

Taunton Deane Borough Council

Corporate Governance Committee – 11 March 2013

Risk Management

Report of the Performance Lead

(This matter is the responsibility of Executive Councillor Vivienne Stock-Williams)

1. Executive Summary

- 1.1 This report provides an update on progress with the Council's approach to Risk Management (Strategic, Projects, and Operational).
- 1.2 The Corporate Management Team (CMT) has recently undertaken a review of the Corporate Risk Register (as part of the quarterly corporate performance review process). A Summary Risk Profile and list of 17 risks is included as part of this report.
- 1.3 A Risk Management Action Plan is included within this report – this outlines the key areas of focus to further improve and embed Risk Management during 2013.

2. Background

2.1 Introduction

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

2.2 Roles and responsibilities 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.

Members' 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 Corporate Risks

3. Risk Management progress update

3.1 Corporate Risk Register

3.1.1 The Corporate Risk Register is a 'live' document and has been subject to formal reviews by CMT in September 2012, and more recently 4th February 2013. The key outcomes of the CMT risk review process are:

- To review and approve refreshed Corporate Risk Register (with recent updates from each risk owner), and to consider TDBC overall risk exposure (summary risk profile)
- To identify any new strategic risks for inclusion on the Corporate Risk Register
- To consider any risks that require escalating to the Corporate Risk Register from Theme / Service or Project risk registers

3.1.2 Each individual risk 'owner' has also since reviewed and updated their 'risk response actions' on the risk register. A Summary Risk Profile and list of 17 risks is attached at Appendix A.

3.1.3 The full Corporate Risk Register is available to view by contacting the report author. This includes:

- Detailed risk description (cause, risk 'event', effects)
- Risk owner
- Existing control measures and planned risk response actions
- Current and target risk probability & impact assessment 'scores'

3.1.4 Regular review and monitoring of the Corporate Risk Register is now included as an integral part of the quarterly CMT corporate performance review meetings. The next review is scheduled for May 2013 (Quarter 4 performance review).

3.2 Operational Risk Registers

3.2.1 Each Theme / Service has an operational risk register in place. These are currently under review and will be updated as part of the 2013/14 annual service planning process. The highest areas of risk are considered by CMT for escalation to the Corporate Risk Register – this happens during CMT quarterly corporate performance review meetings.

3.3 Project Risk Registers

3.3.1 A new meetings schedule has been introduced for the Corporate Management Team (CMT), which now includes a monthly Change Programme & Projects review – this will be known as the 'Programme Management Group' (PMG). One of the key functions of 'PMG' will be to manage cross-Programme issues and risks escalated by the Programme Manager.

3.3.2 'PMG' will also ensure that each major corporate project / 'business as usual' priority task has appropriate governance in place, for example: Project Risk Management Strategy; Project Risk Register (subject to regular review); Risk Response Action Plans (including the monitoring and effectiveness of risk control measures).

3.4 Risk Management Action Plan 2013

3.4.1 The key areas of focus to further improve and embed Risk Management during 2013 are shown in the TDBC Risk Management Action Plan (see Appendix B).

3.4.2 The action plan includes a mix of essential and desirable / developmental activities – each action has been given a priority rating as High, Medium or Low.

3.4.3 Reassurance on the Council's approach to Risk Management should be gained from the feedback from the LGA Peer Review (September 2012) where risk management was described as 'robust'. In addition, internal (SWAP) audit reports from 2011 and 2012 provided 'reasonable assurance' audit findings.

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

It is recommended that the Corporate Governance Committee:

- 11.1 Note progress with Corporate Risk Management
- 11.2 Comment on and contribute to the Corporate Risk Register review
- 11.3 Approve the Risk Management Action Plan

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Corporate Risks - Summary Risk Profile (February 2013)

This is a simple graphical representation of the total strategic risk to the organisation, showing all the key risks on one picture.

The Summary Risk Profile includes the 'Risk Tolerance Line' and will clearly show all risks that sit above this line indicating the highest priority, therefore requiring the closest management attention.

PROBABILITY	Very Likely 5				6,	
	Likely 4			13, 15	1, 3, 5, 10, 17	16
	Feasible 3				4, 11,	2, 7,
	Slight 2				8	9, 12, 14
	Very Unlikely 1					
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
IMPACT						

Corporate Risks

No.	Risk / Issue description	Score
1	<u>Political Leadership</u> TDBC remains in a 'no overall control' position. There is a risk of lack of clear political leadership and difficulties with decision-making on key strategic issues.	16
2	<u>Financial - Medium-Term Financial Planning (MTFP)</u> We are experiencing unprecedented budgetary pressures and adverse economic conditions. There is a risk that this could result in a failure to agree and deliver a sustainable MTFP for the next 5 years (2012/13 - 2016/17).	15
3	<u>Corporate Aim - Tackling Deprivation</u> IMD scores in 2010 confirm that deprivation is worsening and deepening in North Taunton and Taunton East, and this is compounded by the adverse economic conditions and increasing unemployment. Taunton Deane Partnership's 'Priority Areas Strategy' (PAS) programme is being developed to address the issue, however, if the work is not supported, or not adequately resourced: There is a risk that the PAS programme may be unsuccessful and we fail to reduce levels of deprivation in our most deprived communities.	16




