trigger' also identified. This format ensured that the full nature of the risk was considered and also helped with the prioritisation of the risks.

## **Risk prioritisation**

The discussion resulted in 8 risk scenarios being agreed (Appendix 2) and these were then assessed for impact and likelihood and plotted onto a matrix (Appendix 1). The likelihood of the risks was measured as being 'very high', 'high', 'medium', or 'low/very low'. The impact, compared against the key objectives and Corporate Plan was measured as being 'major', 'moderate', 'minor' or 'insignificant'.

Once all risks had been plotted the matrix was overlaid with red, amber and green filters, with those risks in the red area requiring further particular scrutiny in the short-term, followed by those in the amber area.

## **Risk management and monitoring**

The next stage is to monitor the revised 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.

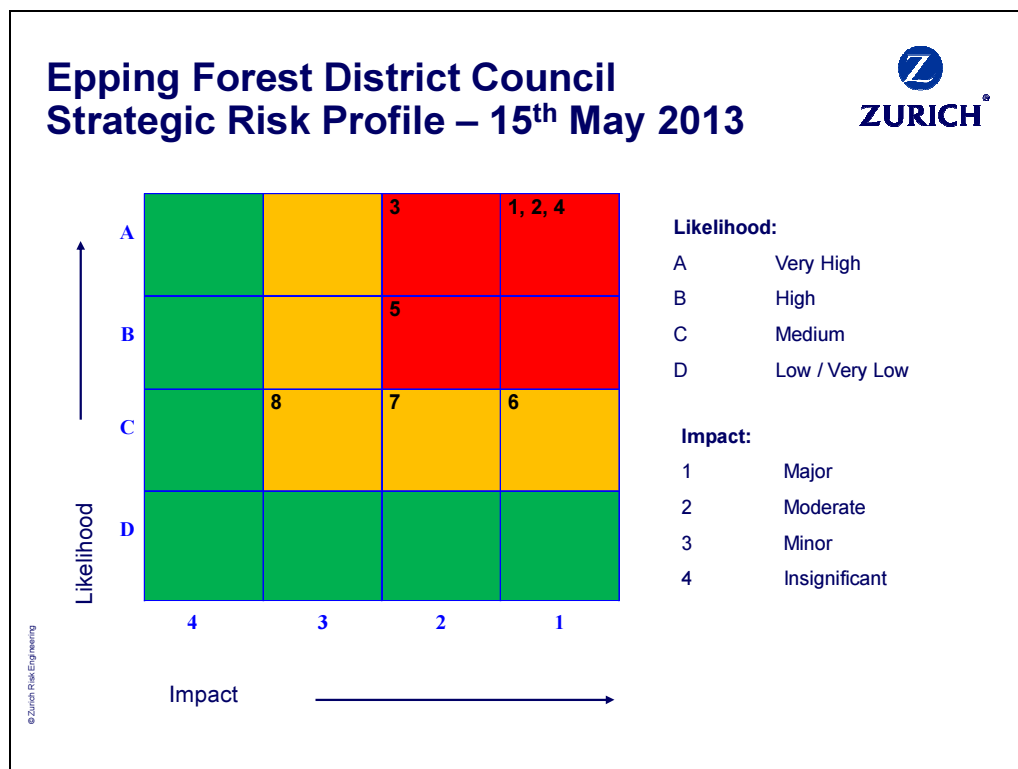
A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business planning process, in order to assess if they are still relevant and to identify new issues.

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.

# Appendix 1 – Risk Profile

## Risk profile

During the workshop, 8 risks were identified and framed into scenarios. The results are shown on the following risk profile.



Appendix 2 details all of the above risks.

It is important that an action plan element is written for each of the risks, with particular focus on those with the highest priority, as it is this which will allow them to be monitored and successfully managed down.

