STRATEGIC RISK REGISTER REVIEW

AND ACTION PLAN

1.   INTRODUCTION

1.1   In response to the CIPFA/SOLACE good practice guidance on Corporate Governance, Gedling undertook a review of Strategic Risks in 2003/04 that could impact on the business of the Authority.

1.2   The report in 2003 identified the work undertaken by the Risk Management Group and the Senior Management Team, and how compliance with the Corporate Governance requirements in relation to Risk management and Internal Control, were going to be evidenced.

1.3   The links between Risk Management and other activities such as the Emergency Plan, Business Continuity, Internal Audit, Health & Safety and Property Management ensure a pro-active approach to Risk Management throughout the Authority at all levels.

2.   BACKGROUND

2.1   Following on from the Risk Profiling exercise in 2003, the senior management team have continued to review the authority's strategic risks and those risks identified within the previous review as requiring an action plan have also been reviewed. This review was undertaken to ascertain whether the recommended action plan had been completed and whether this had any affect on the potential impact or likelihood of those risks identified as Actionable Risks.

2.2   In addition to this all of the other risks identified were reviewed to ascertain whether the impact or likelihood of those risks had altered during the year.

2.3   This year the departmental operational risks were reviewed. This was undertaken to ascertain whether any of the high or monitored risks on the operational risk register were significant enough to affect the authority strategically.

2.4   Finally, the review considered and identified new risks for the Authority.

2.5   This review was undertaken by Senior Management Team on 16th May 2006 and was facilitated by the Head of Finance. A previous review, completed by the Manager of Resource Services, had taken place in October 2005,.

2.6   It is intended that future reviews will take place in September and March each year thereby informing the budget process and providing an annual position statement.

3.   RESULTS FROM THE REVIEW 2006

3.1   Actionable Risks 2005/06

3.1.1   Five risks were identified in 2005 as requiring action these were:

Profile number 1 –   Human Rights Act, Equal opportunities, DPA and other legislation.
Profile number 29 - Insurance costs and consultants
Profile number 47 - Crime and Disorder
Profile number 76 - Regionalisation

3.1.2   Some work had been undertaken in relation to all of the actionable risks. However, this had not resulted in all of them moving from high or monitored risk to managed or low priority review risks.

3.1.3   In relation to Profile number 1, the nature of this risk is that it will always remain a high risk. Legislation is always being amended or new legislation introduced and this is in addition to the legislation that is already in existence. The authority will always be required to keep up with the changes brought about through legislation.

However, the authority does take proactive steps to ensure compliance. Some of the more recent initiatives include:

- The Equalities group is operational.
- Corporate Monitoring under the Freedom of Information Act has been instigated.
- Training had been undertaken and given in relation to legislative changes

The result is that there is no change to the risk profile for this high risk (Probable & Major).

3.1.4   In relation to Profile number 29, all areas of insurance were renewed within existing terms due to the insurance market continuing to be more settled.

The review of Operational Risks was undertaken in September 2004 and an Operational Risk Register has been compiled, which departments review and a formal review will take place annually to inform the budget process. However, the Risk Management Strategy review has not been completed. It is anticipated that this task will be completed within 2006.

The result is that there is no change to the risk profile for this monitored risk (Probable & Major).

3.1.5 In relation to Profile number 47, Crime and Disorder remains a monitored risk for the authority, although it has no control over and can only influence through initiatives such as the Anti-Social Behaviour Co-ordinator, Neighbourhood Wardens and PCSOs. This risk will continue to be a priority of the Authority.

The result is that there is no change to the risk profile for this monitored risk (Probable & Major).

3.1.6 In relation to profile number 76, this continues to be monitored and reviewed having regard to articles and updates in Local Government publications.

3.2 Review Risks 2005/06

3.2.1 In 2005 the Authority's Strategic Risk register had a total of 99 risks identified. The remaining 95 risks when profiled were considered to be either Managed Risks or Low Priority Risks or cancelled.

3.2.2 As part of the review in 2006 it was necessary to review these risks to ascertain whether they still remained a risk to the Authority or if their profile had been affected during the year.

3.2.3 For the majority of risks there had been no change to their profile and these will continue to be reviewed twice yearly.

3.2.4 However, some did change as follows:

Risk profile number 15 is unlikely to occur at Gedling as the Authority is too small to attract PFI deals. This profile changes from possible catastrophic to almost never and major.

Risk profile number 38 has increased due to increased costs, fuel shortages and targets that we will have to achieve in the future. Change from possible and minor to probable and minor.

