

Epping Forest District Council Corporate Risk Register

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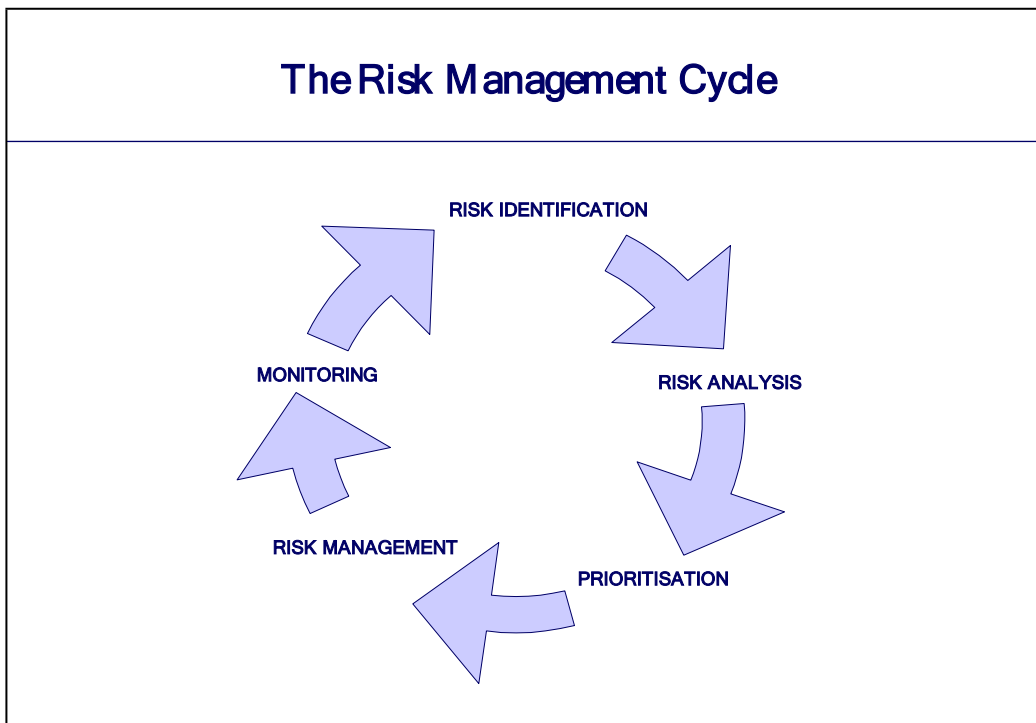
1. Introduction

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.

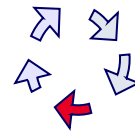
2.3 Risk management and monitoring

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.

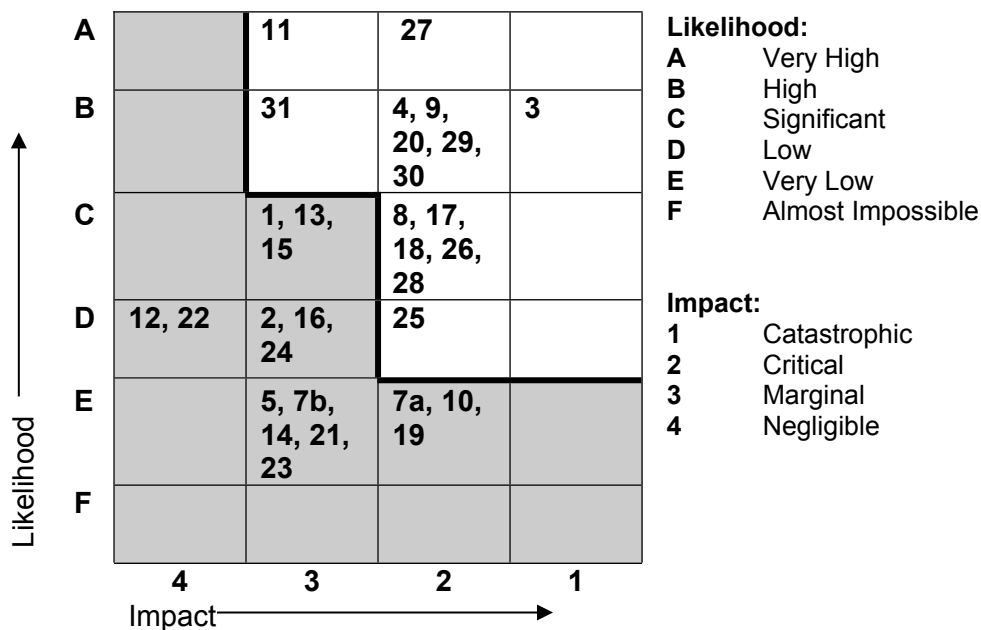
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

