

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Risk Register Update
Meeting/Date: Corporate Governance Panel – 3 June 2015
Executive Portfolio: Resources: Councillor J A Gray
Report by: Internal Audit & Risk Manager
Ward(s) affected: All Wards

Executive Summary:

The risk register is regularly reviewed. This report updates the Panel on the changes that have been made to the register in the period, 2 September 2014 to 19 May 2015.

There have been a number of additions and deletions to the register following the first detailed review of the register by the Management Team against the 2014 Corporate Plan objectives. A number of the risks that have been deleted reflected the objectives of 'Growing Success', the previous Corporate Plan.

The changes to the register are included within a set of appendices to the report.

383 controls are recorded in the register in respect of 144 individual risk entries.

92% of the controls have been assessed by management within the reporting period to be either at the substantial or adequate level.

92% of the controls have been reviewed and updated in the reporting period.

The risk register is reviewed quarterly by the Management Team (both individually and collectively) to ensure that it remains fit for purpose and captures the significant risks to the achievement of the Council's objectives. Service Plans have been prepared for 2015/16 (which are based upon the delivery of the 2015 Corporate Plan) and a further review of the register will commence shortly against the Service Plans aims and objectives.

The risk management system is working effectively. Panel need to take this into account when considering the annual governance statement.

Recommendation:

It is recommended that the Panel note the report.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report details both the risks and the assurance that can be taken over the operation and effectiveness of the controls that are in place to mitigate the risks within the risk register.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Panel receive regular reports on the changes that have been made to the risk register. In preparing the annual governance statement, Panel are able to take assurance from the reports that the risk management process is working effectively and contributing to the effective management and delivery of services.
- 2.2 Panel last received a report on this matter at its September 2014 meeting. Fifteen risks have been added to the register and 18 risks deleted in the current reporting period. The full risk register is available on the risk management intranet site.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 There are five appendices to the report that show the current status of risks.

The reduction in risk achieved due to the controls that managers have in place for both corporate and operational risks are shown in appendix 1 and 2. Risks with a 'very high' residual risk are listed separately.

- 3.2 The risk management strategy requires the Cabinet to consider each of the very high residual risks to identify whether they should be further mitigated by cost-effective and affordable actions. Risk option forms are currently being prepared by Heads of Service and will be presented to the July Cabinet meeting.
- 3.3 Following the introduction of the Corporate Plan in April 2014, Heads of Service undertook a thorough review of the risk register. A number of the risks that have been deleted from the register in the current period reflect the themes and aims of the previous Corporate Plan, which was known as 'Growing Success'.
- 3.4 The register is reviewed quarterly by all Heads of Service. Corporate risks are also subject to a collective peer review.
- 3.5 383 controls were recorded in the register as at 19 May 2015 in respect of 144 individual risk entries.

The levels of assurance are as follows:

No of Controls	Assurance Level			
	Substantial	Adequate	Limited	None
383	227	127	26	3
	59%	33%	7%	1%

- 3.6 92% of the assurances have been updated in the past six months (57% at September 2014). 5% of assurances are more than twelve months old (6% at September 2014).

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 Not applicable.

5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

5.1 The significant service risks that have the potential to affect the delivery of the Corporate Plan need to be identified, controlled and monitored. If this process does not take place, there is the possibility that the desired outcomes within the Corporate Plan will not be achieved. Maintaining an adequate and effective risk register and risk management process is a key management control.

5.2 As the risk register has become more robust, the Internal Audit Service have been able to place greater reliance on its content for annual audit planning purposes. This in turn has allowed them to undertake audit reviews on the Council's significant risks, reviewing and challenging both the controls listed and the controls assurance ratings. If the risk register is not maintained by Heads of Service then its value to internal audit will diminish as will the overall assurance that internal audit provides to both the Corporate Management Team and the Corporate Governance Panel on the effectiveness of the risk management process.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 The risk register is reviewed quarterly by all Heads of Service. Team Managers are required to review their risk register entries every six months.

