

Taunton Deane Borough Council

Corporate Governance Committee – 24 September 2012

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).
- 1.2.1 The Corporate Management Team (CMT) is currently in the process of undertaking the scheduled six-monthly review of the Corporate Risk Register. A Summary Risk Profile and list of 22 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 2012/13.

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 Corporate Risk Management Strategy & Process

The purpose of the Corporate Risk Management Strategy and Process Guide is to act as a communications tool to ensure that the Corporate Management Team (CMT) has a shared understanding of the responsibilities and process for Risk Management, as well as the measures of *probability* and *impact* for strategic risks.

A summary of the content of the document is as follows:

- Key definitions / Glossary of terms
- Risk Management process steps
- Tools and techniques
- Summary of records and templates
- Scales for estimating probability and impact

- Roles and responsibilities
- Early warning indicators
- Timing of risk management activities

2.3 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 the Corporate Risk Register

3. Risk Management progress update

3.1 Corporate Risk Register

3.1.1 The current Corporate Risk Register was produced by CMT following a Risk 'workshop' in January this year. Each individual risk 'owner' has recently reviewed and updated their risks on the risk register. A Summary Risk Profile and list of 22 risks is attached at Appendix A.

3.1.2 The next step is for CMT to complete the scheduled six-monthly review of strategic risks. There is a CMT risk review meeting on 18th September – the key objectives 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 risks (& issues) for inclusion on the Corporate Risk Register
- To review highest operational or project risks that may require escalating to the Corporate Risk Register

3.1.3 Regular reviews and monitoring of the Corporate Risk Register will in future occur as part of the new quarterly CMT corporate performance review meetings (from Quarter 2 review in November 2012).

3.2 Operational Risk Registers

3.2.1 Risk Registers for each Theme have been reviewed and updated as part of the 2012/13 service planning process. The highest areas of risk will be considered by CMT for escalation to the Corporate Risk Register – this will happen 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 ‘Results Management Team’ (RMT). One of the key functions of ‘RMT’ will be to manage cross-Programme issues and risks escalated by the Programme Manager. The first of these meetings is on 17th September.
- 3.3.2 ‘RMT’ 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).
- 3.3.3 An internal audit has recently been conducted (by SWAP) into Risk Management of major projects – the audit report is currently in draft stage, however initial feedback suggests that the auditor’s findings are for ‘*Reasonable Assurance*’. Once the final report has been agreed, recommendations will be implemented by ‘RMT’ and the Performance Lead (through the Risk Management Action Plan – see 3.4 below).

3.4 Risk Management Action Plan 2012

- 3.4.1 The key areas of focus to further improve and embed Risk Management during 2012/13 are shown in the TDBC Risk Management Action Plan (see Appendix B).

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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Appendix A

Corporate Risks - Summary Risk Profile (Sept 2012)

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				7	
	Likely 4			17, 21	1, 4, 11, 14, 18	9
	Feasible 3			8, 20	5, 6, 15	2, 19, 22
	Slight 2				3, 10	13, 16
	Very Unlikely 1					
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
IMPACT						

Corporate Risks

1. Political Leadership:

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.***

2. Financial Medium-Term Financial Planning (MTFP):

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).***

3. Financial - HRA Business Plan:

The new self-financing HRA business plan commenced April 2012 (based on a £85.2m loan) - ***There is a risk that the HRA business plan is not managed effectively or kept to, in particular budgets have been set for growth in a number of areas and new projects such as a new house building programme. There is also a risk that the service lacks sufficient capacity (people) and expertise to deliver these projects.***

4. Corporate Aim - Tackling Deprivation:

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.

5. Corporate Aim - Growth

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 may not be realised.***

6. Corporate Aim - Growth

If there is a lack of engagement with the Local Enterprise Partnership (LEP) - ***There is a risk that Taunton Deane may not benefit from exploiting the LEP's influence with Government and will therefore miss the opportunity for funding infrastructure improvements.***

7. Corporate Aim - Regeneration of Taunton town centre & retail scheme

Adverse economic conditions 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.***

8. Corporate Aim - Climate Change

Tackling Climate Change is a huge global, national and local challenge, with far-reaching consequences. ***There is a risk that TDBC fails to have a coherent programme to address the impact of climate change, and fails to reduce the carbon footprint of the organisation or the community.***

9. ICT Infrastructure

TDBC has an ageing ICT infrastructure (95% is over 6 years old) and a replacement of key elements is well overdue. ***There is a risk of significant failure of key servers and/or internal networks.***

