

Epping Forest District Council Corporate Risk Register

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1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15th 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.

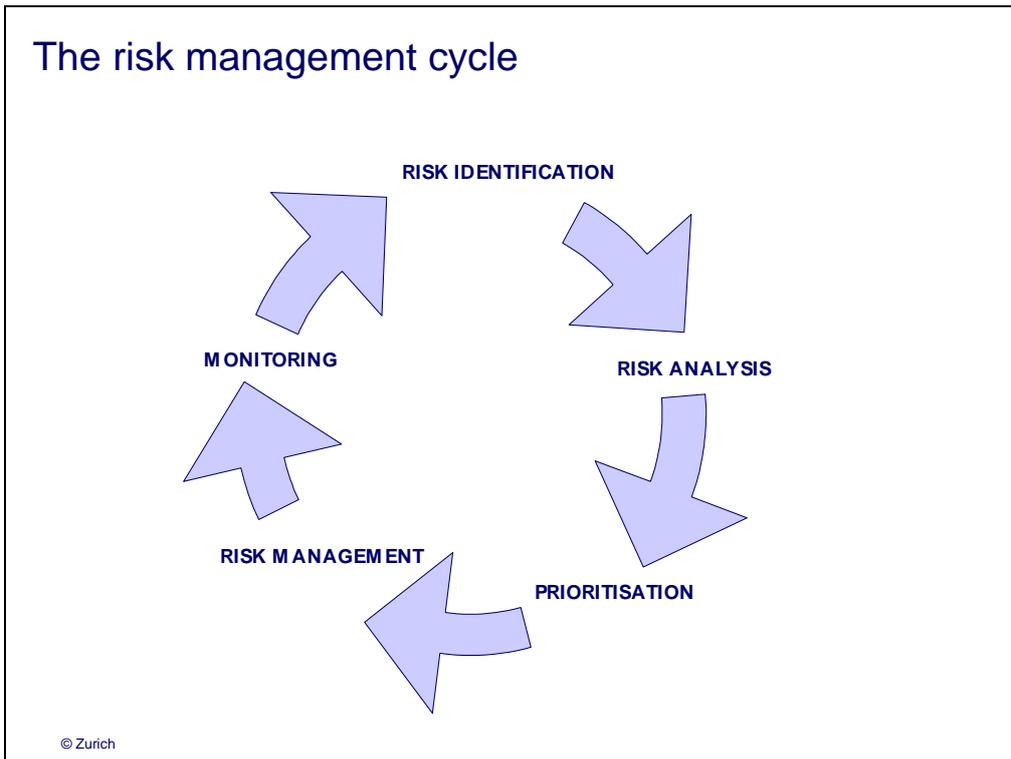
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for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

