

Taunton Deane Borough Council

Corporate Governance Committee – 27th September 2010

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 six monthly review in June by the Corporate Management Team (CMT) and Theme Managers group.
- 1.3 Each manager responsible for a corporate risk has updated the 'Control Measures' and 'Planned Actions' sections of the Corporate Risk Register in August – September. Risk scoring has also been updated to reflect the most up-to-date position.
- 1.4 A Risk Management Action Plan is in place to support the delivery of the strategy, and is largely on course. Current priorities are: audit & review of partnerships and projects risk management arrangements and status; completion of operational risk registers

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 Risk Management Action Plan

The Risk Management action plan has been updated to take into account priorities for 2010/11. Please refer to **Appendix A**.

The Risk Management Action Plan currently contains 13 actions. Progress against target dates has revealed the following:

Completed 	On Target 	Some Concern 	Off Target 	Not Due
3	8	1	0	1

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

- Audit risk management status in partnerships

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.

3.1.2 The Performance & Client Lead (Acting Head of Client) has summarised the current situation regarding the approach to risk management for each key partnership as follows:

Partner organisation	Risks of partnership to TDBC assessed?	Risk Mgt process in place within partner organisation?	Process in place to jointly assess risks to the partnership itself?	Notes
Southwest One	☺	☺	☺	Assessment of joint partnership risk has now been raised at SWOne Board, & to be discussed quarterly
Tone Leisure	☺	☹	☹	Client Team to review current Risk Mgt process with Tone, & explore joint risks (by Dec 2010)
Somerset Waste Partnership	☺	☺	☹	Client Team to explore joint risks with SWP (by Dec 2010)

3.2 Corporate Risk Register

3.2.1 The scheduled six monthly review of the Corporate Risk Register was completed in June by the Corporate Management Team (CMT) & Theme Managers group

3.2.2 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.

3.3 Operational Risk Registers

3.3.1 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.

3.4 Project Risk Registers

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

Corporate Project	Owner	Risk Reg 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
Core Council Review	BC	Y	Nov 09
Project Taunton	JW	Y	Oct 09
DLO transformation	BC	Y	April 10
Housing Client review	JB	Y (draft)	Aug 10
Procurement transformation	PH	Client team risk & issues log	Monthly

3.5 Risk Management audit and inspection

3.5.1 Internal Audit – South West Audit Partnership (SWAP) are scheduled to conduct a Risk Management audit in late September. Findings and recommendations will be reported to the Committee in December.

3.5.2 External Audit – a draft ‘Value for Money’ conclusion report (2009/10) has been received following the external auditor’s work on assessment of the Council’s arrangements for securing economy, efficiency and effectiveness in it’s use of resources. This report confirms that TDBC has met the ‘Value for Money’ criteria for Risk Management, and includes the following statement:

“The Council refreshed its approach to corporate risk in January 2010 and introduced a new process for taking risk management action plans to the Corporate Governance Committee. There is now a lead officer for risk management, who updated the risk management strategy in 2009/10, and a Member champion. An internal audit review of project risk registers identified no areas of concern. Arrangements for service risk registers are developing by embedding risk action plans within service planning. Risk management training for Members and officers was deferred pending the implementation of the new arrangements.”

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 Corporate Risk Register
- Note progress with Risk Management and the actions planned

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TDBC RISK MANAGEMENT ACTION PLAN

September 2010

(Appendix A)

Item	Action	Responsible Person	Date for completion /review	Status	Notes
1	Review Risk Management arrangements with major Partners (NB – priority is for Cliented partners, ie: Southwest One; Tone Leisure; Somerset Waste Partnership)	Alison North / Dan Webb	April 10	Completed	Partnership Risk Mgt Tracker completed – identified that no joint approach in place for Tone Leisure & SWP
2	Audit Risk Management status in Partnerships	Alison North / Dan Webb	Dec 10		Client Team to agree approach for joint risk analysis with Tone & SWP
3	Audit Risk Management status in Projects (NB – ref Corporate Scorecard)	CMT	June 10	Complete	List of key corporate projects with risk registers compiled & copies sent to DW
4	Make Risk Management Strategy, Policy & Procedures available to all staff and other persons working on behalf of TDBC	DW / LP	July 10		Added to new Performance Intranet site.
5	Ensure all Themes / Services produce Risk Registers consistently adopting the agreed process & using revised template within Service Plans	DW	Themes 1, 2 & 4 – June 10	Completed	Operational Risk Registers (from Theme Service Plans) reviewed 1/4ly at Theme Manager meetings

