



RISK MANAGEMENT REPORT

1. INTRODUCTION

- 1.1 This report updates the Cabinet on the recent work undertaken by the Risk Management Group and provides an outline of the work programme for the year ahead.
- 1.2 The Council has always seen Risk Management as an integral part of every day management and has therefore not developed overly bureaucratic processes simply to obtain appropriate accreditation through the Use of Resources Assessment. It is however fair to say that progress on developing a fit for purpose framework has been slower than anticipated. The work programme and resource re-alignment set out in this report will address those issues.

2. BACKGROUND

- 2.1 An updated Risk Management Strategy and support Policy statement was approved by Members in September 2003. It is good practice for these documents to be reviewed periodically to ensure that they stay fit for purpose. In light of the proposed management changes, outlined later in this report, that support this function it would seem appropriate to defer any such review until the early part of the new financial year. This will enable the new management arrangements to be embedded and further will facilitate the alignment of the new documents to the issues arising from the publication of the new corporate plan.
- 2.2 Risk Management has become one of the areas of performance measurement within the use of resources assessment. A new national performance framework is to be introduced in 2008. Although risk management will still be an integral element of that assessment its focus is slightly lower key. It is however still seen as an important element in good management by the Audit Commission.
- 2.3 The introduction of the Civil Contingency Act, which requires authorities to have arrangements in place to maintain services in the event of major emergencies and to be in a position to provide advice to local businesses on the subject, has increased the profile of risk management .
- 2.4 The Council already adopts good risk management practices but as a result of the above it was recognised that there was a need to codify and record this in a more systematic way. The Council has to date not approved a Strategic Risk Register which should be the overarching document from which the risk management framework should flow.
- 2.5 Consideration was given to a recommendation of the Audit Commission that all reports should contain a summary of the risk associated within the contents of the report. It was decided not to implement this proposal as this appeared mechanistic and inflexible. However Members can clearly see from reports where significant risks could impact on the delivery of the recommendations being put forward that these are robustly identified in the body of the report. The Risk Management Group will continue to work with officers to ensure that this approach is embedded within the report writing culture of the Council.

3. MANAGING RISK

- 3.1 There are several strands to the Council's current approach to risk management. In addition to strategic risk management it includes work place health and safety, ICT security and operational risk management which includes the provision of insurance cover and claims handling.
- 3.2 The Health & Safety Unit is based within the Council's Community Services Directorate and is primarily responsible for ensuring the authority's compliance with Health & Safety legislation, undertaking and giving advice on activity based risk assessments, educating others on good practice and the investigation of work based accidents. In addition two officers support the operational health and safety delivery within the Health and Leisure Centres and Commercial Services.
- 3.3 The ICT Security Officer based within the Resources Directorate has responsibility for ensuring the security of the Council's network, its ICT equipment and preparing, maintaining and testing the ICT disaster recovery plan.
- 3.4 Insurance and Risk Management is also based within the Resources Directorate and is responsible for giving advice on potential risks to the Council in achieving and delivering its aims and activities, maintaining a risk register, giving advice and assistance on the preparation of Business Continuity plans and arranging insurance cover and administering claims.
- 3.5 In addition to these specific roles Risk Management activities are also undertaken by the Corporate Risk Management Group (RMG). The Group is led by the Director of Resources and has senior officer representation from across the Council.
- 3.6 The day to day management of the risk management process is currently within the Exchequer Services Team of the Resources Directorate. In a minor restructure it is proposed to split the strategic risk management function from the operational insurance claims handling and to transfer the former into the Internal Audit Team. This will assist the Council in delivering a more strategic approach to risk and will provide additional expertise and integration when undertaken alongside a risk based approach to the audit work programme.

4. WORK UNDERTAKEN

- 4.1 As a result of the introduction of the Civil Contingency Act work has been undertaken on preparing Business Continuity Plans (BCP's) in the event of a major disaster.
- 4.2 The BCP's are being developed in conjunction with the project to update the ICT disaster recovery plan. This project is being undertaken by the Council's ICT Security Officer.
- 4.3 Additional training was provided to Heads of Service and Members by Zurich Municipal the Council's insurers on how to develop the Council's risk register and to assist with fully integrating Risk Management into the Service Planning Process in 2006. A further session was undertaken with Heads of Service in March and again during October of this year. This latter session has led to the drafting of a Strategic Risk Register which is attached at **Appendix 1**.

