

# **Epping Forest District Council Corporate Risk Register**

Date: **22 September 2008**

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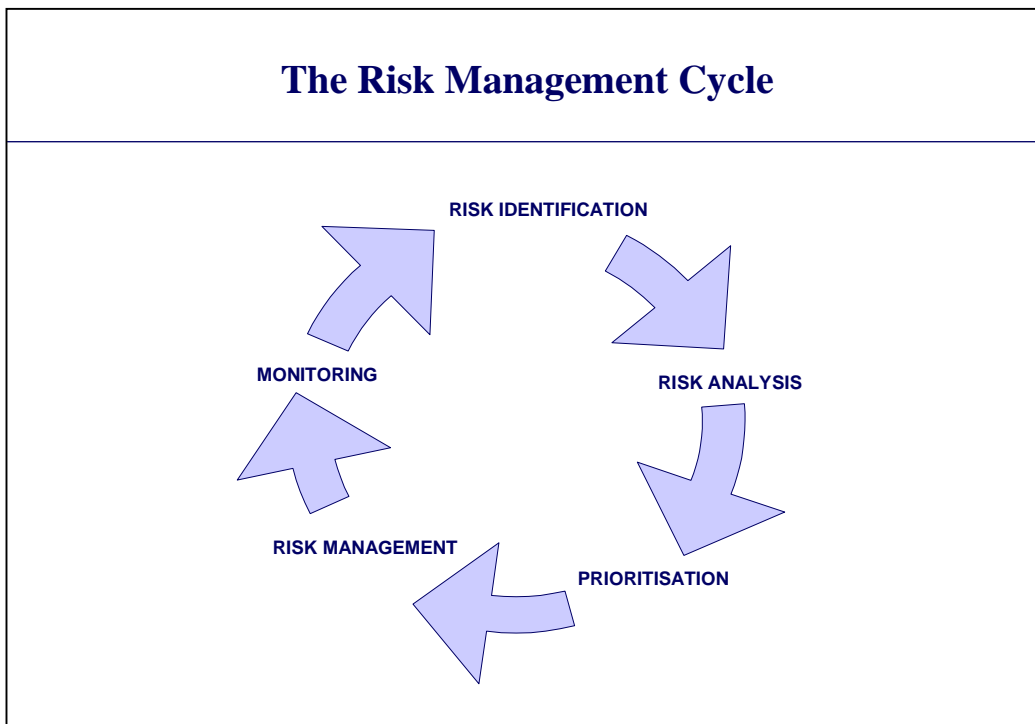
# 1. Introduction

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is not an end in itself. Rather, risk management is a means of minimising the costs and disruption to the organisation caused by undesired events.

The aim is to reduce the frequency of risk events occurring (where possible) and minimise the severity of their consequences if they do occur.