4	<p><u>Corporate Aim - Growth</u> The on-going adverse economic climate (national & local), a lack of market appetite for growth and no 'plan B' means that There is a risk that the Development Plan proposals for housing delivery and employment land may not be realised.</p>	12
5	<p><u>Corporate Aim - Growth</u> A lack of funding for infrastructure (insufficient CIL income, New Homes Bonus & other Govt funding through the LEP), and a lack of engagement with the Local Enterprise Partnership (LEP): There is a risk that the Infrastructure Delivery Plan (IDP) cannot be delivered.</p>	16
6	<p><u>Corporate Aim - Regeneration of Taunton town centre & retail scheme</u> Adverse economic conditions and lack of development activity with Firepool & a retail scheme means that: There is a risk that the 'Firepool' site may fail to attract private sector investment & stagnates, and Taunton town retail centre scheme may not come forward.</p>	20
7	<p><u>ICT Infrastructure</u> TDBC has an ageing ICT infrastructure (95% is over 6 years old) and a replacement of key elements is well overdue. A risk of significant failure of key servers and/or internal networks.</p>	15
8	<p><u>Information Governance</u> A lack of adequate corporate knowledge & training (ie policies & processes) could cause: A risk of a significant failure of Information Governance controls (eg a breach of data security / data protection regs).</p>	8
9	<p><u>Health & Safety</u> A lack of adequate arrangements in place (corporate procedures, systems, training, planning & guidance) could mean There is a risk of serious failure in the delivery of Health & Safety duties and policy compliance.</p>	10
10	<p><u>Corporate Governance arrangements on running the business</u> Lack of 'policing' of corporate governance arrangements means: There is a risk of failure to comply with key internal controls & corporate governance arrangements (ie budget monitoring, risk management, debt management, performance management, compliance with audit recommendations, asset management).</p>	16
11	<p><u>Welfare Reform risk</u> There is a risk that: a) the Council does not adequately prepare for the impact of the Government's Welfare Reform Agenda on our community or services (CTRS, Business Rates, Universal Credit) b) there is a legal challenge against the Council tax Scheme</p>	12
12	<p><u>Civil Contingency & Business Continuity Planning (including IT Disaster Recovery)</u> Should there be a lack of adequate planning or effective arrangements in place: There is a risk that TDBC may be unprepared for and unable to provide an adequate response to a major emergency incident , or may demonstrate a lack of resilience to unexpected events.</p>	10

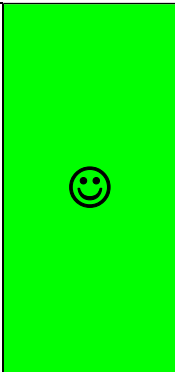
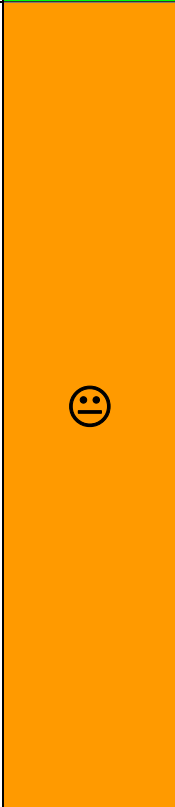
13	<p><u>Gypsies & Travellers</u> Local Authorities have a (planning) duty to allocate suitable provision for Gypsies & Travellers. TDBC has had previous experience of illegal Gypsy & Traveller encampments. There is a risk that TDBC is unable to identify suitable provision if required and cannot defend against future illegal encampments.</p>	12
14	<p><u>Southwest One partnership</u> SW1 is sustaining significant losses & one of the partners has renegotiated significant elements of their contract with SW1. There is a risk of the SW1 partnership failing to deliver TDBC objectives, and/or a premature termination of the contract.</p>	10
15	<p><u>Hinkley Point</u> The development of a the new Hinkley C power station (a 10 year construction period) may cause a variety of threats and opportunities to the achievement TDBC strategic objectives. There is a risk that the development will have an adverse impact on local accommodation, skills & employment and highways, and/or Economic & Social opportunities may not be realised (eg benefits to local businesses & the local economy of permanent inward migration).</p>	12
16	<p><u>Flooding</u> Lack of capital finance and an agreed scheme, and lack of awareness of the problem There is a risk of non delivery of flood protection schemes.</p>	20
17	<p><u>Equalities</u> TDBC does not have a dedicated resource for equalities. The Strategy team continues to take responsibility for embedding equalities, however an audit report (Nov 2012) on 'Equalities Analysis Integration' offers only 'Partial assurance' and recommends 3 actions with 'Priority 4' rating. 4 risks were identified and given a '<i>Medium</i>' Auditor's Assessment - these are: Risk a - Decision makers and contractors are unaware of their responsibilities under equalities legislation Risk b - Equality analysis is not used to inform decisions and policies Risk c - Irrelevant and insufficient evidence is used for equality analysis Risk d - Actual impacts are different to those expected</p>	16

TDBC RISK MANAGEMENT ACTION PLAN 2012/13 (February 2013) Appendix B

Aim: To embed a Risk Management culture, leadership & systems across the Authority.