- 4.4 This process is not complete but is a good foundation upon which to build. It had always been intended to construct the strategic risk register around the development of the new corporate plan. As this process was put back the implementation of the Strategic Risk Register also slipped. The draft Register attached focuses on the existing and developing key priorities. Once the new corporate plan has been published it is intended to hold a workshop with Members to build a full and robust Register around it. This will identify the key risks associated with delivering that Plan and how the Council intends to manage them. This work could also be integrated into the work programme of the Corporate Overview Panel for 2008.
- 4.5 When preparing Service Plans and Expenditure Bids during the current year Service Heads have been asked to detail any significant risks that may affect those plans or bids. Furthermore this year Heads of Service have been asked to identify a medium term approach to the delivery of efficiencies for their services. Part of this process required the completion of an impact risk assessment. Further work is being undertaken to establish a method of how the RMG can monitor and report on high level risks identified.
- 4.6 As part the Council's review of its open spaces inspection and management the Council is with Zurich Risk Management examining how effective and robust our current processes are. This has involved meetings with staff across the Council to establish how this is currently undertaken and examining ways that this may be more;
- standardised
 - streamlined
 - efficient
 - robust

By improving our inspection regime the Council should be able to reduce the number of incidents. This could also lead to a reduction in insurance claims or at least put the Council in a better position to defend them.

This work is now complete and a report on the recommendations made and the proposed changes in the way these inspections are carried were outlined in the Corporate Inspection Review paper which was approved by the Council's Corporate Management Team.

- 4.7 Further work is being undertaken with Zurich Risk Management on driver's safety and ensuring the Council complies with its obligations under the Road Safety Bill. This work initially will be based around the updating of drivers handbooks for both our yellow fleet and others who drive on Council business. Revised drivers handbooks have been prepared for Lease car, essential and casual users together with a manager's guide and these will be issued following the Zurich Risk Management workshop and duty of care compliance check which will take place in November 2007.
- 4.8 The Health and Safety Unit reports separately to Corporate Management Team, Corporate Safety Group and Industrial Relations Committee on the Units and the Safety Panel's activities and projects during the year.

5. FUTURE WORK PROGRAMME

- 5.1 A copy of the Risk Management Group's current work programme is attached as **Appendix 2.**

6. FINANCIAL IMPLICATIONS

- 6.1 The development of Business Continuity plans has highlighted the possible need for alternative accommodation and equipment should a major event occur at one of its offices or depots. The Council has Business Interruption Insurance which would cover the majority of this expenditure and loss of income for a period, but there could be expenditure arising from the exercise.

7. RECOMMENDATIONS

It is recommended that;

- 7.1 The work of the Risk Management Group and revised management arrangements are noted;
- 7.2 That the Strategic Risk Register shown at **Appendix 1** is approved subject to further work being undertaken when the new Corporate Plan has been adopted.
- 7.3 That Cabinet note the work programme shown in **Appendix 2**.

For Further Information Please Contact:

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Background Papers:

Cabinet 3 September 2003 (Report F)
CMT 22 March 2005 (Report C)
CMT 11 October 2005 (Report D)

STRATEGIC PRIORITY - CLEAN STREETS AND PUBLIC SPACES				
RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Lack of Staff	2	5	Robust performance management; Usage of market analysis; Use of agency staff to ensure maximum flexibility; Financial management	Assistant Director Commercial Services
Lack of Funding	2	5	Regular and timely financial monitoring; Expenditure and service planning process.	Assistant Director of Resources
Lack of Vehicles	1	5	Vehicle maintenance and replacement programme; Flexible approach to hiring of vehicles; Flexibility of TVBC/NFDC Partnership and dual use of fleet; Financial monitoring	Assistant Director of Commercial Services
Expectations Not Matched	3	3	Communication with residents; Performance Monitoring Engagement/Consultation on future changes to service delivery	Assistant Director of Commercial Services
Force Majeure	1	5	Robust Emergency Planning processes in place; Business Continuity Plans in place Contingency planning; Training of staff	Assistant Director of Commercial Services
Impact of legislation	2	3	Staff awareness; Professional networks such as Integra; Flexibility/Adaptability of workforce through regular engagement; Consultation and Communication both internally and externally	Assistant Director of Commercial Services