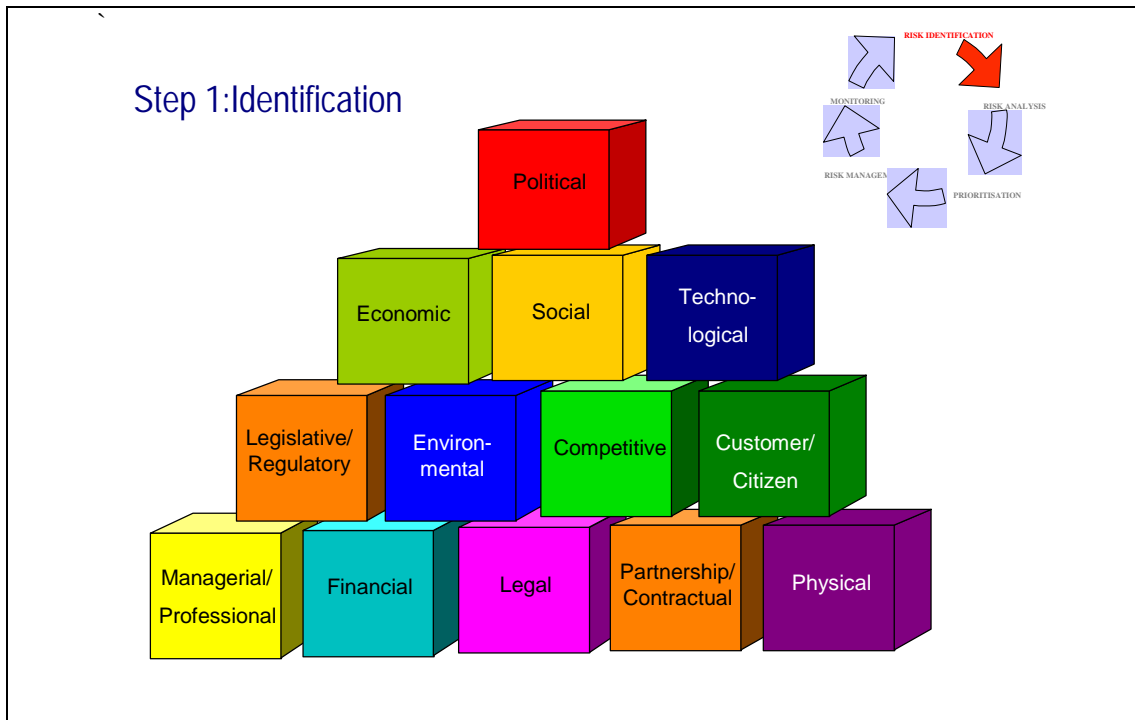
# 2. The Process

To manage risk effectively, the risk associated with each policy option or service delivery method needs to be systematically identified, analysed, prioritised, controlled and monitored. This process is referred to as the risk management cycle, which can be seen below.



## 2.1 Risk identification

The first of five stages of the risk management cycle requires risk identification. This is achieved through standing items on Corporate Governance Group and Management Board and from discussions at the Risk Management Group, which is held quarterly. Risk is covered under 13 categories of risk as shown below.



## 2.2 Risk analysis and prioritisation

Once the risks are identified, these are then assessed for impact and likelihood and plotted onto a matrix. The impact, compared against the objectives of the Authority, (Council Policy Themes and Aims), was measured as being negligible, marginal, critical or catastrophic. The likelihood, of the risks occurring over the next three years, was measured as being almost impossible, very low, low, significant, high or very high.

A group of Members and Senior Officers originally set the risk tolerance line, which involved considering each of the squares on the matrix and deciding if they were prepared to tolerate a risk in that box or if they wanted to actively manage it. This theoretical tolerance line effectively splits the risks on the matrix, with those risks above the line requiring further scrutiny and those below the line not requiring high-level intervention at this time. The Finance and Performance Management Cabinet Committee now review this quarterly.

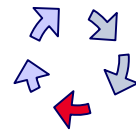
## 2.3 Risk management and monitoring

The next stage is to complete management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

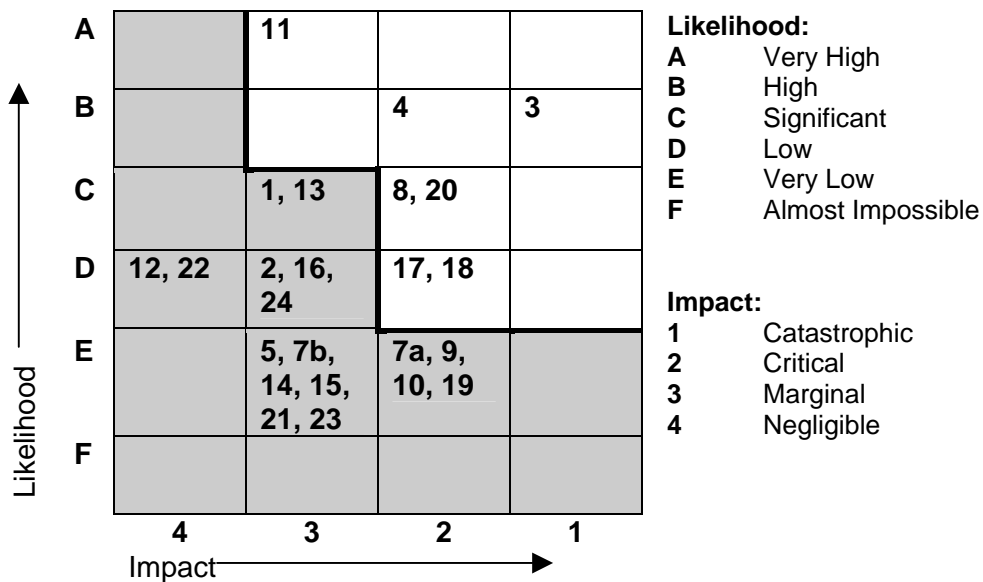
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

# 3. Results

## 3.1 Risk profile



The risk profile and priority are given below.