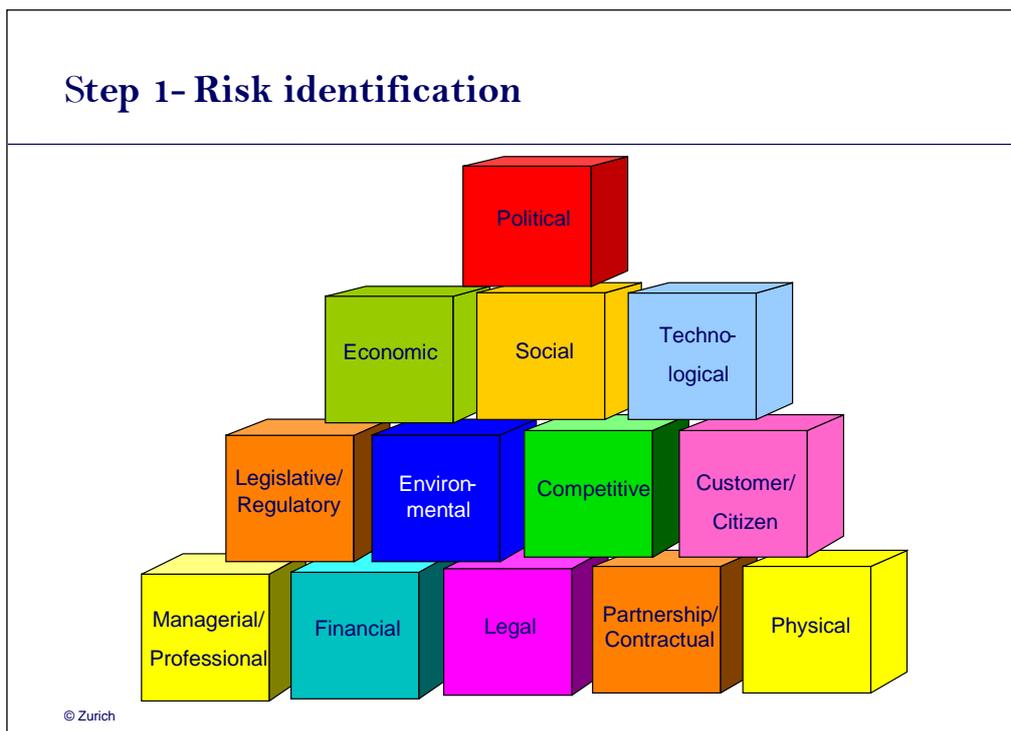
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

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.

As part of the regular review and reporting additional risks have been identified and added to the register, as shown in the table below.

Risk number	Risk name	When added
9	Safeguarding	January 2014
10	Housing Capital Finance	June 2015
11	Transformation Programme	January 2018
12	Waste Management	June 2018
13	Cyber Security	September 2019

Risk 8 Partnerships – removed in September 2018.

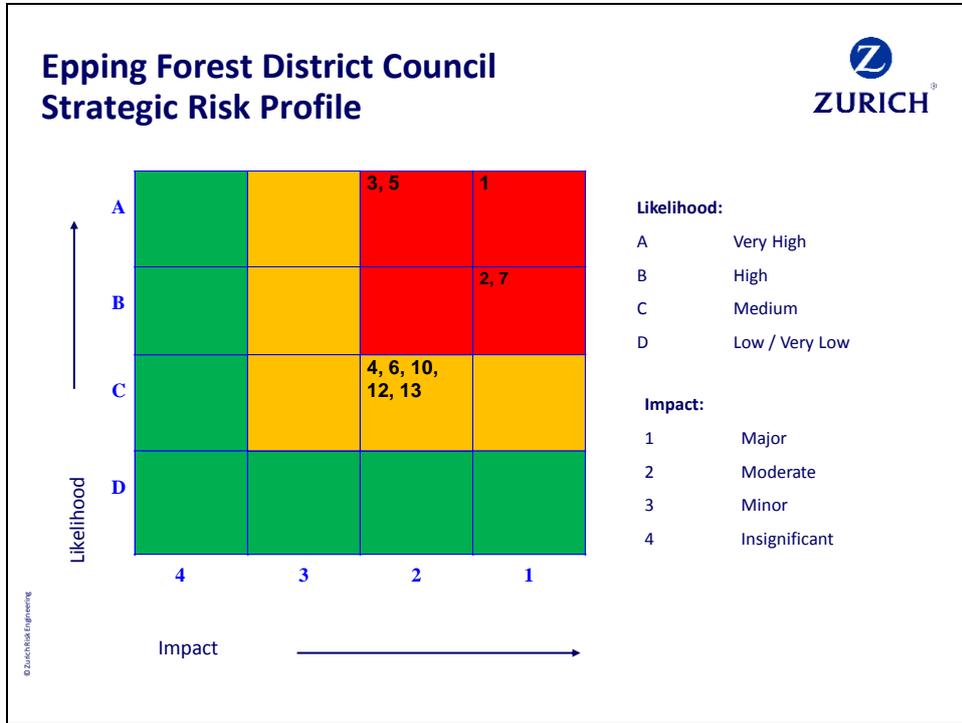
Risk 9 Safeguarding – removed in September 2019.