10. Information Governance

A lack of adequate corporate knowledge & training (ie policies & processes) could cause – ***There is a risk of a significant failure of Information Governance controls (eg a breach of data security / data protection regs).***

11. Delivery of Corporate Projects and Services

Increasing expectations from Members, Partners and the Community, plus the national and local industrial climate at a time of diminishing resources and leadership capacity means - ***There is a risk of project and service failure.***

12. The Olympic Torch relay celebrations

There is a risk that the event may be badly managed, fails to attract the expected interest, or that a major unforeseen incident occurs. **RISK CLOSED**

13. Health & Safety

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.***

14. Corporate Governance arrangements on running the business

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).***

15. Government reforms

The Coalition Government 'Big Society' agenda and Localism Act is driving many policy changes that local government is required to implement (ie: Planning Measures/CIL;

Council Tax & Business Rates measures; Open Public Services; Welfare Reforms / Universal Credit; Community Budgets; Troubled Families; Rents Reforms).

There is a risk that TDBC fails to effectively manage the impact of implementing these reforms, and/or fails to exploit any opportunities (eg working with the 'Third sector').

16. Civil Contingency & Business Continuity Planning (including IT Disaster Recovery)

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.

17. Gypsies & Travellers

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.

18. Community Infrastructure Levy (CIL)

From April 2013, TDBC is due to implement a new system for collecting CIL money and deciding on the best projects to invest this money in.

There is a risk that CIL system is not ready to commence April 2013, and that when the money is collected, that there is a lack of transparency on how it is spent.

19. Southwest One partnership

SW1 is sustaining significant losses & one of the partners are seeking to renegotiate 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.

20. Financial - Procurement savings

The value of procurement savings is significantly behind the original IBM estimate and the expected date for the repayment of borrowings has been rescheduled for 2014/15. ***There is a risk that when the loan repayment becomes due, we do not have the money to repay.***

21. Hinkley Point

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).

22. Flooding

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

TDBC RISK MANAGEMENT ACTION PLAN (August 2012)

APPENDIX B

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

Item	Action	Responsible Person	Date for completion /review	Status	Notes
1	Issue new Risk Register template & guidance to Theme Managers	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)	All TMs	End March 12	☺ Complete	
3	Annual review of strategic risks – complete new Corporate Risk Register	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)	CMT	Sept 12 (Qtr 1) Nov 12 (Qtr 2) Feb 13 (Qtr 3) May 13 (Qtr 4)	☺	CMT meeting 3 rd Sept. NB - will be part of quarterly CMT performance reviews from Quarter 2
5	Review and revise Risk Management Policy, Strategy & Process Guide. (Report to CMT & Corporate Governance Committee for approval)	DW	CMT – Feb '13 CG cttee – Mar '13	☺	Strategy & Process Guide drafted & used by CMT Jan 12. RM Policy review by Feb 2013.
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	D Webb D Woodbury J Lewis	During 2012/13	☹	Initial meeting held Dec 2011. Proposal for series of Risk workshops in Leads meetings (various topics & scenarios)
7	Ad-hoc monitoring of appropriate consideration of Risk Management within council reports / decisions	DW	Ad-hoc	☹	Not regularly done yet.
8	Bi-annual RM report to Corporate Governance Committee	DW	March & September	☺	Reported 12 th March 2012. Next report due 24 Sept.

9	Maintain an up-to-date list of Project Risk Registers (inc latest review dates)	DW / RMT	Quarterly		To be part of 'Results Management Team' meetings (quarterly from Sept 12)
10	Develop a Risk Management Strategy for each key corporate project, including 'Risk Appetite' statements for key risk areas: <ul style="list-style-type: none"> - Strategic (Corporate Business Plan) - Project ('Results Management Team') - Operational (Theme / Service Planning) 	CMT / RMT	Feb 13	<i>New</i>	
11	Update Risk Management processes & this action plan as a result of recommendations from LGA Peer Review (Sept '12) and Major Projects Risk Management audit (SWAP report Sept '12)	DW / SL	Oct 12	<i>New</i>	
12	Learning lessons: <ul style="list-style-type: none"> - insurance claims - project management (ie at closure stage) - partnership issues 	CMT / RMT	On-going	<i>New</i>	
13	Linking Risk and Performance <ul style="list-style-type: none"> - ensure 'Early Warning Indicators' are included in corporate performance monitoring (scorecard) and during development of new Corporate Business Plan 	DW / SL	Dec 12	<i>New</i>	