Item	Action	Priority	Responsible Person	Date for completion /review	Status	Notes
1	Issue new Risk Register template & guidance to Theme Managers	H	DW	End Dec 11	☺ Complete	Included in Service Planning template & guidance
2	Theme Managers to review Theme / Service risks and update operational risk registers (DW to help facilitate if required)	H	All TMs	End March 12	☺ Complete	
3	Annual review of strategic risks – complete new Corporate Risk Register	H	CMT	Jan – Feb 12	☺ Complete	CMT workshop held 23 Jan. Corporate Risk Register drafted
4	Review of Corporate Risk Register (inc Risk Response action plans & regular monitoring of these)	H	CMT	Sept 12 (Qtr 1) ✓ Nov 12 (Qtr 2) ✓ Feb 13 (Qtr 3) ✓ May 13 (Qtr 4)	☺	CMT corporate risk review 4 th Feb 2013 as part of Qtr 3 performance review.
5	Review and revise Risk Management Policy, Strategy & Process Guide. (Report to CMT & Corporate Governance Committee for approval)	M	DW	CMT – Feb '13 CG cttee – Mar '13	☹	RM Strategy & Process Guide being used by CMT & Project Managers. RM Policy review not yet commenced.
6	Develop & implement a Risk Communications Plan including: - a plan to integrate and join-up Risk Management skills, systems & knowledge (ie Risk Management; Health & Safety; Business Continuity / Civil Contingencies) - Staff / Member training & development activities - Stakeholder (partner) engagement	L	D Webb D Woodbury J Lewis	During 2012/13	☹	No progress (in terms of integrating the 3 areas). BCP planning & training is being progressed separately. H & S audits & systems (eg 'dynamic risk assessment') is also being progressed separately. <i>Considered a low priority to develop further</i>

7	Ad-hoc monitoring of appropriate consideration of Risk Management within council reports / decisions	M	DW	Ad-hoc		<p>The Strategy & Performance team have initiated a project to review the Council's approach to 'Impact Assessments' (including committee reports). A new approach will be proposed to CMT that will extend the existing Risk Management process to highlight all types of impacts, ie Equalities, Finance, Legal, Environmental, Community Safety etc). One of the project outcomes will be to provide guidance for report authors.</p> <p>Risks and mitigating actions will be managed and monitored through CMT quarterly performance reviews, and by the Programme Management Group (corporate projects), and Theme Managers – supported by the Performance Lead.</p>
8	Bi-annual RM report to Corporate Governance Committee	H	DW	March & September		<p>Last reported 24 Sept 2012. Next report due March 2013</p>
9	Develop a Risk Management Strategy (including 'Risk Appetite' statements) for key risk areas: <ul style="list-style-type: none"> i. Strategic (Corporate Business Plan) ii. Major Projects iii. Operational (Theme / Service Planning) 	M	<ul style="list-style-type: none"> i. CMT ii. PMG iii. DW / TMs 	<ul style="list-style-type: none"> April '13 Dec '12 April '13 		<p>Strategic RM strategy in place for 2012/13 – needs update once new CBP adopted.</p> <p>Generic Theme/Service RM strategy in place.</p> <p>Project Managers (PMG) requested to complete by Dec '12 – off track.</p>
10	Learning lessons: <ul style="list-style-type: none"> - insurance claims - project management (ie at closure stage) - partnership issues 	M	CMT / RMT	On-going	New	No progress at this stage

11	<u>Linking Risk and Performance</u> i. ensure 'Early Warning Indicators' are included in corporate performance monitoring (scorecard) once new Corporate Business Plan adopted ii. Quarterly CMT corporate performance reviews to include risk & issues updates	H	DW / SL DW / CMT	April '13 Quarterly (on-going)		i) EWIs to be identified as part of corporate scorecard / PI review (transition from Corporate Strategy to new Business Plan) – April/May 2013 ii) In place
12	<u>Project risk management</u> (ref SWAP audit Oct '12) Ensure robust Risk Management approach is embedded & processes are in place for all major projects (ie scope of new Programme Management Group), in particular: i. Risk Registers kept up-to-date and reviewed regularly (documenting control measures, revised risk scores etc) ii. Health & safety risk to be fully considered within the RM process, and iii. Develop H & S processes for construction projects iv. On-going RM support and training for project managers (through PMG and in other projects on ad-hoc basis)	H	DW / Project Managers (PMG) Richard S & David W DW	i) Monthly (PMG) ii) On-going iii) ? iv) On-going		Audit Oct '12 – ' <i>Reasonable assurance</i> ' with 5 recommendations (priority rating 2/3). i) PMG launched Nov '12. Project risks are included within monthly project scorecard reports to PMG, however only 2 Project Risk Registers are currently uploaded to PMG sharepoint. ii) H & S included in Risk Prompt Lists – further development of guidance being considered as part of a wider review of ' <i>Impact Assessment</i> ' methodology. iii) Meetings arranged by Richard Sealy in Oct – Nov re H & S processes in construction projects. Issue not resolved (David W has now retired).