STRATEGIC PRIORITY - CLEAN STREETS AND PUBLIC SPACES

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Industrial Action ♦ Internal ♦ External	1 2	3-5	Continued good industrial relations (Internal); Business Continuity Plans; Staff awareness;	Assistant Director of Commercial Services
Fuel ♦ Prices ♦ Crisis	2	4	Awareness of price volatility; Limited Storage prevents significant proactive action	Assistant Director of Commercial Services
Lack of Disposal Sites	1	4	Close working with Project Integra; Development of Contingency Plan; Continued pressure and initiatives to reduce landfill	Assistant Director of Commercial Services
Non achievement of Government targets	4	3	Effective and regular monitoring; Provision of adequate resources; Prioritisation; Being a key priority	Assistant Director of Commercial Services
Continued collaboration through Project Integra	3	3	Regular communication between all partners; Review of membership; Agree medium term targets	Assistant Director of Commercial Services

STRATEGIC PRIORITY - YOUNG PEOPLE

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Clarity of Role	3	5	Political Process; Senior Management; LSP - Leading to Objectives	Assistant Director Leisure Services
Ineffective partnership	2	4	Effective Data Sharing Joint Policy Development; LSP	Assistant Director Leisure Services
Engagement	4	4	Consultation; Active Listening Young Forum; Shout-About-Youth Champion; Training Technology	Head of Communications/Head of Policy and Performance
Funding	2	5	Budget Plan Process; Access to Grants	Assistant Director Resources
Expectations	2/3	4	Communication; Understanding of Youth Issues and their Impact on Delivery of Service	Assistant Director Leisure Services
Lack of Youth Representation	3	4	Events Communication Forum; Training; Information Exchange	Assistant Director Leisure Services/Head of Communications

STRATEGIC PRIORITY - CRIME AND DISORDER AND COMMUNITY SAFETY

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Partnerships, e.g. ◆ Crime Safety Officers ◆ PNA Workers	4	3	Service Level Agreements; Performance Measurement – Outcomes; Shared Vision; Clear rules of engagement; Clear budget responsibilities; Regular monitoring of effectiveness of partnerships	Assistant Director Environmental Health
Funding	4	3	Financial Strategy; Budget Monitoring; Service Level Agreements; Exploration of alternative funding solutions	Assistant Director of Resources
CCTV – Failure	2	2	Continued Funding/Priority; System Maintenance and equipment replacement programme; Monitoring outcomes	Assistant Director Environmental Health
Increased Anti-Social Activity (Youth)	4	2	Provision of Programmes and Activities; Engagement with Youth; Inter Agency partnerships; CCTV Monitoring; Children and Young Peoples Strategy/Agenda; PCSOs; Member Ownership	Assistant Director Environmental Health
No reduction in the fear of crime	4	2	Positive communication with community; Community engagement; Publicity	Head of Communications
Civil Emergencies	2	5	Emergency Plan; Training; Clear Accountability	Assistant Director Environmental Health

STRATEGIC PRIORITY - MANAGING OUR FINANCES				
RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Capping	1	3	Budget Process; Expenditure Planning Financial Strategy; Efficiency Agenda; ◆ Culture ◆ Medium Term will take more time Managing our finances being a key priority Risk assessment of Financial Strategy and Revenue Balances	Executive Director
Qualification of Council's accounts by District Auditor	3	4	Balanced budget; Effective and regular monitoring processes; Sound financial management; Training for budget responsible officers; Effective internal controls and regular reconciliations; Annual Internal Audit review of key systems	
Significant Financial Error (Internal)	1	3	Appropriate training; Recruitment process (skills validation); Regular reconciliations; Sensibility validations	Assistant Director Resources
Third Party losses impact on Council resources - e.g. MMI	2	3	Risk assessed approach to revenue balances	Assistant Director Resources
Fraud	3	2	Internal control processes; whistle blowing policy; Internal Audit resources	Assistant Director Resources

STRATEGIC PRIORITY - MANAGING OUR FINANCES				
RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFIERC
Managing Workforce Costs	3	3	Staffing Budget and monitoring; Control of the Establishment; Workforce Planning within the service planning framework; Understanding and control of Pay Drift; People Strategy; Employee practices and approach to Sickness/Redundancy; Performance management of workforce data; Management training in areas such as sickness management; Corporate tools for absence minimisation	Head of Human Resources