7. LINK TO THE CORPORATE PLAN

7.1 Good risk management practice contributes to the overall delivery of the Corporate Plan. It improves the performance of the Council by identifying and assessing current and emerging risks and opportunities and how they are to be treated.

8. CONSULTATION

8.1 Not applicable.

9. LEGAL IMPLICATIONS *(Comments from the Head of Legal & Democratic Services)*

9.1 There are no legal implications arising from this report.

10. RESOURCE IMPLICATIONS *(Comments from the Assistant Director, Finance & Resources)*

10.1 There are no direct financial implications arising from this report.

11. OTHER IMPLICATIONS *(Equalities, environment, etc)*

11.1 There are no equality implications arising from this report.

12. REASONS FOR THE RECOMMENDED DECISIONS *(Summary leading to the Recommendations)*

- 12.1 As part of the ongoing process of obtaining assurance for the annual governance statement, the Panel need to be confident that the Council's risk management procedures are working effectively. This report allows the Panel to note that the risk management process is working effectively.

13. LIST OF APPENDICES INCLUDED

Appendix

- 1 Risk matrix – inherent to residual scoring: Corporate risks
- 2 : Operational risks
- 3 Summary of risk register amendments
- 4 Assurance on controls for very high inherent risks
- 5 Risks with controls that are not working effectively
- 6 Risk assessment model from risk management strategy

BACKGROUND PAPERS

Risk Register

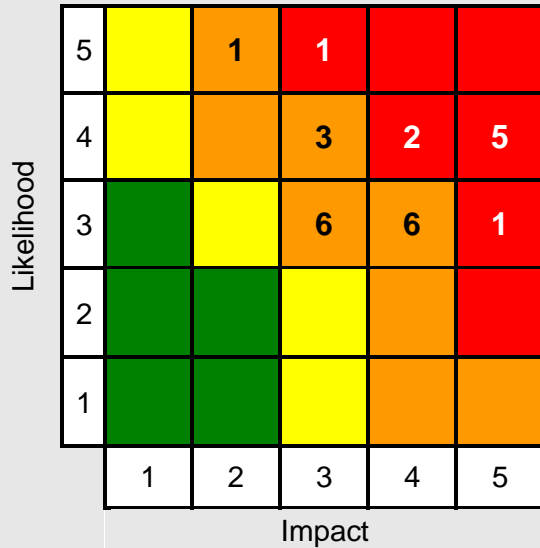
CONTACT OFFICER

David Harwood. Internal Audit & Risk Manager
Tel No. 01480 388115

Corporate Risks

Appendix 1

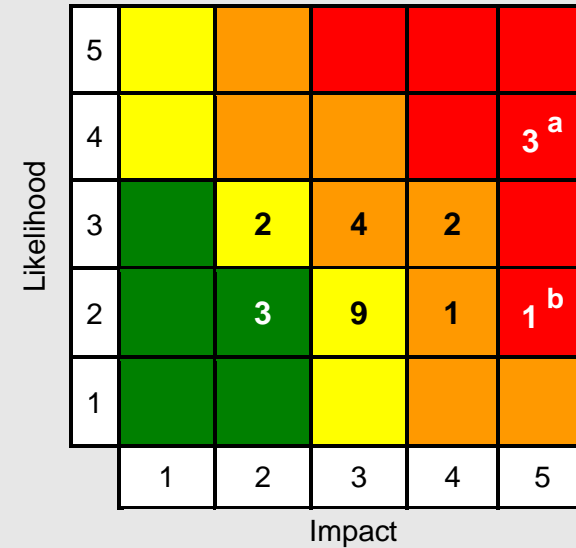
**Inherent Risks
before controls
May 2015**



Residual risk scores rely on the identified controls working effectively.