Risk 11 Transformation Programme – removed in September 2019.

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.

List of current Corporate Risks

Risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Financial resilience
5	Economic development
6	Data/Information
7	Business continuity
10	Housing Capital
12	Waste Management
13	Cyber security

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1	Local Plan	A1		
Vulnerability	Trigger	Consequence	Risk Owner	
<p>Without an adopted Local Plan and with the introduction of the Housing Delivery Test from November 2018, the Council's ability to deliver housing at the required rate will lead to the presumption in favour of sustainable development being applied and the requirement to prepare an action plan.</p>	<p>The failure to deliver at the required threshold set out in the NPPF of 95% of the housing requirement over the previous three years triggers a requirement for the Council to prepare an action plan in line with national planning guidance to assess the causes of under delivery and identify actions to increase delivery. Although there are transitional arrangements with lower thresholds for November 2018 and 2019, the delay in submitting the Local Plan as a result of the Judicial Review and Natural England's requirement not to issue planning decisions until a mitigation strategy is in place for Epping Forest SAC, is likely to have ongoing consequences for delivery. There is now further delay as a result of Natural England's objections to the Habitat Regulations Assessment, which has led to the Inspector's advice that further work is required to inform the mitigation strategy.</p>	<p>Without an adopted plan setting the Council's housing requirement at 518 the measurement used will be the 2014 household projection figures/standard method for assessment with an annual requirement of 923 homes. This will result in vulnerability to planning appeal decisions and potential development in the Green Belt as the presumption in favour of sustainable development will apply.</p>	<p>Nigel Richardson</p>	

Risk No 1 Local Plan – Action Plan

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
<p>Local Plan Submission Version 2017 agreed by Council on 14 December 2017 and published between 18 December 2017 and 29 January 2018. Following the JR the plan was submitted for examination in September 2018 and hearings have now taken place between February and June 2019. The Inspector's advice issued on 2 August 2019 requires the Council to undertake further work to support the Local Plan.</p>	<p>Key milestone to achieve new LDS will not be met as the hearing sessions took place over a longer period of time and the Inspector's initial advice requires additional technical work to be undertaken in order to agree the Main Modifications required for a sound plan to be achieved.</p>	<p>Programme of work to agree the Main Modifications is in preparation for agreement with the Local Plan Inspector.</p>	<p>Nigel Richardson</p>	<p>Future adherence to project plan.</p>	<p>Regular programme meetings to monitor progress – initially weekly but then monthly</p>	<p>None – process ongoing.</p>
<p>Local Development Scheme (LDS) revised following submission of plan for independent examination.</p>	<p>Revised Local Development Scheme adopted by Local Plans Cabinet Committee on 22 November 2018. LDS to be updated once programme of additional work required by Inspector has been agreed.</p>	<p>Review progress against new key milestones.</p>	<p>Nigel Richardson</p>	<p>Adherence to revised LDS</p>	<p>Regular programme meetings to monitor progress – initially weekly but then monthly</p>	<p>Inspector's initial advice issued on 2 August 2019. Currently agreeing a programme of further work with the Inspector to address the actions identified which will set key dates.</p>