STRATEGIC PRIORITY - OLDER PEOPLE

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Reduction in health of the Council's residents:- ♦ Quality of Life ♦ Services	3	4	Provision of leisure programmes targeted to encourage use by elderly; Ensuring that the programme is affordable; Making services accessible to all through outreach programmes and local provision of health and leisure centre activities.	Assistant Director of Leisure
Inability to deliver strategic outcomes	4	3	Develop coherent strategy and supporting policy setting out :- Clear set of objectives Key targets/milestones Coherent targets Resource requirements	Assistant Director of Leisure
Increase in the fear of crime amongst older population	1	3	Publicity setting out factual information	Head of Communications
Increase in the need for support/independence	4	4	Inter agency collaborative working:-Housing; Social Services; Primary Care Trust; Voluntary organisations such as Help the Aged; Registered Social Landlords. Provision of services to facilitate greater independence – lifelines etc	Assistant Director of Housing
Reduction in activity levels/skills	3	3	Promotion and support to voluntary organisations; Council employment policies	Assistant Director of Leisure

STRATEGIC PRIORITY - OLDER PEOPLE

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Ability to access to Services	3	4	Provision of Concessionary Travel Scheme; Promotion of Housing and Council Tax Benefit entitlement; Support to voluntary organisations; Web site and electronic service delivery; Provision of local services such as health and leisure centres and information offices	Various

STRATEGIC PRIORITY – HOUSING				
RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
<p>Inability to provide affordable housing through:-</p> <p>Lack of Government Funding</p> <p>Lack of coordinated approach to planning policy created by: Nimbyism Lulu Developers Attitude Political aspirations and concerns</p>	<p>4</p> <p>2</p>	<p>4</p> <p>4</p>	<p>Lobby Government for additional resources; Support from HARAH;</p> <p>Grant Free Development; New Local Development Framework Threshold; Education; Mixed Tenure</p>	<p>Assistant Director Housing Services</p> <p>Head of Planning</p>
<p>Inability to ensure council housing stock achieve decent home standard through:-</p> <p>Insufficient resources</p> <p>Inability to deliver agreed programme</p> <p>Change in Government rules</p>	<p>2</p> <p>2</p> <p>3</p>	<p>5</p> <p>4</p> <p>3</p>	<p>Strategic approach to resource allocation within Housing Strategy and Business Plan; HRA medium term financial plan; Creating financial capacity through efficiencies; Skills and expertise of workforce</p> <p>Lobby Government both directly and using other bodies such as Local Government Association, and Institute of Housing Officers</p>	<p>Assistant Director of Housing</p>

STRATEGIC PRIORITY – HOUSING

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
<p>Inability to develop green housing through;-</p> <p>Legislative framework due to a lack of time and clarity</p> <p>Resources either due to payback of investment required or affordability</p> <p>The Councils own housing stock due to a lack of clear:-</p> <ul style="list-style-type: none"> - Measures - Targets - Attitudes 	<p style="text-align: center;">2</p> <p style="text-align: center;">3</p> <p style="text-align: center;">3</p>	<p style="text-align: center;">4</p> <p style="text-align: center;">3</p> <p style="text-align: center;">3</p>	<p>Lobby the Government through various agencies including SEEDA, Local Government Association and Housing Corporation.</p> <p>Training and education regarding the investment required and the impact that this will have on the environment; Green Audit; Strategic approach following outcome of Green Audit</p> <p>Development of clear policy following the Green Audit to be included within the Housing Strategy; Establishment of clear targets; Engagement of stakeholders to promote Green Housing;</p>	<p style="text-align: center;">Assistant Director of Housing</p>

STRATEGIC PRIORITY – HOUSING

RISK	PROB (1-5)	IMPACT (1-5)	CONTROL PROCESSES/MITIGATION	RESPONSIBLE OFFICER
Provision of appropriate housing for changing population profile and needs	4	3	Ensure provision of social housing reflects the changing demographics of the district; Facilitate transfers between accommodation easier; Evaluate incentives to promote more flexible approach.	Assistant Director Housing

Probability	Impact				
	Very Low	Low	Medium	High	Very High
Very High	0	0	2	0	0
High	0	3	2	3	0
Medium	0	1	7	6	1
Low	0	1	2	8	3
Very Low	0	0	3	2	2

Key to Risk Management Action Level	Low Priority (1 - 5)	Medium Priority (6 - 11)	High Priority (12 - 25)
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STRATEGIC RISK REGISTER – SCORING MATRIX