An opportunity was also taken as part of this refresh to 'spring clean' the risk numbers, and they have been numbered in current priority order as follows:

New risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Finance – income
5	Economic development
6	Data/ information
7	Business continuity
8	Partnerships

## Appendix 2 – Corporate Risk Register

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
1	A1	Local Plan	<p>Ongoing changes to Planning system.</p> <p>Staff unable to cope with workloads partly due to legislative changes with associated consultation.</p> <p>Costs exceeding budget provision.</p> <p>Difficulty gaining agreement over additional provision of housing, and Gypsy Roma pitches.</p>	<p>Failure to adhere to LDS Project Plan</p> <p>Council unable to agree a coordinated plan with all other involved parties.</p> <p>Need for additional consultant work, with consequential delays.</p>	<ul style="list-style-type: none"> <li>• Not achieving objective of delivering a sound Local Plan.</li> <li>• Not providing strategic direction for housing and growth in the District.</li> <li>• Unable to provide sufficient housing for local people.</li> <li>• Unable to agree Gypsy Roma traveller provision.</li> <li>• Consequent planning application approvals on appeal, contrary to local policy.</li> <li>• Supplementary estimate needed.</li> <li>• Increased staff stress levels/stress related leave.</li> </ul>	John Preston
2	A1	Strategic Sites	The Council has a number of Strategic sites which it needs to make the right decisions about and then deliver on those decisions.	Not maximising the opportunity of the strategic sites either through decisions or delivery.	<ul style="list-style-type: none"> <li>• Financial viability of Council harmed</li> <li>• Lack of economic development and job creation</li> <li>• External criticism</li> </ul>	Colleen O'Boyle

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
3	A2	Welfare Reform	The government is undertaking a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.	Welfare reform changes have a detrimental effect on the Council and community	<ul style="list-style-type: none"> <li>• Tenants no longer able to afford current/new tenancies.</li> <li>• Increase in evictions and homelessness</li> <li>• Increased costs of temporary accommodation</li> <li>• Unable to secure similar level of income due to payment defaults</li> <li>• Increase in rent arrears</li> <li>• Public dissatisfaction</li> <li>• Criticism of the Council for not mitigating the effects for residents.</li> </ul>	Alan Hall



No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
4	A1	Finance – income	<p>The Council has a reliance on major income generating contracts and fee earning services that have been adversely affected by the on-going economic difficulties.</p> <p>With changes to central funding based on local retention of NDR the Council is more vulnerable to downturns in the local economy due to business ceasing trading and lack of residential development</p> <p>Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received.</p> <p>Potential loss of NHB to fund LEP.</p> <p>The medium term financial strategy requires net CSB reductions of £1.3m over four years, which is a challenging target.</p>	Unable to secure required level of income due to recession, reduced economic confidence or adverse change in funding	<ul style="list-style-type: none"> <li>• Council unable to meet budget requirements</li> <li>• Use of reserves</li> <li>• Staffing and service level reductions</li> <li>• Loss of revenue</li> <li>• Increase Council Tax</li> <li>• Reduction in number and level of services</li> <li>• Increase in charges</li> <li>• Greater use of reserves if required net savings not achieved</li> <li>• Higher level of saving in subsequent years.</li> </ul>	Bob Palmer

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
5	B2	Economic Development	Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to compete to provide opportunities for economic development and employment (especially youth employment) in the District.	Council performs relatively poorly compared to other authorities.	<ul style="list-style-type: none"> <li>• Unable to secure sufficient opportunities</li> <li>• Local area and people lose out</li> <li>• Insufficient inward investment</li> <li>• Impact on economic vitality of area</li> <li>• Loss of revenue</li> </ul>	Glen Chipp
6	C1	Data/ Information	The Authority handles a large amount of personal and business 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"> <li>• Breach of corporate governance</li> <li>• Increased costs and legal implications</li> <li>• Reputation damaged</li> </ul>	Bob Palmer
7	C2	Business Continuity	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"> <li>• Services disrupted / Loss of service</li> <li>• Possible loss of income</li> <li>• Staff absence</li> <li>• Hardship for some of the community</li> <li>• Council criticised for not responding effectively</li> </ul>	Derek McNab