Item	Action	Responsible Person	Date for completion /review	Status	Notes
6	6 monthly review of corporate risk register	CMT	June 2010 December 2010		June 10 review complete
7	Theme Managers quarterly review of all service level risks (operational risks) & escalate to CMT if appropriate	Theme Managers	8 September 10 6 December 2010	On-going	Operational Risk Registers (from Theme Service Plans) to be reviewed 1/4ly at Theme Manager meetings (last meeting 8 Sept)
8	Theme / Service risk registers – 6 month peer review	Theme Managers	September 2010	On-going	Part of 1/4ly review at Theme Mgr meetings (as above)
9	Quarterly RM report to Corporate Governance Committee	DW	28 June 27 September 20 December 14 March		
10	On-going training & development in risk management to enhance knowledge and implement best practice - Attendance to ALARM regional meetings & workshops	DW & LP	ALARM meetings: Jan, April, July, Sept, November		DW & LP attending ALARM (SW) meetings – last meeting 10 Sept (re Business Continuity planning)
11	Research RM software products & complete costs & benefits analysis	DW	Oct 10		DW to visit Pam Pursley (SCC)

Item	Action	Responsible Person	Date for completion /review	Status	Notes
12	Review and revise Risk Management Strategy, Policy & Procedures	DW	March 2011	Not due	
13	Risk Mgt Internal audit <ul style="list-style-type: none"> – provide info & evidence as required – review report findings – include agreed recommendations in Risk Mgt action plan 	DW	Oct 10		Audit commences 20 Sept

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Existing Control Measures	Current Score		Score	Planned actions	Target Score		Score	Date identified	Status	Comments
					Impact	Probability			Post Control Impact	Post Control Probability				
1	Change Programme does not achieve objectives and the organisation has no obvious Plan B	Penny James	<ul style="list-style-type: none"> * Organisation not fit for purpose, and cannot meet the demands of the Government in terms of community engagement and place shaping. * Organisation has no sustainable MTFP * Organisation unable to identify & capture tangible benefits. * Organisation unable to deliver projected benefits (may impact on quality of service delivery &/or MTFP) * Organisation fails to implement SAP and/or realise benefits 	<ul style="list-style-type: none"> * Dedicated Risk Register for Projects * Regular communication with Members – CCR Member Steering Group. Maintaining dialogue, Good quality Member input, External speakers * SAP Project management & resourcing DLO Review meetings for DLO Portfolio Holder & Shadow PFH * Group Leaders briefed on Theme 5 - report to MSG 21 Sept 10 	Major	Likely	16		Major	Feasible	12	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	Failure to manage the growth agenda	Joy Wishlade / Simon Lewis	<ul style="list-style-type: none"> * Loss of external funding Reputation damaged Inappropriate development (in the wrong places) * TDDB becomes a dormitory region - with residents working and finding recreational activities outside of the Deane * Local economy does not develop - lack of quality jobs created / redundancies * Transport infrastructure becomes more gridlocked * TDDB will not be able to compete with other regions in terms of attracting business growth 	<ul style="list-style-type: none"> * Effective project management of LDF * Member engagement by LDF Steering Group * Good member involvement * Talking to HCA and developers * Managing the community's expectations/communications strategy * Appointment of 2 temporary Officers until Jan 11 * Agreement to push back submission by 3 months Approval of housing and employment numbers to replace RSS * Received full Growth Points Funding for 2010/2011 	Major	Feasible	12		Major	Feasible	12	Feb-10	Open	We are largely on track to deliver the Core Strategy and are addressing issues such as 5 year supply and robust evidence bases.
	a) Failure to deliver a sound Core Strategy within reasonable timescales													
	b) Unsustainable development proposals permitted due to lack of 5 year land supply													
	c) Community resist growth agenda													
	d) TDDB organisationally is not resourced to support this growth and the place shaping agenda													
	e) New local growth targets following abolition of the RSS could threaten planned development and overall growth.													
3	Failure to address the corporate aims ('TRAC')	Penny James	<ul style="list-style-type: none"> * Areas of deprivation remain * Communities in these areas are not given the support and priority they need to improve and activity may be misdirected * Potential for further areas to slip into deprivation 	<ul style="list-style-type: none"> * Corporate Aim Delivery Plan (CAD plan) drafted 	Major	Likely	16		Major	Feasible	12	Feb-10	Open	
	a) Tackling Deprivation & Sustainable Community Development - 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) Regeneration - Failure to produce coherent strategy and delivery plan													
	c) Affordable Housing - Failure to produce coherent strategy and delivery plan													
	d) Climate Change - 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													
	e) Failure to effectively deploy resources to deliver priorities (capacity) - Insufficient resources to meet expectations - Inappropriate use of resources													
4	Failure to agree sustainable MTFP that delivers Corporate Strategy (General Fund and Housing)	Shirlene Adam / Maggie Hammond	<ul style="list-style-type: none"> * Potential budget shortfall in 2011/12 * Potential adverse impact on Council's limited reserves (and financial standing score in UoR). * Potential negative Reserve Forecast * Unable to deliver priority projects * Until this figure is known the gaps to close are unknown 	<ul style="list-style-type: none"> * MTFP updated regularly to reflect financial position Quarterly Monitoring Reports to Members Regular communication with Members on challenges ahead 	Major	Very Likely	20		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													
	c) Unclear on impact of economic downturn on Council's finances													
	d) Unclear on impact of concessionary scheme going "national"													
	e) Comprehensive Spending Review figure for following 3 years unknown													