Risk No 1 Local Plan – Action Plan						
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
Systematic approach to Duty to Co-operate, engaging public bodies including Natural England and the Conservators	Regular reports at officer and Member level through the Cooperation for Sustainable Development Group.	Important that key decisions do not precede Duty to Co-operate i.e. “fait accompli”.	Nigel Richardson	Submitted plan has passed the legal test of Duty to Co-operate.	MB review six weekly	Officer Meetings – bi monthly now underway. Duty to Co-operate” Member meetings held regularly.
Development of mitigation strategy regarding the impact of development on Epping Forest Special Area of Conservation (SAC) so as to allow issue of planning permissions, which are currently being prevented without an agreed HRA by Natural England	Regular meetings held with key stakeholders to develop mitigation strategy. Interim mitigation strategy now agreed by Council for recreational pressure on the Forest and Natural England have confirmed it is appropriate. Draft Air Quality Strategy developed but further work required to finalise	Visitor survey work commissioned to support finalisation of mitigation strategy to manage the impact on recreational pressure. Need to obtain agreement with other competent authorities (London Borough of Waltham Forest and Redbridge) in order to progress final strategy. Further work being commissioned to address actions identified by Local Plan Inspector and to feed into the Air Quality Strategy	Nigel Richardson	Mitigation strategy in place for both recreational pressure and air quality issues and release of planning permissions		Agreed strategy by the end of 2019 (following visitor survey in September 2019).
Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, master planning.	Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Recruitment is very challenging. EFDC has offered market supplements on key posts to offer competitive salaries in a tight market.	Ongoing review of strategy and Service Structure salaries by senior planners and Leadership Team. Scrutiny Function to be undertaken by Stronger Place Select Committee.	Nigel Richardson	No delays to timetable due to staffing gaps or lack of critical skills		End of 2019

Risk No 2 Strategic Sites B1						
Vulnerability		Trigger		Consequence		Risk Owner
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. Loss of key officers.		<ul style="list-style-type: none"> Financial viability of Council harmed Lack of economic development and job creation External criticism Project delayed or mismanaged 		Jim Nolan
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
Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.	<p>Work is progressing on developing a number of sites:</p> <ol style="list-style-type: none"> Another unit has been let in the Landmark Building – a new Public House will be opening soon. WYG project management has been appointed to progress the development at St John’s Road Pyrles Lane Nursery, Cabinet agreed disposal strategy. Sale agreed October 2018. Indemnity insurance obtained sale proceeding. National Police Air Service (NPAS) construction completed site to open at end of August. 	<p>Re-market vacant units.</p> <p>Nursery Services to re-locate to Town Mead on Completion of sale.</p> <p>Complete letting of site to NPAS.</p>	Jim Nolan	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None

Risk No 3 Welfare Reform A2						
Vulnerability		Trigger		Consequence		Risk Owner
<p>The government has pledged to make substantial savings from the overall welfare bill. This will require 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.</p>		<p>Welfare reform changes have a detrimental effect on the Council and community.</p>		<ul style="list-style-type: none"> • Tenants no longer able to afford current/new tenancies. • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent and Council Tax arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents. 		Rob Pavey
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
<p>Cross-service and sector working group established to assess impacts of the introduction of Universal Credit and to produce an action plan to mitigate the effects.</p>	To be determined in 2019/20.	<p>Working Group has been created to meet on a regular basis.</p> <p>Action Plan to be developed by the end of 2019/20 by baselining the effects of Universal Credit for implementation in 2020/21.</p>	Rob Pavey	Mitigation action plan to reduce the effects of the introduction of Universal Credit	Monthly	31 March 2020