Appendix 1 shows all the risks that were rated on the profile.

### 3.2 Above the line Risk clusters

The 7 above the line risks have been grouped into 6 clusters that will help to streamline the action planning process. These are shown below:

Cluster name	Risk Scenarios	Executive Priority/ Council Plan Objective
East of England Plan	3, 4	ExP i & iv, Green & Unique 1
Business Continuity Planning	8	ExP ii, Improving Performance 4 & 5
Key Contracts	20	ExP ii & iii, Green & Unique 2, Fit for Life 1
Local housing needs	11	ExP i & iv, Homes & Neighbourhoods 1
Capital receipts spent on non revenue generating assets	17	Economic Prosperity 1
Loss or theft of data	18	Improving Performance 4

The action plans can be seen at Appendix 2

#### Relevant Executive Priorities (ExP) 2008/09

- (i) To ensure that the Council fully contributes to the delivery of the priorities and objectives of the second Essex Local Area Agreement;
- (ii) To explore options to improve the accessibility of the Council's services through customer focused initiatives;
- (iii) To produce a Sustainability Strategy for the Council, to ensure that the authority minimises the environmental impact of its actions and operations; and
- (iv) To review options for the future of the North Weald Airfield.

#### Council Plan Objectives

The Council Plan objectives referred to above are contained in the Action Plan of the Council Plan 2006-2010, which can be found on pages 74 to 87 of that document.

# Appendix 1 – Risk Register

Risks marked “ \* ” are above tolerance and require managing

No	Rating		Short name	Vulnerability	Trigger	Consequence
3	B1	*	East of England Plan – housing built without infrastructure	<p>The East of England plan will mean a significantly increased level of housing in the district.</p> <p>The increased number of houses will require an accompanying level of infrastructure improvements (transport, schools, hospitals)</p>	Houses built without accompanying improvements in infrastructure	<ul style="list-style-type: none"> <li>• Demands on services increase</li> <li>• Infrastructure is put under pressure</li> <li>• Transport system under pressure</li> <li>• Area becomes less attractive to employers</li> <li>• Area becomes less attractive place to live</li> </ul>
4	B2	*	East of England Plan – unable to agree joined up plan	<p>The East of England plan means a major amount of growth is planned for the district, both in terms of housing and infrastructure. This is part of a national Government agenda</p> <p>This is seen by some as an opportunity to develop a significant area of the district</p>	Council unable to agree a joined up plan with all other involved parties	<ul style="list-style-type: none"> <li>• Solution (URC) forced on Council</li> <li>• Council not properly recompensed for Council land</li> <li>• Increased amount of development / houses</li> <li>• Unable to maximise opportunity to develop areas of district</li> <li>• Possible boundary changes</li> </ul>
8	C2	*	Business Continuity Management	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act	Unable to respond effectively to a business continuity incident (e.g. IT virus / flu pandemic)	<ul style="list-style-type: none"> <li>• Services disrupted / Loss of service</li> <li>• Possible loss of income</li> <li>• Staff absence</li> <li>• Hardship for some of the community</li> <li>• Council criticised for not responding effectively</li> </ul>