Risk No.	Risk & descriptions	Responsible CMT Member	Consequences	Existing Control Measures	Current Score	Score	Planned actions	Target Score	Score	Date identified	Status	Comments					
5	Failure to have coherent plan for dealing with Council's assets moving forward	Richard Sealy / Brian James (SW1)	<ul style="list-style-type: none"> * 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) 	<ul style="list-style-type: none"> * Approved Asset Management Strategy * Asset Management Plan developed and in place 	Significant	Slight		Significant	Slight	6	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																
6	New administration at TDBC or SCC has different priorities which results in SCC or TDBC attempting to alter or end the contract with SW1	Richard Sealy	<ul style="list-style-type: none"> * 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 	<ul style="list-style-type: none"> * Maintain communications with SCC partner. * Joint Client Board 	Significant	Feasible		Significant	Slight	6	Feb-10	Open					
7	Failure of partnerships to deliver Council's objectives	Richard Sealy	<ul style="list-style-type: none"> * Financial loss * Adverse impact on Council reputation * Adverse impact on customers * Reduction in support to core council services (SW1 only) 	<ul style="list-style-type: none"> * Contracts in place. Monitoring of contracts. * Key Performance Indicators & targets agreed (& penalties process) 	Major	Feasible	12	<ul style="list-style-type: none"> * Implement new Partnership management framework 	Major	Slight	8	Feb-10	Open	Recent SWOne issues have increased the risk			
	a) Southwest One																
	b) Tone Leisure																
	c) Somerset Waste Partnership																
8	Failure to have comprehensive & effective Business Continuity Plans & arrangements in place for TDBC	James Barrah	<ul style="list-style-type: none"> * 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 	<ul style="list-style-type: none"> * All BCPs completed for all services (incl SW1) * All preparedness recommendations implemented 	Major	Slight	8	<ul style="list-style-type: none"> * BCP to be tested for effectiveness * Lessons learnt from testing of BCPs to be included in ongoing schedule of regular review of plans 	Major	Slight	8	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																
9	The organisation does not proactively manage health & safety	Kevin Toller	<ul style="list-style-type: none"> * 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. 	<ul style="list-style-type: none"> * H & S Committee. * H & S action plan * New H & S policies & guidance simplified with regular monitoring via CMT * H & S Committee meet regularly (once every 2 months) * Accident investigation focused on any major incidents * H & S training fully integrated into OD Strategy for organisation 	Significant	Likely	12	<ul style="list-style-type: none"> * New H & S Policies & Training for Managers * SAP Environment, Health & Safety system under consideration 	Significant	Slight	6	Feb-10	Open				
10	Failure to address the issues arising from the 2010 Staff Survey (Low morale and negative views of CMT leadership, management of change & visibility)	Penny James	<ul style="list-style-type: none"> * reduced effectiveness & productivity of staff Increased sickness absence & staff turnover 	<ul style="list-style-type: none"> * Survey results communicated widely * Staff briefings & discussions 	Significant	Likely	12	<ul style="list-style-type: none"> * Staff work groups. * liP. * Survey action plans approved 	Significant	Feasible	9	Jun-10	Open	Work commenced on agreed planned actions			
11	Failure to manage the impact of the change of administration both locally and nationally	Penny James	<ul style="list-style-type: none"> * Change in council priorities. * Impact on external funding. * Impact on Partners. * Reduced levels of direct TDBC funding - further savings needed 	<ul style="list-style-type: none"> * Track Central Govt policy announcements. * Met new Executive to confirm existing priorities. 	Minor	Likely	8	<ul style="list-style-type: none"> * Track central Govt policies & legislation, & plan to deal with. * Work with both major groups on potential manifestos for May 2011 	Minor	Slight	4	Jun-10	Open	Planned actions ongoing			
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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

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