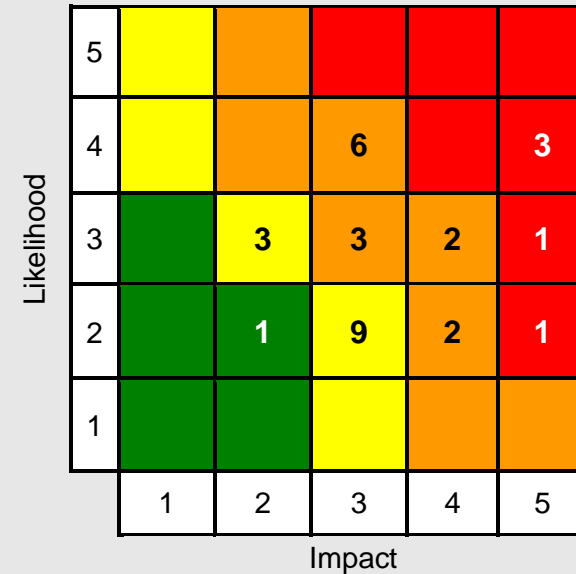
CGP and CMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

**Residual Risks
after controls
May 2015**



total
25

September 2014



total
31

-6

'Very High' Residual Risks		Sept 2014	May 2015
		Likelihood X Impact	
130 a	Reducing Govt. financial support	4 / 5	4 / 5
237 a	Affordable new homes	4 / 5	4 / 5
239 a	Town Centre redevelopment	3 / 5	4 / 5
47 b	Investment decisions not appropriate	2 / 5	2 / 5

Operational Risks

Appendix 2

**Inherent Risks
before controls
May 2015**

Likelihood	5		3	4	3	1
	4		8	17	10	2
	3	1	8	23	18	5
	2		4	4	4	2
	1			1		
		1	2	3	4	5
		Impact				

Residual risk scores rely on the identified controls working effectively.

CGP and CMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.

**Residual Risks
after controls
May 2015**

Likelihood	5					
	4	1	4	6	1 ^a	
	3	3	16	8	3	
	2	1	21	33	8	
	1		2	4	3	
		1	2	3	4	
		Impact				

total
118

September 2014

Likelihood	5					
	4	1	4	9	1	
	3	3	12	11	3	
	2	1	22	35	9	
	1		2	5	2	
		1	2	3	4	
		Impact				

Total
124

-6

'Very High' Residual Risks			Sept 2014	May 2015
			Likelihood X Impact	
243	a	Failure to deliver savings via MAC	4 / 4	4 / 4
241	b	Reduced retained business rates	3 / 5	3 / 5
15	c	ICT security is breached	2 / 5	2 / 5
58	c	Information or data is lost	2 / 5	2 / 5

Operational

**Summary of Risk Register Amendments
2 September 2014 – 19 May 2015**

Appendix 3

Corporate **Additions** **Deletions** **Category Change** **Net result**
 + 8 - 3 +1 + 6

Risk	Risk Title	Addition	Deleted	Inherent Risk Priority	Residual Risk Priority	Reason for deletion
30	The Councils 'environmental' policy/strategy is not followed leading to the risk of piecemeal and uncoordinated actions which do not meet environmental targets.	----	16/02/15	Very High	High	The council is changing its approach to the measurement of environmental objectives with targets and objectives laid out within the corporate plan.
135	ICT Developments outside IMD may not be sustainable resulting in loss of service and/or additional costs to repair or replace the system.	----	02/12/14	High	High	Over the years the number of services developing systems themselves has reduced. IMD has taken more responsibility for designing and implementing new IT systems. This risk has reduced to a level that it should not be recorded as a corporate risk.
146	Failure to prepare for and adapt to climate change , resulting in wasted investment , costs of emergency action and retrofitting buildings with adaptation measures.	----	16/02/15	Very High	High	See risk 30 above.
152	Economic downturn and the related potential shortfall in anticipated developer activity due to reduced market liquidity and availability of credit undermines the delivery of new homes, new employment opportunities and community facilities.	----	25/11/14	High	High	Clear signs are that an economic downturn will not lead to a fall in application fees.
154	Lack of competent qualified staff and/or funds mean failure to deliver savings and resource efficiency agenda.	----	16/02/15	High	High	See risk 30 above.
247	Failure to deliver revenue generation opportunities and energy savings through MLEI (Mobilising Local Energy Investment).	----	16/02/15	High	High	The council is changing its approach to the measurement of environmental objectives with targets and objectives laid out within the corporate plan.
250	Desktop virtualisation does not occur by April 2014 resulting in users left using unsupported systems.	----	16/09/14	Very High	High	Desktop virtualisation did not proceed.