Risk No 4 Finance Resilience C2						
Vulnerability		Trigger	Consequence			Risk Owner
<p>Local Authorities are increasingly dependent on locally generated income and from 2020/21 onwards there is little information on future funding. Until the Fair Funding Review is completed it remains difficult to forecast revenue streams for future years. The Fair Funding review will look at how business rate income is distributed amongst authorities but it is unlikely this authority will see any increase in real terms unless additional responsibilities are passed on as a result.</p> <p>There are a large number of rating appeals received where the outcome is uncertain.</p> <p>With the increasing possibility of a no deal Brexit, a number of income sources could be adversely affected. The Council is heavily reliant on income from commercial rentals and it is possible that businesses will find trading conditions more challenging and insolvency may become more common. This of course also affects business rates.</p> <p>The medium term financial strategy requires substantial net CSB reductions over three years.</p>		<p>Unable to secure required level of income due to reduced demand for services, changes in legislation, changes in economic conditions or adverse change in funding mechanisms.</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Increase Council Tax • Increase in charges • Greater use of reserves if required net savings not achieved. • Higher level of saving required in subsequent years. 			<p>Paula Maginnis</p>
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
<p>Monitoring of expenditure, key income streams and NDR tax base. Savings opportunities pursued through service reviews and corporate restructure.</p>	<p>Effective to date as budgets have been achieved that meet the financial targets set by Members. This will however become increasingly challenging over time.</p>	<p>Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare. Continue to pursue opportunities to reduce net spending. Develop the use of KPI's to understand areas with potential growth/income.</p>	<p>Paula Maginnis</p>	<p>Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan. Outcome of Fair Funding Review and assessment of its impact on the Council.</p>	<p>Monthly</p>	<p>23 January 2020, draft budget to Finance & Performance Management Cabinet Committee.</p>

Risk No 5 Economic Development A2						
Vulnerability		Trigger	Consequence			Risk Owner
Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able 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"> • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue 			Julie Chandler
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
Economic Development Plan (Nurturing Growth) was drafted and presented to Economic Development Board and subsequently to Cabinet Cttee for approval. Cabinet requested further consultation with stakeholders, which is being undertaken in November '19. Following this, a report is to be presented to Cabinet in December '19, to seek approval for development of an Action Plan and related resource requirements.	Too early to determine effectiveness.	<p>Stakeholder consultation event to take place in November '19</p> <p>Report to Cabinet December 5th 2019</p> <p>Subject to cabinet agreement, Economic Dev Implementation Plan produced</p>	Julie Chandler	<p>Growth in NDR tax base and employment opportunities.</p> <p>Improved opportunities for skills development in conjunction with NCC.</p> <p>Council to be viewed as punching above its weight.</p>	Monthly	December 2019

Risk No 6 Data / Information C2						
Vulnerability		Trigger	Consequence			Risk Owner
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. System loss.	<ul style="list-style-type: none"> Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations leading to significant fines or/and intervention by the Information Commissioner's Office (ICO) Increased costs and legal implications Reputation damaged and loss of public confidence 			Rob Pavey
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
<p>Significant work was undertaken by the Council to ensure it was compliant in time for the introduction of the GDPR in May 2018. This included review of policy and procedures, staff and Member training and awareness, completing an information asset register/register of processing activities and reviewing security of data arrangements.</p> <p>The Council continues to have a designated Data Protection Officer in post and a system of data breach and subject access request monitoring in place.</p>	Generally effective to date, with no significant lapses since the introduction of the 2018 DPA.	The introduction of a corporate Information Governance Group will review current arrangements and ensure these are strengthened where required.	Rob Pavey	<p>Continued security of personal data held by the Council in accordance with the Data Protection Act 2018.</p> <p>No criticism or fines from the ICO over how requests are handled. Low number of breaches reported to the ICO.</p>	Quarterly	None

Risk No 7 Business Continuity B1						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>Following the re-organisation and negative outcomes from Internal Audit's review plans need to be updated and changes in responsibilities confirmed.</p>		<p>Unable to respond effectively to a business continuity incident (e.g. IT virus/flu pandemic/loss of civic offices)</p>	<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 			<p>Jim Nolan</p>
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
<p>Improvement of current business continuity (BC) management arrangements is currently in progress.</p>	<p>An Internal Audit of Business Continuity arrangements identified a number of weaknesses which are being addressed through the BC project.</p>	<p>Complete the business continuity project plan and thereafter embed business continuity within the Council, to include periodic tests and exercises.</p>	<p>Jim Nolan</p>	<p>Having plans in place which are proved fit for purpose either by events or external scrutiny.</p>	<p>Quarterly</p>	<p>BC project to be completed by end December 2019.</p>