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 15 above the line risks have been grouped into 7 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, 29	ExP iv & vi, Green & Unique 1
Business Continuity Planning	8, 9, 25, 28, 31	ExP i & x, Improving Performance 3, 4 & 5
Key Contracts	20	ExP ii & xi, Green & Unique 2, Fit for Life 1
Shortfall in Income Streams	26, 27, 30	ExP i, ii & ix, Economic Prosperity 1
Local housing needs	11	ExP iv, Homes & Neighbourhoods 1
Capital receipts spent on non revenue generating assets	17	ExP i & ii, 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) 2010/11

- (i) To maintain the Council's sound financial position;
- (ii) To seek continuous performance improvement and the best use of resources;
- (iv) To enable the provision of additional affordable housing;
- (vi) To deliver a sound core strategy of the Local Development Framework;
- (ix) To achieve the level of savings identified within the Council's MTFs;
- (x) To continue the improvement in the benefit received from ICT investment; and
- (xi) To continue to increase the Council's recycling performance.

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"> • Demands on services increase • Infrastructure is put under pressure • Transport system under pressure • Area becomes less attractive to employers • Area becomes less attractive place to live
27	A2	*	Shortfall in key income streams	<p>Recession and credit crunch causing long term lower interest rates.</p> <p>Depressed housing market continues with low demand for Building Control and Land Charges services.</p> <p>Collapse of major income generating contract.</p>	<p>Reduced economic confidence.</p> <p>Prolonged recession</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Use of reserves • Staffing and service level reductions
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 co-ordinated plan with all other involved parties	<ul style="list-style-type: none"> • Solution (URC) forced on Council • Council not properly recompensed for Council land • Increased amount of development / houses • Unable to maximise opportunity to develop areas of district • Possible boundary changes

No	Rating		Short name	Vulnerability	Trigger	Consequence
9	B2	*	Depot Accommodation	That the Council is unable to provide appropriate and safe accommodation for all contracted depot users. That, due to the lack of an overall Depot Manager, an issue falls between the various service managers and is not adequately addressed.	Depot sites disposed of prior to replacement facilities being available. Accident or conflict between users.	<ul style="list-style-type: none"> • Adverse impact on service delivery • Increased costs and legal implications • Council criticised • HSE investigation/prosecution
20	B2	*	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"> • Service fails / adversely affected • Alternative arrangements need to be made • Increased costs and legal implications • Health risks • Dissatisfied customers • Censure by audit/inspection
29	B2	*	Gypsy and Traveller Provision	<p>a) This is a very sensitive issue and one that involves a number of stakeholders. Whatever ultimate outcomes are captured in the Development Plan Document, it is unlikely that all stakeholders will be satisfied.</p> <p>b) The area attracts gypsies and travellers and an accusation may arise that the Council has not provided adequate/sufficient pitches.</p>	<p>Unhappy stakeholder issues possible legal challenge to Development Plan Document.</p> <p>More gypsies and travellers than can be accommodated on official sites attempt to stay in the district.</p>	<ul style="list-style-type: none"> • Possible direct government intervention, with loss of local democratic control and control over costs. • Resource intensive legal process • Key performance indicators effected • Reputation damaged • Unofficial sites are established • Complaints from public/landowners • Possible enforcement action • Enforcement action made more difficult

No	Rating		Short name	Vulnerability	Trigger	Consequence
30	B2	*	Reduction in Government Grant	<p>More than half (54%) of the Council's General Fund net spend is financed by either Revenue Support Grant or re-distributed NNDR.</p> <p>The countries public finances are in a poor state and beyond the current Comprehensive Spending Review (CSR) there may be substantial cuts in funding for local authorities.</p>	Next CSR 2011/12 to 2013/14 reduces central funding support to local authorities.	<ul style="list-style-type: none"> • Loss of revenue • Increase Council Tax • Reduction in number and level of services • Increase in charges
31	B3	*	London 2012, Olympic disruption	The transport infrastructure in the district will be under severe pressure during the Olympics.	Congestion or incident obstructs road or tube travel.	<ul style="list-style-type: none"> • Staff unable to get to work or around district • Disruption to contractors – eg waste service • Reputation damaged
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"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively
17	C2	*	Significant amount of capital receipts spent on non revenue generating assets	The authority is currently debt free, with the budget benefitting from capital receipts gained from sale of assets and interest income from investment. The highest priority in the 5-year capital programme is now "Meeting Housing Need", which will not generate revenue.	Authority spends a significant amount of capital receipts on non revenue generating assets e.g. housing grant	<ul style="list-style-type: none"> • Loss of interest • Loss of cover for contingencies • Financial strategy becomes untenable in the long term • Service reductions required • Large Council Tax increases required
18	C2	*	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"> • Breach of corporate governance • Increased costs and legal implications • Reputation damaged