**Summary of Risk Register Amendments
2 September 2014 – 19 May 2015**

Appendix 3

Risk	Risk Title	Addition	Deleted	Inherent Risk Priority	Residual Risk Priority	Reason for deletion
256	Failure relating to the implementation of Individual Electoral Registration (IER).	----	17/11/14	Very High	High	Project completed. IER went live in June 2014.
260	The Council does not meet its obligations under the 2014 Data Transparency Code leading to complaints from the public and a judicial review.	26/11/14	----	High	Low	
261	Shared service provision fails to deliver the required service leading to potential deterioration in service delivery, loss of control, loss of reputation and potentially increased costs.	02/12/14	----	High	High	
262	Failure to deliver vision of shared services leading to inability to deliver the required efficiency savings.	02/12/14	----	High	Medium	

**Summary of Risk Register Amendments
2 September 2014 – 19 May 2015**

Appendix 3

	Additions	Deletions	Category Change	Net result
Operational	+ 6	- 12	0	-6

Risk	Risk Title	Addition	Deleted	Inherent Risk Priority	Residual Risk Priority	Reason for deletion
16	Member of the public/Council employee is seriously injured or killed due to the Council not providing its employees with either a safe working environment or sufficient and adequate training.	----	02/12/14	Very High	Medium	Regular training provided to key staff. Risk now considered a business as usual operation.
19	Public injury, illness or property damage is caused from inadequate maintenance of trees and/or poisonous plants, damaging our reputation and increasing expenditure.	----	01/12/14	High	Medium	Risk is similar to risk register entry 17, which deals with the risks of providing a safe working environment and adequate training. .
23	The procedures for the management of Special Events organised by the Leisure Centres may not be robust and result in customer complaints.	----	01/12/14	High	Low	Risk similar to risk 17.
48	Failure to manage projects effectively results in projects not being delivered on time and/or budget.	----	17/02/15	Very High	High	New project management system set up and run by Corporate Office.
150	Delivering the web strategy - there may be insufficient resources to deliver the objectives of the web strategy.	----	05/01/15	High	Medium	A business case has been approved by the Exec Director(Services) for IMD to control the website content.
156	Delegated funding arrangements to schools potentially reduce use of leisure centres resulting in a financial shortfall.	----	01/12/14	High	High	Risk similar to risk 18, which refers to the joint agreements and funding arrangements.
163	Government Connect Code of Connection rules restrict flexibility of ICT provision.	----	19/01/15	Very High	High	To comply with Government Connect we have changed the way that officers remotely access the network.

**Summary of Risk Register Amendments
2 September 2014 – 19 May 2015**

Appendix 3

Risk	Risk Title	Addition	Deleted	Inherent Risk Priority	Residual Risk Priority	Reason for deletion
222	Key staff are attracted by improving opportunities in the private sector as the public sector becomes more uncertain and under increasing financial constraints.	----	02/02/15	High	High	This risk affects many parts of the Council and is covered by risk 2, which refers to staff motivation morale, training and retention.
229	Failure to provide protect and maintain the Council's property portfolio resulting in an unsuitable working environment and/or possible accident or injury to staff/visitors.	----	16/02/15	Very High	Medium	This is considered to be a 'business as usual' risk.
242	Non delivery of service due to insufficient transport.	----	24/11/14	High	High	No evidence to demonstrate the impact of this risk on operation of the service.
244	Failure to recruit successfully into the vacant Network & Systems Team Leader post may put operational systems and development projects at risk.	----	14/10/14	Very High	High	The post is temporarily filled and the structure of the team will change when a shared service is implemented.
252	Failure to implement the Pay Review project in April 2014.	----	02/09/14	High	Medium	Project completed.
257	Reduction of instructors leading to a reduction in service and loss of income.	09/09/14	----	High	High	
258	Members make grant awards to people who do not meet the criteria of the award scheme.	19/11/14	----	Medium	Medium	
259	Planning decisions not to allow removal/significant works to a TPO tree lead to the Council having to pay Statutory Compensation.	19/11/14	----	High	Medium	
263	The implementation of the Universal Credit System is not well managed leading to increased poverty on the local community.	03/12/14	----	High	Medium	

