

# Taunton Deane Borough Council

## Corporate Governance Committee – 15<sup>th</sup> March 2010

### Risk Management

#### Report of the Performance & Client Officer

(This matter is the responsibility of Executive Councillor Nicola Wilson)

#### 1. Executive Summary

- 1.1 This report provides an update on progress with Risk Management.
- 1.2 The Risk Management Strategy has received some minor amendments.
- 1.3 The Corporate Risk Register has recently been reviewed and updated by the Corporate Management Team (CMT).
- 1.4 A Risk Management Action Plan is in place to support the delivery of the strategy, and is largely on course.
- 1.5 An internal audit to assess the adequacy of controls and procedures in place for risk management was undertaken in January 2010. The Audit opinion offers *“reasonable assurance as most of the areas reviewed were found to be adequately controlled”*.

#### 2. Purpose of Report

- 2.1 The purpose of this report is to update the Committee on the following Risk Management issues:
  - Revisions to the Risk Management Strategy since its approval by the Committee and adoption in May 2009.
  - A status report on the Risk Management Action Plan
  - The current Corporate Risk Register
  - A summary of the findings and recommendations following an internal audit of Risk Management arrangements

#### 3. Background

##### 3.1 Introduction

Risk Management is the process by which risks are identified, evaluated and controlled and is one of the key elements of the Corporate Governance framework.

## 3.2 Definition

Risk management is an important element of management and in planning and providing the safe delivery of economic, efficient, and effective Council services. It is recognised as an integral part of good management practice. To be most effective, risk management should become part of the Council's culture. It should be part of the philosophy, practices and service planning rather than viewed as a separate initiative. When this is achieved, risk management becomes the business of everyone in the organisation and therefore embedded.

## 3.3 Roles and responsibilities

### 3.3.1 The role of the Corporate Governance Committee

The Corporate Governance Committee is responsible for monitoring the corporate governance of the authority. It will receive regular reports on way risk is being managed in the authority.

Member's key tasks in relation to Risk Management are:

- Approving the Risk Management Strategy and implementation plan.
- Monitoring the effectiveness of the Council's risk management and internal control arrangements.
- Reviewing the Corporate Risk Register

### 3.3.2 The role of the Performance & Client Team

The Theme Manager for Performance and Client will be responsible to CMT for:

- Ensuring that risk management is embedded throughout the authority
- Ensuring that Corporate Risks are reviewed by CMT on a 6 monthly basis
- Ensuring services adequately manage risk and follow the corporate standard
- Assistance, advice and training
- Reporting to the Corporate Governance Committee on the management of risk
- Reporting concerns to the Chief Executive or CMT as appropriate
- Annually reviewing the risk management strategy
- Keeping abreast of developments in the field of Risk Management and identifying and implementing best practice

## 4. Report

### 4.1 Where are we now?

Recent progress in implementing Risk Management is as follows:

- the Risk Management Strategy has been updated and approved by CMT
- a new Risk Management Action Plan has been produced and approved by CMT
- the Corporate Management Team (CMT) has reviewed the Corporate Risk Register (January and February 2010)

- A recent Internal Audit of Risk Management has been undertaken
- An annual risk reporting and management cycle has been documented and is being implemented and monitored
- A revised Risk Register and guidance notes have been included in the service plan template

#### 4.2 Risk Management Strategy

The latest Risk Management Strategy was approved by the Corporate Governance Committee 18<sup>th</sup> May 2009. Following a review of the Strategy by the Performance & Client Officer, the following amendments have been made:

- Risk Assessment scoring matrix changed to a 5x5 system (was previously a 4x4 scoring system)
- Responsible Officers updated as a result of the Core Council Review
- New quarterly Theme Managers meeting to identify and control operational risks

The Risk Management Strategy was approved by CMT in January 2010

#### 4.3 Risk Management Action Plan

The Risk Management action plan has been updated to take into account Strategy changes and the key recommendations arising from the internal audit in January 2010. Please refer to **Appendix A**.