PROBABILITY TABLE

Score	Description	Likelihood	Guidance
5	Very High	> 80%	<ul style="list-style-type: none"> • Is expected to occur in most circumstances • Will undoubtedly happen, possibly frequently • Imminent
4	High	More likely to occur than not 51% - 80%	<ul style="list-style-type: none"> • Will probably occur in many circumstances • Will probably happen, but not a persistent issue • Has happened in the past
3	Medium	Fairly likely to occur 21% - 50%	<ul style="list-style-type: none"> • Could occur in certain circumstances • May happen occasionally • Has happened elsewhere
2	Low	Low but not impossible 6% - 20%	<ul style="list-style-type: none"> • May occur only in exceptional circumstances • Not expected to happen • Not known in this activity
1	Very Low	Virtually impossible 0% - 5%	<ul style="list-style-type: none"> • Is never likely to occur • Very unlikely this will ever happen

IMPACT TABLE

Score	Description	Guidance
5	Very High	<ul style="list-style-type: none"> • Inability to fulfil objectives • Long term damage to service capability <ul style="list-style-type: none"> • Severe financial loss • Adverse national publicity
4	High	<ul style="list-style-type: none"> • Significant impact on service objectives • Medium term impairment to service capability <ul style="list-style-type: none"> • Major financial loss • Adverse local publicity, loss of confidence
3	Medium	<ul style="list-style-type: none"> • Service objectives partially achieved • Short term disruption to service capability <ul style="list-style-type: none"> • Significant financial loss • Some adverse publicity
2	Low	<ul style="list-style-type: none"> • Minor impact on service objectives • No significant disruption to service capability <ul style="list-style-type: none"> • Moderate financial loss • Some public embarrassment, no loss of confidence
1	Very Low	<ul style="list-style-type: none"> • Minimal impact on the delivery of service objectives <ul style="list-style-type: none"> • Negligible disruption to service • Minimal financial impact • Unlikely to cause adverse publicity

RISK MANAGEMENT GROUP WORK PROGRAMME

Action	Responsible Person (s)	Target Date	Comments
Fully integrate Risk Management into Service Planning and Budgeting Progress	RMG Heads of Service	September 2006 September 2007	(partially implemented) Now integral part of service planning – but will need to be reviewed in light of BCP roll out and the development of medium term efficiency plans
Review and revise the Council's Risk Management Strategy and Policy Statement to ensure that it is fit for purpose and is aligned with the Corporate Plan	Strategic Risk Manager	April 2008	
Develop ways of identifying high level risks highlighted by the service planning framework	RMG	April 08	
Complete Council Strategic Risk Register	CMT RMG H of S Insurance & Risk Manager Strategic Risk Manager	June 2006 (initial prepared for RMG in Dec 06) Further presentation to H of S in March and October 07 Draft completed for Cabinet approval Further work to build on draft to be undertaken with Cabinet workshop once revised corporate plan completed	Draft Risk register attached for approval
Incorporate BCP into ICT disaster recovery database	ICT Security Officer Insurance & Risk Manager Strategic Risk Manager	April 06 April 08	Draft specification developed with ICT Development work done for ICT Disaster recovery Complete service plans and revised ICT recovery requirements

Complete Continuity Plans and carry out assessments of Dependant services	Service Heads RMG Insurance & Risk Manger	Marsh Lane 31/3/06 Completed 31 March 07 Other key services for community have been completed. Lower priority services (in BCP terms) need to be completed in order to establish overarching plan for each administration centre	Site plan and Service Plans prepared, to be tested Service plans completed for critical services Site plan to be developed when all service plans complete
Determine priorities for DDA Work Programme	RMG	April 2006	Completed
Avian Flu Project Plan	RMG	April 2006 Presentation to RMG May 06 Updated plan being considered by SMT in November	Completed
Project Management Guide	HWPN	May 2006	Completed
Health & Safety Reporting & Recording	RMG	September 06 RMG 12/09/07 CMT 2/10/07	Agreed to use Zurich to carry out Audit completed in Feb 07. Draft Report Report and Action Plan
Personal Injury Insurance	RMG RMG	Dec 2006 Oct 2007	Postponed to be included in review of self insurance Review all insurance cover prior to annual renewal to assess whether it is adequate or appropriate.

Duty of Care to Drivers	RM	RMG 12/09/07	Draft drivers and managers handbook
	RMG	Nov 07	To arrange Zurich consultancy on duty of care and draft Grey fleet handbook and assist with commercial fleet handbook
Risk News Update	RM	Nov/Dec 07	Update on risk management to be included in Health & Safety News