

# Taunton Deane Borough Council

## Corporate Governance Committee – 14<sup>th</sup> March 2011

### Risk Management

#### Report of the Performance & Client Lead

(This matter is the responsibility of Executive Councillor Terry Hall)

#### 1. Executive Summary

- 1.1 This report provides an update on progress with Risk Management.
- 1.2 The Corporate Risk Register underwent a scheduled annual review in February by the Corporate Management Team (CMT). A particular emphasis was placed on the consideration of risks arising from the significant cuts to the Government Grant Settlement and Government Reforms.
- 1.3 An Internal Audit has recently been conducted on Risk Registers, major partnerships and projects – the conclusion reported in January is that there are no significant findings, and the audit opinion offered is ‘reasonable assurance’.

#### 2. Background

##### 2.1 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.

##### 2.2 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 is embedded.

##### 2.3 Roles and responsibilities

###### 2.3.1 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

### 2.3.2 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

## 3. Report

### 3.1 Corporate Risk Register

3.1.1 The scheduled annual review of the Corporate Risk Register was completed in February by the Corporate Management Team (CMT)

3.1.2 The next step is to develop 'Management Action Plans' for further control measures for the highest level risks – these will be ready for reporting at the June committee meeting

3.1.3 A copy of the current Corporate Risk Register can be found in **Appendix A**. 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.

### 3.2 Operational Risk Registers

3.2.1 Risk Registers have been produced for each Theme as part of the 2010/11 service planning process. Copies have been issued to the Performance & Client Lead (responsible for corporate risk management) and are being reviewed for consistency and compliance with the TDBC Risk Management Strategy, Policies & Guidance. A quarterly review of these risk registers is now included on the Theme Manager meeting forward plan. Theme/Service Risk Registers will be updated as part of the service planning process for 2011/12 – this is due for completion by April.

### 3.3 Project Risk Registers

3.3.1 A summary of key corporate project risk registers in place is as follows:

Corporate Project	Owner	Risk Register exists?	Date / version
LDF Core Strategy	SL	within Strategy service plan	May 10 (v4)
Housing Inspection project	SL	within Strategy service plan	May 10 (v4)
SAP implementation & re-launch	RS / AGS	within P & C service plan New Risk Reg drafted	May 10 Sept 10
Project Taunton	JW	Y	June 10
DLO internal transformation	BC	Y	Nov 10
Housing Client review	JB	Y (draft)	Aug 10
Procurement transformation	PH	Client team risk & issues log	Monthly
Priority Areas Strategy	ML	Y	Nov 10
Halcon Project	TB / AN	Y (draft)	Feb 11
Budget Review programme	SL/DW	Y (draft)	Feb 11

### 3.5 Risk Management audit and inspection

3.5.1 Internal Audit – South West Audit Partnership (SWAP) have undertaken a Risk Management audit in October – November 2010. The emphasis was on Risk Registers, major partnerships and projects. The conclusion reported in January is that there are no significant findings, and the audit opinion offered is ‘reasonable assurance’.

3.5.2 There are two recommendations, both of which are given a ‘priority rating’ of 3 (medium – ie. the accuracy of records is at risk and requires attention). These recommendations are:

- that Theme Managers review the generic theme based risk registers to ensure that they are sufficient to identify all service related risks that may impact the theme.
- that the Performance and Client Officer ensures that the risk monitoring procedures for the partnership with Tone Leisure are formalised to ensure minimal risk to the Authority.

## 4. Finance Comments

4.1 Financial risk is explained in the Risk Management Strategy and considered within the Corporate Risk Register.

## 5. Legal Comments

5.1 Legal risk is explained in the Risk Management Strategy and considered within the Corporate Risk Register.

## **6. Links to Corporate Aims**

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

## **7. Environmental and Community Safety Implications**

7.1 These areas are considered within the Corporate Risk Register.

## **8. Equalities Impact**

8.1 An Equalities Impact Assessment is not required. Equalities issues are considered within the Risk management process.

## **9. Risk Management**

9.1 This report outlines all aspects of corporate Risk Management.

## **10. Partnership Implications**

10.1 Partnership risk management is referred to in the Risk Management Strategy, Action Plan, and Corporate Risk Register.

## **11. Recommendations**

11.1 It is recommended that the Corporate Governance Committee:

- Review the updated Corporate Risk Register
- Note progress with Risk Management