The Risk Management Action Plan contains 28 actions. Progress against the target dates has revealed the following:

Completed ☺	On Target ☺	Some Concern ☹	Off Target ☹
13	12	3	0

The categories where doubts have been expressed about achieving improvement **by the target dates** are as follows:

- Review risk management arrangements with major partners
- Audit risk management status in partnerships
- Audit risk management status in projects

Please note - for the purpose of risk management, CMT has defined that the term “Partnerships” refers to the three major partner organisations, namely: Southwest One; Tone Leisure; Somerset Waste Partnership.

#### 4.4 Corporate Risk Register

Following the regular review cycle, the Corporate Risk Register has been streamlined and updated by CMT during January and February 2010.

A copy of the current Corporate Risk Register can be found in **Appendix B**. It is recommended that the Committee review the risks and control measures, making particular note of the high risk areas, identified by a score of 15 or higher.

#### 4.5 Internal Audit Report

As part of the 2009/10 audit plan a review was carried out in January 2010 to assess the adequacy of controls and procedures in place for risk management.

The conclusion and audit opinion states:

*"I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of their objectives".*

Recommendations arising from this audit have been included within the Risk Management Action Plan (Appendix A).

#### 5. Effect on Corporate Priorities

5.1 As this report covers the Council-wide approach to managing risk, all Corporate Priorities are affected

#### 6. Recommendation

- 6.1 It is recommended that the Corporate Governance Committee
- Review the Corporate Risk Register
  - Note progress with Risk Management, the Internal Audit review and the actions planned

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# TDBC RISK MANAGEMENT ACTION PLAN

February 2010

(Appendix A)

Item	Action	Responsible Person	Date for completion /review	Status	Notes
1	Review and Revise Risk Management Strategy, policy and procedure	SA/AGS	March 09	Completed	Use External Consultants Quintin Associates Ltd (QAL)
2	Harmonise methodology as far as practicable with Main partners	SA/AGS	March 09	Completed	Research Somerset CC methodology
3	Formally review Corporate Risk Register	CMT	Completion - March 09	Risk identification and assessment complete	<b>Some MAPS to be completed</b>
			6 month review – November 2009	Completed	CMT 18/1/10, and final review 15/2/10
4	Review how Risk management can be embedded in service planning and throughout the authority	DW / AGS	By April 10	ongoing	Service planning Jan – April 2010. New templates designed
5	CMT to approve revised Risk Management Strategy, policy & procedure, action plan, and confirm individual ownership of areas of risk	CMT	By Jan 2010	Complete	Approved CMT 18/1/10
6	Review link between Risk Management and Performance Management	AGS	From Dec 09	Complete	DW responsible from Dec 09

Item	Action	Responsible Person	Date for completion /review	Status	Notes
7	To review status of Risk Management within partnerships and revise as necessary	SA	March 09	Completed	Liaise with External Consultants (QAL)
8	Research new "Use of Resources" KLOES and identify Best Practice	CMT		Completed	Liaise with External Consultants (QAL)
	Consider UoR level to aim for ('getting basics right', or 'performing well')		Jan 2010	Completed	KLOE 2.4 guidance summarised
9	To Review status of Risk management within Projects and Programme Management and revise if necessary	SA		Completed	Liaise with External Consultants (QAL)
10	Train CMT in new system	SA		Completed	Use External Consultants (QAL)
11	Train CCM in new system	AGS/JB		Completed	Use External Consultants (QAL)
12	Train Corporate Governance Committee in new system	Tonya Meers	March 09	Phase 1 completed	Use External Consultants (QAL)
13	Review Risk Management arrangements with major Partners (NB – priority is for Cliented partners, ie: Southwest One; Tone Leisure; Somerset Waste Partnership)	Richard Sealy	March 10	Planned by end March 10	

Item	Action	Responsible Person	Date for completion /review	Status	Notes
14	Audit Risk Management status in Partnerships	Richard Sealy	March 10	Planned by end March 10	
15	Audit Risk Management status in Projects (NB – ref Corporate Scorecard)	CMT	March 10	Planned by end March 10	
16	Make Risk Management Strategy, Policy & Procedures available to all staff and other persons working on behalf of TDBC	DW	March 10		To be added to new Performance Sharepoint site, and Core Brief
17	Decision on Joint Risk Management Panel / Safety Committee	CMT	March 10	Complete	CMT decision (Jan 10) not to reinstate
18	Ensure all Themes / Services produce Risk Registers and Management Action Plans consistently adopting the agreed process & using revised template	DW	Theme 1 - Mar 10 Theme 2 – June 10		Performance Team to assist Managers with Service Plans & audit
19	Annual review of Risk management Strategy & Policy	CMT	April 2010	Complete	
20	Annual reappraisal of corporate risk register (strategic risks)	CMT	May 2010		
21	6 month review of corporate risk register	CMT	November 2010		
22	Theme / Service risk registers included within Service Plans	Theme Managers	Theme 1 - Mar 10 Theme 2 – June 10		

