

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM  
TO THE AUDIT AND RISK COMMITTEE**

**September 2014**

**CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD April to June 2014**

**Submitted by:** Head of Business Improvement, Central Services and Partnerships

**Portfolio:** Communications, Policy and Partnerships

**Ward(s) affected:** All

**Purpose of the Report**

To inform Members of the progress made by the Council in enhancing and embedding risk management for the period April to June 2014, including progress made in managing identified corporate risks.

**Recommendations**

**The Committee is asked to:-**

- (a) Scrutinise the progress that has been made in managing the risks identified within the Strategic, Operational, Project and Partnership Risk Registers, where applicable**
- (b) Note the new risks that have been identified between April and June 2014**
- (c) Identify, as appropriate, individual risk profiles to be scrutinised in more detail at the next meeting of the Committee**

**Reasons**

The risk management process previously adopted by the Council has been reviewed to incorporate changes in the way the Council works and to provide continuity and streamlined reporting of risks to allow the process to become further embedded at each level of the authority. This will also aid the identification of key risks that potentially threaten the delivery of the Council's corporate priorities. The Risk Management Strategy provides a formal and proportionate framework to manage these identified risks and thus reduce the Council's exposure.

**1. Background**

- 1.1** The Council monitors and manages all its risks through the various risk profiles contained within GRACE (Governance Risk and Control Environment) – the Council's software used to record and manage risks.
- 1.2** The Council currently reviews its high (red 9) risks at least monthly and its medium (amber) risks at least quarterly.
- 1.3** The last review of these risks was reported to the Council's Audit & Risk Committee in April 2014.

- 1.4 Risk owners are challenged by the Council’s Risk Champions in respect of the controls, further actions, ratings and emerging risks related to their risks, and are also challenged on the reasons for inclusion or non-inclusion and amendment of these.
- 1.5 Projects are managed to a high level in relation to risk and are reviewed in accordance with the Risk Management Strategy (i.e. monthly).

2. **Issues**

- 2.1 Since the last meeting of the Committee, officers have rolled out an updated version of the GRACE system.
- 2.2 This update features a web-based version of GRACE that allows easier access for users.
- 2.3 A number of new features have also been included to assist in developing better governance of the system for officers. The new system therefore allows officers to be advised of upcoming risk reviews and further actions, along with overdue reviews via the automatic email system.
- 2.4 Functions are available for more than one action owner to be allocated against it – this is where cross-department actions need completing.
- 2.5 Finally, the general “look” of the updated system is easier and cleaner to view – it now shows only the users’ risk profiles, instead of the whole structure (this is still available for officers to view if they need to).
- 2.6 The above upgrade was at no further or increased cost to the council.

3. **Strategic, Operational, Project and Partnership Risk Registers (Appendices)**

- 3.1 The Council regularly reviews and refreshes its risk registers in accordance with the Risk Management Strategy.
- 3.2 These reviews are co-ordinated by the Strategic Risk Champion who works closely with Directors, Operational Risk Champions and Risk Owners.
- 3.3 The risk map below shows the descriptions of the ratings, for ease of use.

L I K E L I H O O D	High 3	7 Amber	8 Amber	9 High Red
	Medium 2	4 Green	5 Amber	6 Amber
	Low 1	1 Green	2 Green	3 Amber
		Low 1	Medium 2	High 3
<b>IMPACT</b>				

- 3.4 During this quarter there have been no additional risks added of a final rating of medium (risk scores of 7 or 8). An additional high (risk score of 9) rating has been added.

- 3.5 Appendix 1 now highlights the risks that fall into the top line of the above risk map.
- 3.6 Since the last report, an additional high (red 9) risk has been added to the profile. The risk relates to the issue of Members taking decisions which are contrary to officer advice.