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# Corporate Risk Register

Feb-11

# Appendix A

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Existing Control Measures	Current Score	
					Impact	Probability
<b>1</b>	<b>Failure to deliver effective leadership during period of change &amp; uncertainty (Political &amp; Managerial)</b>	Shirlene Adam	<ul style="list-style-type: none"> <li>• Organisation not fit for purpose, and cannot meet the demands of the Government</li> <li>• Organisation unable to identify &amp; capture tangible benefits of change projects</li> <li>• Organisation fails to drive full benefits from SAP &amp;/or Procurement</li> <li>• Potential impact on staff morale, leading to increased: staff sickness absence; industrial unrest / strikes; grievances / disciplinaries / complaints</li> </ul>		<b>Critical</b>	<b>Feasible</b>
a)	Change Programme does not achieve objectives and the organisation has no obvious Plan B			Budget Review Programme (inc 'Plan B'). SAP Task & Finish. Increased challenge on Procurement by CMT		
b)	Members do not embrace the changes and resist proposals			Members Change Steering Group.		
c)	Lack of clarity on the programme of changes to fit the future			Hub reports to CMT		
d)	Staff are not supported on changes implemented from the Budget Review programme			Staff briefings. Budget Review Programme - communications strategy. Unison Forum. Members induction programme. Staff care & support plan. Reports to Leads group.		
e)	Failure to address the issues arising from the 2010 Staff Survey			Organisation Development plan. H & S committee consultation.		
<b>2</b>	<b>The growth agenda is not delivered</b>	Joy Wishlade / Tim Burton	<ul style="list-style-type: none"> <li>• Loss of external funding</li> <li>• Reputation damaged</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>		<b>Major</b>	<b>Feasible</b>
a)	Failure to deliver a sound Core Strategy within reasonable timescales			Core Strategy work programme. Specialist team in place		
b)	Unsustainable development proposals permitted due to lack of 5 year land supply			5 year review period		
c)	Community resist growth agenda			Briefings with the community / business community / Members. Monkton Heathfield community engagement panel		
d)	TDBC organisationally is not resourced to support this growth and the place shaping agenda			Memorandum of understanding' with developers		
e)	Failure to exploit opportunities from Local Enterprise Partnerships (new funding, & making our case nationally for regional infrastructure)			TDBC heads up Local Investment Plan process. Employment land working group. Leading role with Local Development Partnership		
f)	Lack of market appetite for growth					

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Existing Control Measures	Current Score	
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3	<b>Failure to deliver the corporate aims ('TRAC')</b>	<b>Penny James</b>		<ul style="list-style-type: none"> <li>Development of 'Corporate Aims Delivery Plans (CAD plans).</li> <li>Budget Review Programme - Councillor's Priorities workstream.</li> </ul>	<b>Significant</b>	<b>Feasible</b>
a)	<b>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	Brendan Cleere	<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>	Priority Areas Strategy' - project team in place. Engagement with Multi-Agency Groups. TD Partnership 'buy-in'		
b)	<b>Regeneration</b> - Failure to produce coherent strategy and delivery plan	Joy Wishlade	<ul style="list-style-type: none"> <li>Failure to deliver sustainable economic and housing growth targets</li> </ul>	Taunton Advisory Board. Regeneration Steering Group		
c)	<b>Affordable Housing</b> - Failure to produce coherent strategy and delivery plan	Shirlene Adam	<ul style="list-style-type: none"> <li>Failure to deliver Affordable Housing targets</li> </ul>	Affordable Housing Steering Group		
d)	<b>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	Kevin Toller	<ul style="list-style-type: none"> <li>Carbon footprint continues to grow</li> <li>No community leadership on green issues (energy management/recycling improvements/sustainable buildings)</li> </ul>	Climate Change Steering Group. '10% less' energy campaign. Carbon Management Action Plan		
e)	<b>Failure to effectively deploy resources to deliver priorities (capacity)</b> - Insufficient resources to meet expectations - Inappropriate use of resources	Penny James	<ul style="list-style-type: none"> <li>Council priorities not delivered</li> <li>Negative impact on delivery of corporate priority outcomes</li> </ul>	Budget Review Programme		
f)	Lack of engagement with staff & partners and poor visibility / low priority given to Corporate Aims	Penny James				