No	Rating		Short name	Vulnerability	Trigger	Consequence
20	C2	*	Key contract collapses or service levels deteriorate	Contractors are providing some key council services. There have been changes in terms of service delivery and there are concerns around the ability of contractors to meet service changes and deliver the required level of performance.	Contractor collapses / is unable to provide service or Service level deteriorates	<ul style="list-style-type: none"> <li>• Service fails / adversely affected</li> <li>• Alternative arrangements need to be made</li> <li>• Increased costs and legal implications</li> <li>• Health risks</li> <li>• Dissatisfied customers</li> <li>• Censure by audit/inspection</li> </ul>
11	A3	*	Unable to provide sufficient housing for local people	The Council has targets in terms of key housing needs and affordable housing, however, there is a shortage of available land in the district for housing and economic development, with high house prices.	Unable to provide sufficient housing for local people	<ul style="list-style-type: none"> <li>• Unable to achieve targets for affordable housing</li> <li>• Council seen as failing</li> <li>• District becomes more suburban</li> <li>• Young people leave area/Increased elderly population</li> <li>• Character of district changes</li> </ul>
17	D2	*	Significant amount of capital receipts spent on non revenue generating assets	The authority is currently debt free; however much of the budget is reliant on capital receipts gained from sale of assets and interest income from investment. There is a 5-year capital programme planned, with a noted decline in the sale of council assets, particularly housing stock.	Authority spends a significant amount of capital receipts on non revenue generating assets e.g. housing grant	<ul style="list-style-type: none"> <li>• Loss of interest</li> <li>• Loss of cover for contingencies</li> <li>• Financial strategy becomes untenable in the long term</li> <li>• Service reductions required</li> <li>• Large Council Tax increases required</li> </ul>
18	D2	*	Loss or theft of data	The Authority handles a large amount of data. Either through hacking or carelessness security of the data could be compromised.	Data held by the Council ends up in inappropriate hands.	<ul style="list-style-type: none"> <li>• Breach of corporate governance</li> <li>• Increased costs and legal implications</li> <li>• Reputation damaged</li> </ul>
1	C3		Recruitment in key areas	The authority is currently carrying vacancies and finding it difficult to recruit in several professional areas, esp. building control, environmental health and to junior management roles.	Key posts remain unfilled/take unacceptable lengths of time to fill	<ul style="list-style-type: none"> <li>• Pressures on existing staff</li> <li>• Difficulties in succession planning</li> <li>• Reliance on agency staff / consultants</li> <li>• Adverse impact on service delivery</li> </ul>



No	Rating	Short name	Vulnerability	Trigger	Consequence
13	C3	Key objectives not delivered due to capacity issues	<p>The Council is facing a challenging agenda with a number of initiatives and projects.</p> <p>There is a concern the corporate core, in particular, is light in terms of staffing, resource and capacity. And while the Council has the financial resources to deliver on key priorities, it may not have sufficient HR capacity</p> <p>There are concerns around overload and a recognised need to set achievable agendas and not make unachievable promises.</p>	Council fails to deliver key objectives on time	<ul style="list-style-type: none"> <li>• Slippage on key projects / initiatives</li> <li>• Deadlines and targets not met</li> <li>• Lack of focus</li> <li>• Workloads increase</li> <li>• Staff demotivated</li> </ul>
7a	E2	Compliance with regulations	<p>The Cabinet system leads to greater involvement of members in the day to day running of the Authority. It is important that members involved in operational issues understand the processes.</p> <p>Councillors attempt to deliver change, however there is a perception that this may not always be done in full accordance with proper processes and procedures, with possible corporate governance and legal implications.</p>	A decision is made / action taken which breaches regulations	<ul style="list-style-type: none"> <li>• Breach of corporate governance</li> <li>• Professional opinions challenged</li> <li>• Probity of decision and decision making process questioned</li> <li>• Adverse effect on performance</li> <li>• Council criticised</li> </ul>
9	E2	Depot Accommodation	That the Council is unable to provide adequate accommodation for all contracted depot users.	Depot sites disposed of prior to replacement facilities being available.	<ul style="list-style-type: none"> <li>• Adverse impact on service delivery</li> <li>• Increased costs and legal implications</li> <li>• Council criticised</li> </ul>

No	Rating	Short name	Vulnerability	Trigger	Consequence
10	E2	Revised Organisational Structure	<p>The structure of the Council has been revised and will need to bed down over a period of time. There are concerns, that reductions in the number of posts may reduce capacity at senior levels.</p> <p>It is important to ensure the Authority is not too internally focussed, with too much concentration on operational issues, to the detriment of strategic direction.</p>	Lack of direction on key initiatives / strategies	<ul style="list-style-type: none"> <li>• Unclear priorities and objectives</li> <li>• Difficult to tackle major issues like changing culture</li> <li>• Lack of corporate working</li> <li>• Council does not move forward</li> <li>• External criticism of Council</li> </ul>
19	E2	Planning service does not improve	<p>Planning was a poorly performing area with some bottom quartile performance. However, significant improvements in performance have been seen.</p>	Planning service does not maintain improvement	<ul style="list-style-type: none"> <li>• Lack of member confidence</li> <li>• CPA score affected</li> <li>• Reputation damaged</li> </ul>
2	D3	Inconsistent approach to procurement	<p>Procurement is inconsistent across the authority, with the strategy still needing to be embedded and some resistance to initiatives.</p>	Inconsistent approach to procurement continues	<ul style="list-style-type: none"> <li>• Authority further behind in terms of e-procurement</li> <li>• Efficiency savings not made or contracts fail</li> <li>• Benefits of procurement approaches not achieved</li> <li>• Procured service poor/not value for money</li> <li>• Criticism by inspection</li> </ul>
16	D3	Performance management	<p>A performance management framework and systems are in place but are not yet fully embedded within the authority, with no real culture of performance.</p> <p>Performance information is seen as a means rather than an end.</p>	Performance management not applied consistently across the Council	<ul style="list-style-type: none"> <li>• Performance management treated as a compliance exercise</li> <li>• Improvement does not occur</li> <li>• Service delivery adversely affected</li> <li>• Criticism from inspection / audit</li> <li>• Image of Council damaged</li> </ul>