Risk profile number 50 has an increased impact and moves from possible and minor to possible and major. This affects the increased costs that are having to be accounted for within budgets and the MTFP.

Risk profile number 70 has an increased impact and moves from possible and minor to possible and major. This reflects the increased Terrorist activity within the country as a whole.

Risk profile number 78 becomes possible rather than probable because implementation is going relatively well; internal audit is included to ensure controls are appropriate, adequate and effective; assurance on data conversion will be provided.

Risk profile number 81 is no longer actionable.

Risk profile number 82 is no longer actionable.

Risk profile number 85 has been cancelled.
Risk profile number 86 has reduced in impact to minor and outstanding issues relate to online access and this is being progressed.

Risk profile number 87 has been cancelled.

3.2.5 Whilst some of the risks no longer exist for the Authority they will remain on the register should they need re-instating in the future (e.g. Local elections).

3.3 New Risks 2006/07

3.3.1 It is important that the Authority is aware of all of the Strategic Risks that it has to consider in operating an effective and efficient service. Therefore, the review also assessed whether there were any additional Strategic Risks that could affect the Authority's business in 2006/07.

3.3.2 The review identified 9 new Strategic Risks these were:

Profile number 98 -   Local Area Agreements
Profile number 99 -   Avian Flu Pandemic
Profile number 100-   Failure Of Hummingbird (formerly Valid) EDRMS
Profile number 101 -   Conurbation Area Agreement CAA
Profile number 102 -   LSVT
Profile number 103 -   Shared Services
Profile number 104 -   Disaster Recovery for ICT
Profile number 105 -   Teal Close Land Deals
Profile number 106 -   Supporting People Review

3.3.3 All of the Strategic Risks identified are summarised in Appendix 1. Those shown above in bold are profiled as Monitored Risks and an action plan has been produced for profile number 100. This action plan is detailed in section 4 of this report.

3.4 Operational Risks

3.4.1 During 2005 the departments undertook a risk profiling exercise of all Operational Risks. The results of this exercise were reviewed by Senior Management Team.

3.4.2 The review needed to ascertain whether any of the high risks identified were significant enough to have an impact on the Authority's Strategic operations.

3.4.3 No Operational Risks were identified that warranted being recorded within the Strategic Risk register. Some were identified as being elements of Strategic risk already recorded.

3.5 Risks Profiled

3.5.1 All of the strategic risks identified were profiled dependent on how likely and how frequently they could potentially impact upon the Authority's business. The table below shows how the risks are assessed and identified. Those identified as High Risk or Monitored risk are regarded as needing an action plan.

	No Impact	Minor	Major	Catastrophic
Frequent			HIGH RISK	
Probable	LOW PRIORITY	Managed Risk	Monitored Risk	HIGH RISK
Possible			Managed Risk	
Almost Never		LOW PRIORITY		

3.5.2 Appendix 2 shows the results of the review for each Strategic Risk. The first table shows the risks as they are within the Authority with the controls that are already in place. For comparative purposes the second table shows how the risks could impact upon the authority if there were no controls in place.

3.5.3 There will always remain some risks where it is unlikely that they will ever be controlled or eliminated (e.g. Virus/hackers and fraud). For these risks the Authority will have to remain aware of and do all that it can to minimise the likelihood of occurring.

4 ACTION PLANS FOR 2006/07

The following section details the action plans for those risks identified as either High Risk or Monitored Risk in the profiling exercise.

RISK MANAGEMENT STATEMENT A – HIGH RISK

4.1 **PROFILE NUMBER 100**

Risk: Failure of Hummingbird (formerly Valid)   EDRMS.
Likelihood: Probable
Impact: Major

4.1.1 Action taken to address this high risk and controls in place:

- Agree exit strategy with Hummingbird
- Seek financial settlement
- Legal advice being considered

4.1.2 Potential Result

Disruption to Revenues and Benefits whilst the new system is implemented. Lost project management time that will not be recouped.

RISK MANAGEMENT STATEMENT B – MONITORED RISKS

4.2 PROFILE NUMBER 29

Risk: Insurance costs and consultants
Likelihood: Probable
Impact: Major

4.2.1 Action taken to address this risk and controls in place:

- Insurance renewal negotiations ensured that the Long Term Agreement was maintained and costs kept within the budgeted figures.
- Review of the Authority's Risk Management Strategy has been started and will be completed in 2005.
- Operational Risks at departmental level have been profiled in 2004/05 and will continue to be monitored and updated.
- Ongoing review of policies to ascertain whether efficiencies could be made by bringing in-house.
- Good professional communication with our insurers and brokers.
- Knowledge and understanding of the issues affecting the external insurance market.