**Summary of Risk Register Amendments
2 September 2014 – 19 May 2015**

Appendix 3

Risk	Risk Title	Addition	Deleted	Inherent Risk Priority	Residual Risk Priority	Reason for deletion
265	Key members of IMD leave at short notice and with no time for handover leading to poor systems support.	05/01/15	----	High	High	
266	Building Foundations for Growth - Capital Grant Administration or Compliance issues.	09/03/15	----	High	High	

Assurance Details

Appendix 4

Corporate Objective & summary of risk	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Area of Panel Assurance ¹	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None			Corporate	Operational
A customer focused and service led Council												
Council does not invest in or develop staff	2		4		3	1			a		✓	
Service recovery/business continuity ineffective	6		5		4	1			g			✓
Staff absence through injury	14		6			2	3	1	g			✓
ICT security breached	15		8		8				g			✓
Budget estimates are inaccurate	24		5			5			d			✓
Reliance on key IT staff	25		5		2	3			g			✓
Bailiff contract (health and safety)	31		3		3				f			✓
Ineffective site security	32		3			3			g			✓
Building control service loses customers	44		4		3	1			a			✓
Investment decisions not appropriate	47		4			4			d		✓	
Staffing capacity: deadlines not met	49		4		4				a			✓
Information or data is lost	58		4			3	1		g			✓
Staff capacity: reducing service levels	73		4		1	3			a		✓	
Fraud occurs	75		6		1	3	2		g			✓
Unencrypted data is sent externally	122		4		2	2			g			✓
Reducing Govt. financial support	130		2			1	1		d		✓	✓
Theft	140		4		4				g			✓
Loss of access/structure: Pathfinder House	145		3		3				g			✓
Power loss to main server	177		6		4	1	1		f			✓
Assets not properly maintained	186		3				3		g			✓
Sensitive HB info e-sent via insecure means	191		1		1				g			✓
S106 Agreements not monitored	208		3			3			e			✓
Breach of data protection act	217		5		4			1	c			✓
CIL liabilities not collected	236		1			1			g			✓
Reduced retained business rates	241		1			1			d			✓
Failure to deliver Making Assets Count	243		1					1	j	x		✓
Not achieving financial savings	248		1			1			d		✓	
Inappropriate social media activity	251		1		1				g		✓	

¹ The areas that Panel require specific assurance upon are listed at the end of this section.

Assurance Details

Appendix 4

Corporate Objective & summary of risk	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Area of Panel Assurance ¹	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None			Corporate	Operational
A strong local economy												
Delays to Huntingdon town centre development	239		1			1			a		✓	
Sustainable Growth												
Increasing insurance premiums	126		3			2	1		f			✓
Loss of vehicle fleet operating licence	192		3		2	1			a			✓
Reducing number of affordable homes built	237		3		3				a		✓	
Thriving Communities												
Partnerships are not effective	74		1					1	j	x	✓	
Reduced CCTV cover	230		1		1				a			✓
Reduction in Govt. DFG funding	254		1		1				a			✓

a. Delivery of the Council's corporate objectives	e. Robustness of performance management system	j. Partnerships working effectively
b. The effectiveness of the Constitution	f. The effectiveness of the risk management strategy	
c. Meeting statutory obligations	g. Internal control & the effectiveness of key controls	
d. Effectiveness of financial management arrangements	h. Adequacy of the internal audit service	