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<b>4</b>	<b>Failure to agree sustainable MTFP</b>	Shirlene Adam	<ul style="list-style-type: none"> <li>• Potential budget shortfall in 2012/13</li> <li>• Potential adverse impact on Council's limited reserves &amp; financial standing</li> <li>• Potential loss of staff &amp; knowledge in key service areas</li> <li>• Potential service closure / reduced service quality</li> <li>• Inability to deliver customer expectations</li> <li>• Adverse impact on remaining staff</li> <li>• Adverse impact of local elections in 2011</li> <li>• Adverse impact of HRA self-financing not finalised</li> <li>• Adverse impact of Partner's budget changes</li> <li>• <b>Members will be required to make difficult budget decisions</b></li> </ul>	Budget Strategy / Budget Review Programme. Core Council Review (Themes 3 & 5). Housing self-financing.	<b>Critical</b>	<b>Likely</b>
a)	Less Central Government funding					
b)	Insufficient capital resources to fund Corporate Strategy objectives					
c)	Impact of Project Taunton on revenue streams from car parks to be resolved					
d)	Unclear on impact of economic downturn on Council's finances, including arrears position					
e)	Failure to exploit new funding & borrowing opportunities					
f)	Failure to have coherent plan for dealing with Council's assets moving forward		<ul style="list-style-type: none"> <li>• Insufficient management information on Council's assets and the influence they have on corporate priorities</li> <li>• No clear property strategy for TDBC public buildings and depots</li> </ul>	Asset management Group / Asset Management Plan. Budget Review Programme - Capital / Asset review workstream		
<b>5</b>	<b>Failure to effectively manage the impact of Government Reforms</b>	Simon Lewis	<ul style="list-style-type: none"> <li>• Elected Members &amp; staff unsighted on changes ahead</li> <li>• Potential intervention / action by Central Govt</li> <li>• Community not engaged in conversations re service changes</li> <li>• Increased demand &amp; pressure on resources</li> <li>• Increased referendums &amp; legal work</li> <li>• Increased role of the community / impact on elected Members' role?</li> <li>• Different role for LAs when dealing with welfare support</li> </ul>	Hub reports. Strategy Team / Theme & Service managers are monitoring changes. Links to Budget review Programme. TDBC involvement in consultation on changes & reforms. Attendance to briefings / network events - reports to CMT.	<b>Major</b>	<b>Feasible</b>
a)	Failure to be aware of, understand and adequately address the implications on Services, the Community, & Partners from Govt policy reform, including: <ul style="list-style-type: none"> <li>• New Homes Bonus</li> <li>• Homes &amp; Community Agency</li> <li>• Supporting People programme</li> <li>• Rents reforms</li> <li>• Welfare reforms</li> <li>• HRA reforms</li> <li>• Localism Bill</li> <li>• Health white paper</li> <li>• Open Public Services white paper</li> </ul>					

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Existing Control Measures	Current Score	
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b)	Failure to adequately address the implications or exploit opportunities of increased working with the 'Third Sector'		<ul style="list-style-type: none"> <li>Voluntary organisations unable or unwilling to deliver increased outcomes</li> <li>TDBC expected to close gaps left from Partners' cuts</li> </ul>			
<b>6</b>	<b>Key partnerships fail to deliver Council's objectives (SW1, TLL, SWP)</b>	Richard Sealy	<ul style="list-style-type: none"> <li>Potential breakdown in relationships between partners</li> <li>Impact on customers of service failure</li> <li>Contract renegotiation</li> <li>Financial implications (inc imposing penalties)</li> <li>Impact on staff</li> </ul>	<ul style="list-style-type: none"> <li>Governance processes in place for different partners</li> <li>Client Team monitor partner</li> <li>Contractual arrangements in place</li> <li>Regular Member scrutiny</li> </ul>	<b>Major</b>	<b>Likely</b>
a)	Differing priorities by Administrations at TDBC & SCC					
b)	Partners fail to deliver required performance levels					
c)	Lack of clarity on objectives					
d)	Changes instigated by SCC					
<b>7</b>	<b>Failure to have comprehensive &amp; effective Business Continuity Plans &amp; arrangements in place for TDBC</b>	James Barrah	<ul style="list-style-type: none"> <li>Negative impact on corporate support services (eg: IT; Communications; Data Security)</li> <li>Essential services may be reduced / not delivered</li> <li>General services may be reduced / not delivered</li> <li>May not be compliant with civil contingencies requirements / obligations on TDBC</li> <li>Failure to respond effectively to local/major civil emergency or incident</li> <li>Adverse impact on Council reputation</li> <li>Unable to deliver IT support during emergencies</li> </ul>	<ul style="list-style-type: none"> <li>CMT rota in place</li> <li>Recent Rest Centre exercise</li> <li>Draft BCPs in place</li> <li>Progress monitored with service BCPs (near 100%)</li> <li>Housing &amp; DLO rotas in place</li> <li>Contractual arrangements in place (Sw1, TLL)</li> <li>Kilkenny has reciprocal arrangements with other authorities</li> <li>Somerset Civil Contingencies partnership</li> <li>DLO in discussions with Sedgemoor re shared depot</li> </ul>	<b>Major</b>	<b>Slight</b>
a)	No detailed plan for how the Council would operate in terms of major emergencies					
b)	No awareness of plan by staff / management / members					
c)	Inadequate IT disaster recovery plan					
<b>8</b>	<b>Inadequate Health &amp; Safety arrangements in place</b>	Kevin Toller	<ul style="list-style-type: none"> <li>Loss of life</li> <li>H &amp; S incidents occur that could have a negative impact on the Council's reputation, management and staff involved.</li> <li>Negative impact on relationship with Unison &amp; staff.</li> <li>Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>H &amp; S committee</li> <li>Reports to Corp Gov Cttee</li> <li>Safety Reps</li> <li>H &amp; S training programme in place</li> <li>Dedicated H &amp; S advisory resource</li> <li>IOSHH qualified competent persons at Depot</li> <li>H &amp; S action plan (&amp; quarterly monitoring)</li> </ul>	<b>Major</b>	<b>Slight</b>



Score

15

12

Score

9

Score

10

12

Score

16

8

8