Item	Action	Responsible Person	Date for completion /review	Status	Notes
23	Theme Managers quarterly review of all service level risks (operational risks) & escalate to CMT if appropriate	Theme Managers	28 <sup>th</sup> April 2010 19 <sup>th</sup> July 2010 18 <sup>th</sup> September 10 17 <sup>th</sup> January 2011		New meetings now scheduled
24	Theme / Service risk registers – 6 month peer review	Theme Managers	September 2010		
25	Quarterly RM report to Corporate Governance Committee	DW	15 March, 28 June, 30 September, 20 December		
26	Annual internal audit of risk management arrangements – create action plan from findings	DW	January 2010		Audit report & action plan received 28/1/10
27	On-going training & development in risk management to enhance knowledge and implement best practice <ul style="list-style-type: none"> <li>- Attendance to ALARM regional meetings &amp; workshops</li> <li>- Visit other authorities / Risk Managers</li> </ul>	DW & LP	ALARM meetings: Jan, April, July, Sept, November		DW & LP attended ALARM meeting 22/1/10  DW to plan visit to SW ALARM chair (Pete Osborne)
28	Research RM software products & complete costs & benefits analysis	DW	April 10		DW to visit Pam Pursley (SCC)



Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Pre Control Impact	Pre Control Probability	Score	Control Measures	Post Control Impact	Post Control Probability	Score	Date identified	Status	Comments
1	<b>Change Programme does not achieve objectives and the organisation has no obvious Plan B</b>	Penny James	<ul style="list-style-type: none"> <li>* Organisation not fit for purpose, and cannot meet the demands of the Government in terms of community engagement and place shaping.</li> <li>* Organisation has no sustainable MTFP, negative impact on Use of Resources assessment.</li> <li>* Organisation unable to identify &amp; capture tangible benefits.</li> <li>* Organisation unable to deliver projected benefits (may impact on quality of service delivery &amp;/or MTFP)</li> </ul>	Major	Very Likely	20	<ul style="list-style-type: none"> <li>* Dedicated Risk Register for Projects</li> <li>* Regular communication with Members – CCR Member Steering Group, Maintaining dialogue, Good quality Member input, External speakers</li> </ul>	Significant	Feasible	9	Feb-10	Open	
	a) Core Council Review does not deliver												
	b) Organisation does not drive benefits realisation of change projects (leadership)												
	c) Members do not embrace the changes and resist proposals												
2	<b>Failure to manage the growth agenda</b>	Joy Wishlade / Tim Burton	<ul style="list-style-type: none"> <li>* Loss of external funding</li> <li>* Reputation damaged - CAA</li> <li>* Inappropriate development (in the wrong places)</li> <li>* TDBC becomes a dormitory region - with residents working and finding recreational activities outside of the Deane</li> <li>* Local economy does not develop - lack of quality jobs created / redundancies</li> <li>* Transport infrastructure becomes more gridlocked</li> <li>* TDBC will not be able to compete with other regions in terms of attracting business growth</li> </ul>	Major	Very Likely	20	<ul style="list-style-type: none"> <li>* Effective project management of LDF</li> <li>* Member engagement by LDF Steering Group</li> <li>* Good member involvement, with economic downturn - risk not as great</li> <li>* Project Plans in place.</li> <li>* Talking to HCA and developers.</li> <li>* Managing the community's expectations/communications strategy</li> </ul>	Significant	Feasible	9	Feb-10	Open	