#### **4. Issues from last meeting**

4.1 As part of the discussion around the Annual Governance Statement at the last meeting of the Committee, Members raised the following issues:

- There is a lack of information relating to particular risks including:
  - Recycling by residents in terraced houses and flats; and
  - Risks relating to community centres

4.2 It was agreed that officers would look into these areas and a report would be provided for the next meeting.

4.3 The risk profiles for the Waste and Recycling Strategy and Community Centres can be found at Appendix 2. Members will note, however, that the issue mentioned above relating to recycling in terraced houses and flats is not part of the existing risk profile for Waste and Recycling.

4.4 Members are asked to consider the attached risk profiles and

#### **5. Outcomes Linked to Corporate and Sustainable Community Priorities**

5.1 Good risk management is a key part of the overall delivery of the Council's four corporate priorities of:

- Borough of Opportunity
- A Clean, Safe and Sustainable Borough
- A Healthy and Active Community
- Becoming a Co-operative Council, which delivers high quality, community-driven services

#### **6. Legal and Statutory Implications**

6.1 The Accounts and Audit (England) Regulations 2011, state that:

*"The relevant body **is** responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control, which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk"*

#### **7. Equality Impact Assessment**

7.1 There are no differential equality impact issues in relation to this report.

#### **8.1 Financial and Resource Implications**

8.1 None where actions are to be taken in order to mitigate the risks as these will be met from within existing budgets. Where this is not possible, further reports will be submitted to Members.

9. **List of Appendices**

Appendix 1 – Risks and Action Plan

Appendix 2 - Risk profiles for the Waste and Recycling Strategy and Community Centres

10. **Background Papers**

None



High 9 risks  
 Medium 7 & 8 risks  
 Risks to be deleted from next 1/4 profile  
 Risk reduced from last 1/4 profile  
 New risks

Appendix 1 Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk in order to reduce the risk	Target Date for action completion	Risk Category Strategic, Operational, Project	Current position / progress as at 30/06/2014	Status as at Dec 13	Status as at Mar 14	Current Rating as at June 14
Potential Claims growth	Chief Executive	The Council has robust systems in place both to deal with claims when they happen and also to prevent, where possible, the circumstances where claims could arise. In doing so, the Council has in place policies and procedures designed to enhance safety at work and also to advise staff and others when driving or operating machinery. The Council checks, on a regular basis, that it is up to date on best practice in this area and that systems reflect changes in the local, national or international environments		Strategic	Risks reviewed and noted that this area is of growing significance with the number and value of claims increasing. Further actions reviewed. Consideration was given to potential control measures, but these are addressed by the existing further actions.	I = 3 L = 3 High 9	I = 3 L = 3 High 9	I = 3 L = 3 High 9

Appendix X Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk in order to reduce the risk	Target Date for action completion	Risk Category Strategic, Operational, Project	Current position / progress as at 30/06/2014	Status as at Dec 13	Status as at Mar 14	Current Rating as at June 14
2 Members taking a decision contrary to officers' advice	Chief Executive	Meeting to take place between Executive Directors of Resource and Support Services, Regeneration and Development and Chief Executive to highlight the consequences to Members of going against professional officers' advice	Dec-14	Strategic	Meetings taking place between relevant officers to devise an advice sheet highlighting the major risks associated with going against officers' recommendations			I = 3 L = 3 High 9
3 Inability to implement outcomes from the Stock Condition Survey due to lack of finance (Asset Management Strategy)	Regeneration & Development	Annual review of the Asset Management Strategy to take place, however the Facilities Manager reviews the Capital Works Programme on an ongoing basis	Jan-15	Operational	The outcome report has been received by the Capital Programme Review Group. The urgent items are covered by the 3 year Capital Works Programme and this should allow for the repairs to be undertaken. There is however an annual review of the Works Programme to assess if there is a need to change priorities.	I = 2 L = 3 Medium 8	I = 2 L = 3 Medium 8	I = 2 L = 3 Medium 8