4.2.2 Potential Result

It is anticipated that this risk could become a managed risk (Possible & Major).

4.3 PROFILE NUMBER 47

Risk: Crime & Disorder
Likelihood: Probable
Impact: Major

4.3.1 Action taken to address this risk and controls in place:

- Role of the Neighbourhood wardens and Police Support Officers
- Role of the Anti-Social Behaviour Co-ordinator
- Cabinet focus on neighbourhood work

4.3.2 Potential Result

It is not likely that the profile of this risk will ever change. It is a risk that the authority gives priority to and is embedded within its mission statement. However, it is also a risk where the authority has limited control and can only influence through the initiatives it undertakes. As such this will remain a monitored risk.

4.4 PROFILE NUMBER 76

Risk: Regionalisation
Likelihood: Probable
Impact: Major

4.4.1 Action taken to address this risk and controls in place:

- No action proposed, will continue to monitor and review annually.

4.4.2 Potential Result

The risk has now increased in likelihood from possible to probable following statements in the LGC, but the impact has not changed from being major.

4.5 PROFILE NUMBER 100

Risk: Failure of Hummingbird (formerly Valid) EDRMS
Likelihood: Probable
Impact: Major

4.5.1 Action taken to address this risk and controls in place:

- Negotiations taking place with Hummingbird to include how the product will be supported, if a new product is implemented.
- Financial settlement to be sought that will mitigate the costs of a new product.
- Legal advice sought on Contractual arrangements.

4.5.2 Potential Result

Disruption to Revenues and Benefits whilst the new system is implemented.
Lost project management time that will not be recouped.

5.   RECOMMENDATION

Members are asked to note the contents of the report and the outcomes of the review. Members are also asked to approve the action plans detailed within section 4 of the report.

SIGNIFICANT AND STRATEGIC RISKS IDENTIFIED

Legal

1. Human Rights Act, Equal Opp.s, DDA, FoI, DPA and other legislation

2. Management of Statutory Functions

3. New political arrangements (setting of tax)

4. Members' awareness of new code of conduct and consequences

5. Maladministration

6. Quality of advice

7. Case management

92. Decriminalisation of Parking Enforcement

Contractual

8. Partnerships with community

9. Absence of clear contract (non compliance with contract law)

10. Choice of contactor including reputation (changes etc)

11. Cost overruns

12. ~~Reputation of contractor (changes etc)~~

13. Contractor insolvency & vetting

14. Reliance on one or more contractors

15. PFI/PPP etc

94. Cultural Change Management/Industrial Relations

98. Local Area Agreements

101. Conurbation Area Agreements

Technological

16. IT obsolescence

17. ICT keeping up with developments and change

18. Breakdown of communications (website developments and failures)

19. Customer expectations of websites – loss of customer focus

20. Loss of customer info (implementing new software – can we afford not to? Delivery)

21. Technology on equipment eg refuse freighters

22. Virus/hackers

23. Total reliance on IT – malfunctions and accuracy (IT crashers) Security of information and access

78. IT upgrade/developments

100.   Failure of Valid EDRMS

104.   Disaster Recovery for ICT

Financial

24. TFS reviews and government intervention/changing the rules

25. "Whole of government accounts" – timescale change. (Gearing effect on Council Tax (New rules for capital)

26. Investment Strategy

27. Actuarial valuation of county pension fund

28. Communicating change of funding strategy and linking to aims/objectives

29. Insurance costs and consultants (Market movements – all)

30. Staffing and cost changes

31. Failure of funding and funding bodies

32. Recruitment and retention "could be in all categories"

33. Fraud and internal control

34. Recognising ongoing project commitments

35. Processing of bills

79.   ~~Highways Agency~~

80.   Government RSG significantly lower than anticipated

81.   Car Park Charging

93.   Licensing (resource implications)

95.   Freedom of Information (resource implications)

102.   LSVT

103.   Shared Services

106.   Supporting People Review

Environmental

36.   Climate change

37.   Pollution – poacher and gamekeeper (Contaminated land and costs)

38.   Energy and fuel consumption – efforts to reduce (Resources eg water)

39.   Flooding

40.   Methane

41.   Asbestos in buildings

42.   ~~Land deals~~

43.   Health in community, increasing responsibilities

44.   ~~Refugees~~

45.   Quality of Housing Stock

46.   War

47.   Crime and Disorder

48.   Emergency plans

49.   ~~Congestion charging - Nottingham~~

50.   Waste management strategy and litter

51.   Abandoned Vehicles

82.   ~~Countywide Waste Management Strategy – Local Implementation~~

91.   Arnold Master Plan redevelopment

96.   Civil Contingencies – Business Continuity for local businesses

99   Avian Flu pandemic

105   Teal Close land deal.

Customer/ Citizen

(Impact on Initiatives)