	a) Failure to deliver a sound Core Strategy within reasonable timescales												
	b) Negative impact on managing performance and reputation with GOSW and RDA. Potential impact on use of resources												
	c) Unsustainable development proposals permitted due to lack of 5 year land supply												
	d) Community resist growth agenda												
	e) TDBC organisationally is not resourced to support this growth and the place shaping agenda												
3	<b>Failure of Performance Management process to alert to Performance Issues</b>	Richard Sealy	<ul style="list-style-type: none"> <li>* Council's strategic objectives are not met.</li> <li>* Poor service delivery or management of services is not identified quickly.</li> <li>* Inefficient/waste of resources</li> </ul>	Significant	Likely	12	<ul style="list-style-type: none"> <li>* New Performance Management framework</li> <li>* Data Quality Strategy &amp; action plan</li> <li>* Risk Management Strategy &amp; action plan</li> <li>* Corporate Governance Action Plan</li> </ul>	Significant	Slight	6	Feb-10	Open	
	a) Data is inaccurate, incomplete or out-of-date												
	b) Reporting style and cycle no longer fit for purpose												
	c) Partnership performance not included												
	d) Risk Management culture not embedded												
	e) Compliance with Corporate Requirements is patchy												
4	<b>Failure to address the corporate aims ('TRAC')</b>	Penny James	<ul style="list-style-type: none"> <li>* Areas of deprivation remain</li> <li>* Communities in these areas are not given the support and priority they need to improve and activity may be misdirected</li> <li>* Potential for further areas to slip into deprivation</li> </ul>	Major	Likely	16		Significant	Feasible	9	Feb-10	Open	
	<b>a) Tackling Deprivation &amp; Sustainable Community Development</b> - Failure to produce coherent programme / lack of strategic vision & planning to address/mitigate deprivation - Lack of awareness (outside of 2 areas in Taunton) of the other "rising hotspots" within the Deane												
	<b>b) Regeneration</b> - Failure to produce coherent strategy and delivery plan												
	<b>c) Affordable Housing</b> - Failure to produce coherent strategy and delivery plan												
	<b>d) Climate Change</b> - Failure to have coherent programme to address impact of climate change - No plans in place to reduce carbon footprint of the organisation or the community - Failure to gain LSP partners' support												
	<b>e) Failure to effectively deploy resources to deliver priorities (capacity)</b> - Insufficient resources to meet expectations - Inappropriate use of resources												
5	<b>Failure to agree sustainable MTFP that delivers Corporate Strategy (General Fund and Housing)</b>	Shirlene Adam / Maggie Hammond	<ul style="list-style-type: none"> <li>* Potential budget shortfall in 2011/12</li> <li>* Potential adverse impact on Council's limited reserves (and financial standing score in UoR).</li> <li>* Potential negative Reserve Forecast</li> <li>* Unable to deliver priority projects</li> <li>* Until this figure is known the gaps to close are</li> </ul>	Major	Very Likely	20	Action plan to be developed	Major	Feasible	12	Feb-10	Open	
	a) Insufficient capital resources to fund Corporate Strategy objectives												
	b) Impact of Project Taunton on revenue streams from car parks to be resolved												