Appendix X Risks and Action Plan Risk Identified	Risk Owner	Action Required to Address Risk in order to reduce the risk	Target Date for action completion	Risk Category Strategic, Operational, Project	Current position / progress as at 30/06/2014	Status as at Dec 13	Status as at Mar 14	Current Rating as at June 14
Increase in Fees and Charges does not result in higher income levels (Balances/Contingency Reserve)	Resources & Support Services	An in-depth review of levels of fees and charges has been carried out, using data from local authorities across the country and this has been tested against local knowledge of usage and demand to produce as realistic a set of fees and charges as possible. In addition, care has been taken to set realistic targets for income as part of the overall annual budget setting exercise.		Project	Fees and charges are set at a level which seeks to maximise income	I = 2 L = 3 Medium 8	I = 2 L = 3 Medium 8	I = 2 L = 3 Medium 8





## Risks by Directorate/Service

Directorate/Service: Waste & Recycling Strategy, Risk Assessment open, Current Risk version, Risk is open

Directorate/Service	Risk	Potential Consequences	Final Likelihood	Final Impact	Final Risk Rating
Waste & Recycling Strategy	Breaching regulatory controls or licensing conditions relating to waste transfer	Financial Loss. Legal action by enforcing body. Loss of operational capacity eg loss of "O" license or Waste Transfer Licence. Reputational Damage. Service delivery compromised.	1	3	3
Waste & Recycling Strategy	Failure of Communication Plan to engage and inform the public	Targeted recycling and composting performance is not achieved. Confusion about service change and increased activity at contact centre. Collection resources not working efficiently. Expected income not achieved threatening budget situation. Reputational damage.	1	2	2
Waste & Recycling Strategy	Failure of the Recycling Working Group to agree the new service	Reputational damage to the council. Customer dissatisfaction with the service. Failure to achieve Value for Money.	2	2	5
Waste & Recycling Strategy	Failure to achieve collection of high quality material	Loss of income to the council. Stakeholder dissatisfaction.	2	2	5
Waste & Recycling Strategy	Failure to achieve required recycling targets.	Loss of income to the council. Prosecution for non compliance with regulation.	1	2	2
Waste & Recycling Strategy	Failure to acquire required change to the current Waste Permit License	Failure to ensure continuity of service after the end of the current contract period.	1	3	3
Waste & Recycling Strategy	Failure to comply with legislation changes over the seven years of the service provision.	Prosecution for non compliance with statutory regulations. Reputational damage. Increased cost to the council.	1	2	2
Waste & Recycling Strategy	Failure to comply with Standing Orders and Financial Regulations of contract procedures	Breach of EU regulations. Failure to meet Government recycling targets. Breach of Contract conditions. Lack of control and management of contractors. Adverse publicity. Reputation damage. Legal action from rival companies. Courts can require contracts to be set aside and tenders re-run (risking operation of service as vehicles can be taken of the road). UK courts can award compensation to a failed bidder. EU courts can impose large fines. EU can withdraw or clawback grants. Decrease in customer satisfaction.	1	3	3
Waste & Recycling Strategy	Failure to promote and develop the Recycling Service in the future	Reduced levels of recycling in the future. Lower recycling credits from Staffordshire County Council. Stakeholder dissatisfaction. Increased number of service complaints. Failure to demonstrate the service is Value for Money. Reduced levels of support to residents.	2	2	5
Waste & Recycling Strategy	Fluctuations in material collection tonnages	Loss of income to the council. Failure to achieve future recycling target rates.	2	2	5
Waste & Recycling Strategy	Fluctuations in material collection values/income	Loss of income to the council.	2	3	6