52.   Public expectation – management of (Community partnerships) Crime and Disorder (Customer choice)

53.   Community Education

54.   Training of contractors/visitors procedures

55.   Increased rights – Neighbourhood involvement

56.   Protection of vulnerable people

57.   First aid requirements of staff

58.   Regional Resilience

83   Housing Stock Options – Implementation

84   ~~One Stop Shop~~

Reputation

59.   Media relations, management and press image

60.   County Council and Taxes

61.   Accessibility to buildings and services

62.   CPA and other inspections/results (Race relations/Equal Opps)

63.   Death in community – alleged involvement of GBC

64.   Professionalism – eg e-mail controls etc

65.   "Badging" charter marks ISO, IiP etc – loss of

66.   Burials and cemeteries

Professional

67.   Personal liability eg H&S, Corporate manslaughter – professional liability. (Recruitment and retention) (Training and monitoring) (Job Specs) (Advice to third parties including reliance and others' advice).

68.   Front line standards of behaviour monitoring. (Community leadership) quality of info and understandable to public) (Vires issues).

85   ~~Changes to Senior Management Structure~~

86   Planning – standards

87   ~~Domiciliary Care~~

90.   Efficiency Agenda, including partnership working

        97 Civil Contingencies – internal environment

Physical

69 .   Civic Centre destroyed/not accessible and major staff casualties

70.   Terrorism – threat of

71.   Loss of non – IT info

72.   Failure of H&S Systems

Others

73.   ~~Local Plan~~

Political

74.   ~~Local Election,~~- risk removed 2004

75.   ~~Cost of re-run and Returning Officer responsibilities~~. – risk removed 2004

76.	Regionalisation/ Public Service Restructuring

77.	~~Cabinet structure~~

88.	Political Alliance

89	Capping

Appendix 2   **Risks Profiled**

This table shows how the Senior Management Team has categorised the strategic risks of the Authority after considering the controls and processes that already exist.

	No impact	Minor	Major	Catastrophic
Frequent		43,51	1	
Probable		11, 27, 30, 38, 79, 85, 87, 92,	29, 47, 76, **100**	
Possible	39,70	8,10,13,14,16, 17, 19, 21, 24, 26,28, 37, 41, 42, 45, 49, 52, 53, 54, 57, 59, 60, 61, 63, 64, 65, 66, 67, 68, 77, 81, 83, 84, 86, 89, 90, 93, 95, 98, **101,102,105, 106**	3, 4, 6, 7, 9, 20, 25, 32, 44, 50, 55, 56, 70, 71, 72, 73, 78, 80, 82, 88, 91, 94, 96, 97, 99,**103,104,**	22, 23, 33
Almost Never	12	5, 34, 35, 58	2, 15, 31, 40, 62, 69	18, 36, 46, 48,

The table below shows the risks as they were identified considering how the risks would impact if there were no controls and processes in place.

	No impact	Minor	Major	Catastrophic
Frequent		43,51	1,3,4,7,9, 16, 25,30, 37, 45, 47, 50, 55, 62, 72, 77, 81, 99	22, 23, 26, 33, 82
Probable		5, 11, 14, 52, 54, 84, **106**	10, 27, 29, 34, 40, 41, 57, 67, 68, 78, 79, 80, 85, 89, 93, 94, 95, 96, 97, **100,102**	6, 87
Possible	39,70	8,13,19,21,28 38,42,49,59, 60, 61, 63,64, 65, 66, 98,**101,105**	24, 32, 44, 53, 56, 71, 73, 76, 83, 86, 88, 90, 91, 92, 95,**103,**	2, 15, 18, 20,**104**
Almost Never	12	58	31	36, 46, 48, 69

Gedling Borough Councils

Risk Classification Table

	No Impact	Minor	Major	Catastrophic
Frequent			HIGH RISK	HIGH RISK
Probable	LOW PRIORITY	Managed Risk	Monitored Risk	
Possible			Managed Risk	
Almost Never		LOW PRIORITY		