Risk Assurance Shortfall

Appendix 5

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Control Assurance level	Controls not considered effective
74	Robust Partnerships agreement are not effectively secured with relevant organisation and as a consequence the delivery of key objectives is not achieved.	Very High	Medium	Limited	<p>Current review of all Partnerships to ensure alignment with our corporate priorities, delivering value for money and are fit for purpose.</p> <p><i>Note: The 2013/14 annual governance statements included as a significant issues, the requirement to review partnership commitments. An update on progress made was reported to the Panel in March 2015.</i></p>
243	Failure to deliver potential savings and partnership opportunities through the Making Assets Count programme	Very High	Very High	Limited	There are no controls within the register for this risk.

Risk Assessment Model

Likelihood / Frequency

		Alternatively this could be expressed as likely to happen within the next:	
5 = Almost Certain	Will definitely occur, possibly frequently.	Month	
4 = Likely	Is likely to occur, but not persistently.	Year	
3 = Occasional	May occur only occasionally.	3 years	
2 = Unlikely	Do not expect it to happen but it is possible.	10 years	
1 = Improbable	Can't believe that this will ever happen, but it may occur in exceptional circumstances.	20 years	

When considering Health & Safety related risks, the likelihood should be expressed as being likely to happen within the next:

4 = Likely	Monthly	Further advice on assessing Health & Safety risks* can be obtained from the Health & Safety Advisor.
3 = Occasional	Year	
2 = Unlikely	5 years	

Impact

Risks will be evaluated against the following scale. If a risk meets conditions for more than one category, a judgement will need to be made as to which level is the most appropriate. For example, if a particular health and safety risk was significant, could result in minor short-term adverse publicity in the local media but had only a trivial financial impact, it might still be categorised as significant.

1 = trivial event or loss, which is likely to:

- cause minor disruption to service delivery on one or two consecutive days, not noticeable to customers
- increase the Council's net cost over the 5 year MTP period by £50,000 or less.
- be managed with no reporting in the local media
- cause localised (one or two streets) environmental or social impact

2 = minor event or loss, which is likely to:

- cause minor, noticeable disruption to service delivery on one or two consecutive days
- increase the Council's net cost over the 5 year MTP period by more than £50,000 but less than £100,000.
- result in minor short-term (up to a fortnight) adverse publicity in the local media
- * be a Health and Safety concern that results in an injury but little lost time (e.g. less than 3 days off work)
- have a short term effect on the environment i.e. noise, fumes, odour, dust emissions etc., but with no lasting detrimental impact

Risk Assessment Model

3 = significant event or loss, which is likely to:

- cause disruption for between one and four weeks to the delivery of a specific service which can be managed under normal circumstances
- affect service delivery in the longer term
- increase the Council's net cost over the 5 year MTP period by more than £100,000 but less than £250,000.
- result in significant adverse publicity in the national or local media
- * be a Health and Safety concern that results in more than 3 days off work or is a major injury, dangerous occurrence or disease that is required to be reported to the H&S Executive in accordance with RIDDOR.
- has a short term local effect on the environment, or a social impact, that requires remedial action.

4 = major event or loss, which is likely to:

- have an immediate impact on the majority of services provided or a specific service within one area, so that it requires Managing Director involvement.
- increase the Council's net cost over the 5 year MTP period by more than £250,000 but less than £500,000.
- raise concerns about the corporate governance of the authority and / or the achievement of the Corporate Plan
- cause sustained adverse publicity in the national media
- significantly affect the local reputation of the Council both in the long and short term
- * results in the fatality of an employee or any other person
- have a long term detrimental environmental or social impact e.g. chronic and / or significant discharge of pollutant

5 = critical event or loss, which is likely to:

- have an immediate impact on the Council's established routines and its ability to provide any services, and cause a total shutdown of operations.
- increase the Council's net cost over the 5 year MTP period by more than £500,000.
- have an adverse impact on the national reputation of the Council both in the long and short term
- have a detrimental impact on the environment and the community in the long term e.g. catastrophic and / or extensive discharge of persistent hazardous pollutant