Risk No 10 Housing Capital Finance C2						
Vulnerability		Trigger		Consequence		Risk Owner
<p>If the Council is unable to spend right to buy receipts in set timescale on qualifying capital schemes we will have to pay the money to the Government along with interest at a penalty rate.</p> <p>Changes to legislation which reduce income to the HRA.</p>		<p>Schemes are delayed by either the planning process or unanticipated site problems.</p> <p>Imposition of further restrictions on rent levels.</p>		<ul style="list-style-type: none"> • Loss of capital resources • Revenues cost of penalty interest • Loss of rental income • Delays in provision of new social housing • Increase in housing waiting list • Current 30 year business plan may become unsustainable. 		Paul Pledger
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
<p>Position being monitored by the House Building Cabinet Committee and a number of contingency options are available including purchasing homes or land on the open market, or purchasing from S106 developments.</p> <p>The Council belongs to the Association of Retained Council Housing which lobbies on such issues.</p>	<p>Effective to date. Six street properties in Waltham Abbey and eight affordable homes on a S106 site in Roydon have been purchased to date.</p> <p>Effective to date. Other issues may arise in the future though.</p>	<p>Continue close monitoring of financial position.</p> <p>Keeping Members fully informed of the potential consequences of their actions.</p> <p>Monitor policy developments/announcements and participate in lobbying if appropriate.</p> <p>The risk to spending our 1-4-1 receipts is being monitored on a quarterly basis.</p>	<p>Paul Pledger</p> <p>Paul Pledger</p>	<p>Loss of right to buy receipts is minimised.</p> <p>Impact of Policy changes is minimised as far as possible.</p>	<p>Monthly</p> <p>Monthly</p>	Ongoing

Risk No 12 Waste Management C2

Vulnerability	Trigger	Consequence	Risk Owner
Inability of the Council's partnering contractor, Biffa Municipal Limited to secure profitable outlets for recycling materials processed through the Material Recycling Facility (MRF) could result in diminishing income.	There has been significant drop in income from the sale of recycling materials especially paper, caused primarily by the Chinese government decision to ban import of MRF paper. This has resulted in saturation in the commodity markets.	<ul style="list-style-type: none"> • Reputational damage to the Council if recycling materials is sent to landfill. • Additional costs to the Council if Biffa cannot sell materials. • Additional costs under pain/gain share mechanism in the contract if the income from recycling continues to drop or worst case becomes a cost. 	Qasim Durrani

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
Financial settlement has been agreed with Biffa to improve the quality of recycling output from Biffa's processing plant.	<p>Dependent, to a large extent, on the market forces in the case of commodity prices.</p> <p>Due to volatility of sale prices of recycling materials the contractual arrangement of Recycling Index Unit Rate (RIUR), agreed at the anniversary of the contract, is to be continued to be monitored closely.</p>	To continue to monitor the costs and market fluctuations.	James Warwick	<p>RIUR reviews result in increased income.</p> <p>Difficulties in selling recycling materials is identified early.</p>	Monthly	Ongoing

Risk No 13 Cyber Security C2						
Vulnerability		Trigger	Consequence			Risk Owner
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. System loss.	<ul style="list-style-type: none"> • Loss of system access and/or data • Unable to provide Council services • Increased costs • Reputation damaged • Ransomware payment 			Paula Maginnis
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
<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>Data is backed up daily with forty days retained. Three backups are also stored off site.</p> <p>Staff training.</p>	No loss of data. Systems have remained protected from cyber-attack.	<p>Continued funding for robust perimeter protection system.</p> <p>Continued investment in training to ensure that staff recognise potential cyber threats. Ensure that there is “buy in” by both user and management as cyber security is not just the responsibility of IT.</p> <p>Further develop ICT Recovery Plan.</p>	Paula Maginnis	No data loss or system downtime due to unauthorised access of EFDC systems or data.	Quarterly	Ongoing