Directorate/Service	Risk	Potential Consequences	Final Likelihood	Final Impact	Final Risk Rating
Waste & Recycling Strategy	Inability to build (develop) the Transfer Station within the service deadline	Failure to ensure continuity of service after the end of the current contract period.	1	3	3
Waste & Recycling Strategy	Inability to develop a timetable for implementation of the new recycling service	Reputational damage to the council. Increased cost to the council.	2	2	5
Waste & Recycling Strategy	Inability to ensure compliance with the Waste, England and Wales, (Amended) Regulations 2012	Prosecution for non compliance with statutory regulations.	1	2	2
Waste & Recycling Strategy	Inability to obtain planning permission for the development of the Transfer Station	Inability to ensure continuity of service after the end of the current contract period. Increased cost to the council.	1	3	3
Waste & Recycling Strategy	Inadequate community participation	Resident's/stakeholder dissatisfaction. Loss of income to the council. Inability to achieve future recycling target rates. Reputational damage.	1	2	2
Waste & Recycling Strategy	Insufficient staff participation in service changes	Staff dissatisfaction. Potential staff shortages. Increased levels of service complaints.	1	2	2
Waste & Recycling Strategy	Required capital funding, for the purchase of vehicles, is unavailable	Increased cost to the council. Failure to ensure continuity of service after the end of the current contract period.	1	2	2
Waste & Recycling Strategy	Targeted recycling and composting performance is not achieved	Failure to meet commitments under the Staffordshire Waste Strategy. Impact on Countrywide Landfill Allowance Trading Scheme position and potential financial penalties. Expected income not achieved threatening budget situation. Failure to achieve future statutory targets. Reputational damage. Adverse Audit Commission inspection outcome. Adverse customer/residents satisfaction.	1	3	3
Waste & Recycling Strategy	The cost of the service may exceed budget provision	The proposed service may not be deliverable. Excessive effect on Council Tax if provision proceeds. Reputational damage. Not VFM.	1	3	3

# Controls By Directorate/Service with Risks

Directorate/Service: Community Centres, Risk Assessment open, Control is open

Directorate/Service	Risk	Potential Consequences	Control	Final Likelihood	Final Impact	Final Risk Rating
<b>Community Centres</b>						
Community Centres						
Community Centres	Asset Management	Financial implications Reputation damage Legal implications Building closure Insurance liabilities	Cabinet approval of the objectives Statutory inspections	2	3	6
	Health & Safety Management Arrangements	Breach of legislation - legal implications Financial implications Reputation damage Insurance liabilities		2	3	6
Community Centres	Financial Management	Financial implications to both the council and the management committee Reputation damage to all parties Closure of the buildings Legal implications	Community Centre guidelines (1996)	2	2	5
	Community Centre Governance arrangements	Closure of the facilities Reputation damage to all parties Financial implications for all parties Theft of assets		2	2	5
	Health & Safety Management Arrangements	Breach of legislation - legal implications Financial implications Reputation damage Insurance liabilities		2	3	6
Community Centres	Community Centre Governance arrangements	Closure of the facilities Reputation damage to all parties Financial implications for all parties Theft of assets	Officer attendance	2	2	5
	Health & Safety Management Arrangements	Breach of legislation - legal implications Financial implications Reputation damage Insurance liabilities		2	3	6

Directorate/Service	Risk	Potential Consequences	Control	Final Likelihood	Final Impact	Final Risk Rating
Community Centres	Community Centre Governance arrangements	Closure of the facilities Reputation damage to all parties Financial implications for all parties Theft of assets	Elected members attend	2	2	5
	Health & Safety Management Arrangements	Breach of legislation - legal implications Financial implications Reputation damage Insurance liabilities		2	3	6
Community Centres	Financial Management	Financial implications to both the council and the management committee Reputation damage to all parties Closure of the buildings Legal implications	Submission of accounts	2	2	5
Community Centres	Asset Management	Financial implications Reputation damage Legal implications Building closure Insurance liabilities	Stock condition survey	2	3	6
Community Centres	Health & Safety Management Arrangements	Breach of legislation - legal implications Financial implications Reputation damage Insurance liabilities	Single point of contact	2	3	6