No	Rating	Short name	Vulnerability	Trigger	Consequence
24	D3	Cash balances	Retention of large reserves and balances fails to provide best value and restricts the development of key services.	Key service deteriorates due to lack of resources.	<ul style="list-style-type: none"> <li>• Service delivery adversely affected</li> <li>• Criticism from inspection / audit</li> <li>• Slippage on key projects</li> <li>• Dissatisfied customers</li> </ul>
5	E3	Local Government Reorganisation which is detrimental to the Council and Community	<p>Even though there are no current proposals to change boundaries in Essex, there remains a concern that this might change.</p> <p>EFDC is currently debt-free and any re-organisation may involve neighbouring authorities that are not as financially secure.</p>	Reorganisation which is detrimental to the Council and Community	<ul style="list-style-type: none"> <li>• Outflow of resources from district</li> <li>• Change of focus to wider focus</li> <li>• Existing priorities stopped</li> <li>• Projects stopped / delayed</li> <li>• Change in direction</li> </ul>
7b	E3	Public comments at member level may commit the Council to policies or actions	<p>The Cabinet system leads to greater involvement of members in the day to day running of the Authority.</p> <p>There is a concern, however, at what could be perceived as a 'scattergun approach', particularly around individual initiatives, i.e. that decisions are sometimes made on the basis of public popularity, without proper evaluation and that comments made could be seen as commitments not opinions.</p>	Promises made to public without firm weight of Council behind them	<ul style="list-style-type: none"> <li>• Council policy 'made on the hoof'</li> <li>• Council sends out mixed messages</li> <li>• Policies not delivered</li> <li>• Public opinion turns against the Council</li> <li>• Possible legal implications of decision</li> </ul>

No	Rating	Short name	Vulnerability	Trigger	Consequence
14	E3	Key initiatives resisted / delayed by culture of authority	<p>There is a view that the authority needs to significantly change means of service delivery to meet the ever-changing demands of the wider community, and the requirements of the t-gov agenda.</p> <p>Implementing this will require a significant culture change across the authority, and strong consistent leadership from senior levels of the Authority.</p>	Key initiatives e.g. shared services resisted / delayed by current culture within the authority	<ul style="list-style-type: none"> <li>• Initiatives / plans not achieved</li> <li>• Failure to make savings, reduce duplications and make continuous improvements</li> <li>• Adverse effect on performance</li> <li>• Censure by audit/inspection</li> <li>• Image of council damaged</li> </ul>
15	E3	Sickness absence	Levels of sickness absence are now consistently reported and managed across the authority. There has been considerable success in 2007/08 in reducing overall levels of sickness.	Sickness absence not effectively managed	<ul style="list-style-type: none"> <li>• Staff absence impacts on ability to deliver</li> <li>• Increased costs of using agency staff</li> <li>• Efficiency savings affected</li> <li>• Impact on staff morale</li> <li>• Possible litigation / claims</li> </ul>
21	E3	Use of Council assets	The corporate approach to accommodation and IT infrastructure is not always understood and enforced.	Council fails to make best use of it's assets	<ul style="list-style-type: none"> <li>• Council cannot effectively respond to initiatives</li> <li>• Unable to justify accommodation needs</li> <li>• Insufficient assets to meet needs in some areas</li> <li>• Over provision in other areas</li> </ul>
23	E3	Fraud	A weakness in internal controls or the application of internal controls or criminal collusion such that fraud is either not prevented or not detected.	Significant fraud occurs	<ul style="list-style-type: none"> <li>• Loss of resources</li> <li>• Damage to Council's reputation</li> <li>• Effect on staff morale</li> <li>• Harm Use of Resources/CPA scores</li> </ul>