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Pre Control Impact	Pre Control Probability	Score	Control Measures	Post Control Impact	Post Control Probability	Score	Date identified	Status	Comments
	c) Unclear on impact of economic downturn on Council's finances		Unknown										
	d) Unclear on impact of concessionary scheme going "national"												
	e) Comprehensive Spending Review figure for following 3 years unknown												
<b>6</b>	<b>Failure to have coherent plan for dealing with Council's assets moving forward</b>	<b>Shirlene Adam / Brian James (SW1)</b>	* Funds not released to resource capital programme * Funds tied up in assets we do not know if we need or if they are performing * Uncertainty for staff around location of workplace * Unsustainable MTFP post 2012 (impact of Project Taunton)	<b>Significant</b>	<b>Likely</b>	<b>12</b>	Asset Management Plan	<b>Significant</b>	<b>Feasible</b>	<b>9</b>	Feb-10	Open	
	a) Insufficient management information on Council's assets and the influence they have on corporate priorities												
	b) No clear property strategy for TDBC public buildings and depots												
	c) No plan to deal with SW1 partnership property aspirations												
<b>7</b>	<b>New administration at TDBC or SCC has different priorities which results in SCC or TDBC attempting to alter or end the contract with SW1</b>	<b>Penny James</b>	* Threats to SW1 partnership if partners have different priorities and attempt to alter or end the contract with SW1 * Breakdown in Officer or Member relationships between the Councils	<b>Significant</b>	<b>Likely</b>	<b>12</b>	Action plan to be developed. Maintain communications with SCC partner	<b>Significant</b>	<b>Feasible</b>	<b>9</b>	Feb-10	Open	
<b>8</b>	<b>Failure of partnerships to deliver Council's objectives</b>	<b>Richard Sealy</b>		<b>Significant</b>	<b>Feasible</b>	<b>9</b>	Effective monitoring of contracts	<b>Significant</b>	<b>Slight</b>	<b>6</b>	Feb-10	Open	
	a) Southwest One												
	b) Tone Leisure												
	c) Somerset Waste Partnership												
<b>9</b>	<b>Failure to have comprehensive &amp; effective Business Continuity Plans &amp; arrangements in place for TDBC</b>	<b>James Barrah</b>	* Negative impact on corporate support services (eg: IT; Communications; Data Security) * Essential services may be reduced / not delivered * General services may be reduced / not delivered * May not be compliant with civil contingencies requirements / obligations on TDBC * Failure to respond effectively to local/major civil emergency or incident * Consequent adverse impact on Council reputation	<b>Major</b>	<b>Feasible</b>	<b>12</b>	All BCPs completed for all services (incl SW1) All preparedness recommendations implemented BCP tested for effectiveness Lessons learnt from testing of BCPs are included in ongoing schedule of regular review of plans	<b>Major</b>	<b>Slight</b>	<b>8</b>	Feb-10	Open	
	a) No detailed plan for how the Council would operate in terms of major emergencies												
	b) No awareness of plan by staff/management/members												
<b>10</b>	<b>The organisation does not proactively manage health &amp; safety</b>	<b>Penny James</b>	* H & S incidents occur that could have a negative impact on the Council's reputation, management and staff involved. * Negative impact on relationship with Unison & staff. * Negative impact on 'Use of Resources' assessment.	<b>Significant</b>	<b>Very Likely</b>	<b>15</b>	* H & S Committee. * H & S action plan	<b>Significant</b>	<b>Slight</b>	<b>6</b>	Feb-10	Open	
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**Corporate  
Risk  
Register**

**(Appendix B)**

Name Taunton Deane BC  
Version Date 25/02/2010  
Version No. REV 1

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Pre Control Impact	Pre Control Probability	Score	Control Measures	Post Control Impact	Post Control Probability	Score	Date identified	Status	Comments
						0				0			

## GUIDANCE FOR USING RISK REGISTER

Step	Action	Column
1	Allocate a Risk Number to each risk identified	1
2	Record the risk	2
3	Identify the potential consequences of the risk	4
4	Describe the risk (this may have more than one element)	5
5	Insert the Corporate Priority attached to the risk	6
6	Click on the box in column 7 a drop down box will appear. Select the potential impact that the risk could lead to if uncontrolled	7
7	Repeat in column 8 selecting the probability of the risk being realised if uncontrolled	8
8	The uncontrolled risk score will be automatically generated in column 9	9
9	Repeat steps 6 & 7 taking into account the proposed control measures	10&11
10	The controlled risk score will now be automatically generated in column 12	12
11	Identify the control measures to be put in place	13
12	Identify the level where the risk will be managed	14
13	Identify and insert the responsible CMT member	3
14	Insert the date the risk was identified	15
15	Insert risk status eg open /closed transferred etc	16
16	Insert any comments	17
17	Collate the risks for each responsible person and copy them onto the individual Management Action Plans (MAPs)	MAPs

<b>PROBABILITY (A)</b> <b>(Likelihood)</b>	<b>5</b> Very Likely	5	10	15	20	25
	<b>4</b> Likely	4	8	12	16	20
	<b>3</b> Feasible	3	6	9	12	15
	<b>2</b> Slight	2	4	6	8	10
	<b>1</b> Very Unlikely	1	2	3	4	5
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	Insignificant	Minor	Significant	Major	Critical	
	<b>IMPACT (B)</b> <b>(Consequence)</b>					