No	Rating	Short name	Vulnerability	Trigger	Consequence	Risk Owner
8	C3	Partnerships	<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements.</p> <p>Localism act may cause transfer of Council services to providers with governance issues.</p>	Key partnership fails or services provided via arrangements lacking adequate governance.	<ul style="list-style-type: none"> <li>• Relationships with other bodies deteriorate</li> <li>• Clawback of grants</li> <li>• Unforeseen accountabilities and liabilities for the Council</li> <li>• Censure by audit/inspection</li> <li>• Adverse impact on performance</li> </ul>	Glen Chipp

## Appendix 3 – Action Plans

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
1	Local Plan						
	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.	John Preston	Council retains control of the delivery arrangements at a local level.	Monthly	Preferred Options and Draft Plan consult – Sept 2014  Pre-submit publication May 2015  Examination in public early 2016 Adoption June 2016

<b>Risk No.</b>	<b>Existing controls/actions to address risk</b>	<b>Effectiveness of controls/actions</b>	<b>Required further management action</b>	<b>Responsibility for action</b>	<b>Critical success factors and measures</b>	<b>Review frequency</b>	<b>Key date</b>
2	<b>Strategic Sites</b>						
	Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.	Work is progressing on developing a number of sites.	Reports to Cabinet Committee and Cabinet to obtain decisions on development options.	Colleen O'Boyle	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None
3	<b>Welfare Reform</b>						
	Joint Benefits and Housing working group established. Mitigation action plan developed.	Two thirds of the actions have been implemented and the remaining actions are in abeyance pending Government announcements on Universal Credit.	Working Group to continue and amend mitigation action plan as necessary.	Alan Hall	A smooth implementation of welfare reforms.  Minimise number and cost of redundancies.	Monthly	Start date for Universal Credit still unclear

<b>Risk No.</b>	<b>Existing controls/actions to address risk</b>	<b>Effectiveness of controls/actions</b>	<b>Required further management action</b>	<b>Responsibility for action</b>	<b>Critical success factors and measures</b>	<b>Review frequency</b>	<b>Key date</b>
4	Finance - income						
	Monitoring of key income streams and NDR taxbase. Savings opportunities pursued through service reviews and corporate restructure.	Effective to date as budgets have been achieved that meet the financial targets set by Members.  However this will become increasing difficult.	Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.  Respond to Government consultation on funding.	Bob Palmer	Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.	Monthly	18/02/14
5	Economic Development						
	Work has commenced on an updated Economic Development Strategy.	Resources in this area have not yet been increased in line with the greater significance it now has.	Completion of Strategy and allocation of appropriate resources.	Glen Chipp	Growth in NDR taxbase and employment opportunities. Council to be viewed as punching above its weight.	Monthly	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
6	Data/Information						
	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences.</p> <p>Revised Corporate Data Protection Policy issued and Data Protection e-learning module rolled-out for compulsory staff completion.</p>	<p>Generally effective to date, although some lapses still occurred in 2012/13.</p>	<p>Maintain GCSx compliance and system controls.</p> <p>Investigation of possible consolidation of Data Protection and Freedom of Information work in one area.</p>	<p>Bob Palmer</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>	<p>Quarterly</p>	<p>None</p>

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7	Business Continuity						
	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.  Implementation of Cabinet approved measures to enhance the resilience of ICT.	Derek MacNab	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None
8	Partnerships						
	Active participation in key partnerships by appropriate officers/Members.  Structured reporting back to designated Scrutiny Panels.  Members can request representatives on outside bodies to report to Full Council.	No significant issues to date.	Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships.	Glen Chipp	No significant impacts on service delivery or Council reputation from any partnership failures.	Quarterly	None