No	Rating	Short name	Vulnerability	Trigger	Consequence
12	D4	Gershon – rule changes	<p>There is a requirement, through the Gershon review to make efficiency savings of 3% for each of the next 3 years.</p> <p>Currently, the savings will be made, however, this is primarily through current rules allowing interest on sales of assets to be included.</p>	Rules changed to preclude this	<ul style="list-style-type: none"> <li>• Savings need to be made from other areas</li> <li>• Services suffer from lack of resources</li> <li>• Public dissatisfaction with Council services</li> <li>• Council reputation damaged</li> <li>• Censure by audit and inspection</li> </ul>
22	D4	Key partnership fails	The Council is involved in a plethora of multi agency partnerships e.g. LSP, but these don't always have clear governance arrangements with related documentation thin on the ground.	Key partnership fails	<ul style="list-style-type: none"> <li>• Relationships with other bodies deteriorate</li> <li>• Clawback of grants</li> <li>• Unforeseen accountabilities and liabilities for the Council</li> <li>• Censure by audit/inspection</li> <li>• Adverse impact on performance</li> </ul>



<b>Risk No.</b>	<b>Existing controls/actions to address risk</b>	<b>Effectiveness of controls/actions</b>	<b>Required further management action</b>	<b>Responsibility for action</b>	<b>Critical success factors and measures</b>	<b>Review frequency</b>	<b>Key date</b>
3, 4	Informal joint working to pursue funding for infrastructure; and appropriate planning with stakeholders.	Will only become apparent when applications are received and development commences.	Decisions and actions to commence formal inter-authority working; plus progress with policy on Community Infrastructure Levy.	Planning & Economic Development Portfolio Holder  Director of Planning & Economic Development	The Council retains control of the delivery arrangements and the provision of improved infrastructure.	Quarterly	31/12/08
8	Most services already have business continuity plans in place and a separate flu pandemic plan is currently being developed.	A Corporate Plan is now in place and arrangements for mass vaccination have been developed with the PCT.	Both corporate and service business continuity plans are being updated. Cabinet has approved measures to enhance the resilience of the power supply.	Community Wellbeing Portfolio Holder  Deputy Chief Executive	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None
20	Systems for contract monitoring in place. Contingency plans exist to deal with contract failure.	Contract monitoring established. Business continuity planning has proved effective in waste management.	Negotiations with both contractors are underway to deal with the issues of Epping Sports Centre and the green waste service respectively.	Leisure & Young People Portfolio Holder  Environment Portfolio Holder  Director of Environment and Street Scene	Reaching agreement on the future management of Epping Sports Centre.  Agreeing a new method of providing the green waste service.	Quarterly  Quarterly	None  None

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11	Requirement for 40% affordable housing on all large sites. Developments on green belt can result in more affordable housing. Council considers annual provision of grant to housing associations.	Meeting all housing need will not be addressed by existing control, but will help. Grant from the Council also assists.	Early identification of new sites required by the East of England Plan, which will provide associated affordable housing.	Housing Portfolio Holder  Director of Housing	Whether housing need is significantly reduced.	Quarterly	31/12/08
17	Five year capital programme prepared which includes resources. Surplus assets continue to be identified and disposed of.	Effective to date as even with £50M capital programme over 5 years more than £15M of usable receipts anticipated at end of period.	Continue to highlight revenue consequences of all new capital schemes. The disposal of surplus assets has been suspended until market conditions improve.	Finance & Performance Management Portfolio Holder  Chief Executive	Maintenance of adequate capital and revenue balances.	Quarterly	31/12/08



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18	Security Officer is continually monitoring EFDC situation and potential risks. Most systems have in built controls to prevent unauthorised access. Regular liaison with Assistant Director of ICT and Technical Services Manager.	Effective to date. All laptop hard drives have been encrypted.	Replacement of obsolete hardware, adoption of Government Connect to ensure secure data transfers. Activation of DEVICEWALL system to prevent unauthorised export of data using USB ports, CD RW and Floppy drives. Internal Audit is currently performing a security review.	Corporate Support Services & ICT Portfolio Holder  Director of Finance & ICT	No data loss or system downtime due to unauthorised access of EFDC systems or data.	Quarterly	None