No	Rating		Short name	Vulnerability	Trigger	Consequence
26	C2	*	Investments	The Council lends money to a large number of financial institutions. In the current economic climate it appears that the long-term future of very few institutions can be guaranteed.	Financial institution fails whilst holding Council funds.	<ul style="list-style-type: none"> • Loss of investment • Loss of revenue • Reduction in services • Increase in charges • Reputation damaged
28	C2	*	Workforce Development Planning	The age profile of the Council's workforce is increasing and a number of senior staff are likely to retire at a similar time. Any concentrated loss of experience could cause disruption to service management.	Loss of a number of senior staff with no immediate replacement.	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Key performance indicators effected • Censure by audit/inspection
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"> • Unable to achieve targets for affordable housing • Council seen as failing • District becomes more suburban • Young people leave area/Increased elderly population • Character of district changes
25	D2	*	Management capacity in Planning	The Directorate of Planning & Economic Development has two new Assistant Directors and some gaps lower down the hierarchy.	An issue of strategic importance is not well managed.	<ul style="list-style-type: none"> • Increase in sickness due to stress • Difficulty in delivering LDF • Key performance indicators effected • Reputation damaged
1	C3		Recruitment in key areas	The authority is currently carrying vacancies and finding it difficult to recruit in several professional areas, eg. 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"> • Pressures on existing staff • Difficulties in succession planning • Reliance on agency staff / consultants • Adverse impact on service delivery

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.</p>	Council fails to deliver key objectives on time	<ul style="list-style-type: none"> • Slippage on key projects / initiatives • Deadlines and targets not met • Lack of focus • Workloads increase • Staff demotivated
15	C3	Sickness absence	Levels of sickness absence are now consistently reported and managed across the authority. Absence in 2009/10 was lower than 2008/09.	Sickness absence not effectively managed	<ul style="list-style-type: none"> • Staff absence impacts on ability to deliver • Increased costs of using agency staff • Efficiency savings affected • Impact on staff morale • Possible litigation / claims
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"> • Breach of corporate governance • Professional opinions challenged • Probity of decision and decision making process questioned • Adverse effect on performance • Council criticised

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"> • Unclear priorities and objectives • Difficult to tackle major issues like changing culture • Lack of corporate working • Council does not move forward • External criticism of Council
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"> • Lack of member confidence • CPA score affected • Reputation damaged
2	D3	Inconsistent approach to procurement	<p>Despite the work of the Marketplace User Group and the Procurement Steering Group, full conformity with best practice and Contract Standing Orders is still to be achieved.</p>	Inconsistent approach to procurement continues	<ul style="list-style-type: none"> • Authority further behind in terms of e-procurement • Efficiency savings not made or contracts fail • Benefits of procurement approaches not achieved • Procured service poor/not value for money • Criticism by inspection
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"> • Performance management treated as a compliance exercise • Improvement does not occur • Service delivery adversely affected • Criticism from inspection / audit • Image of Council damaged
24	D3	Cash balances	<p>Retention of large reserves and balances fails to provide best value and restricts the development of key services.</p>	Key service deteriorates due to lack of resources.	<ul style="list-style-type: none"> • Service delivery adversely affected • Criticism from inspection / audit • Slippage on key projects • Dissatisfied customers

No	Rating	Short name	Vulnerability	Trigger	Consequence
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"> • Outflow of resources from district • Change of focus to wider focus • Existing priorities stopped • Projects stopped / delayed • Change in direction
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"> • Council policy 'made on the hoof' • Council sends out mixed messages • Policies not delivered • Public opinion turns against the Council • Possible legal implications of decision
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"> • Initiatives / plans not achieved • Failure to make savings, reduce duplications and make continuous improvements • Adverse effect on performance • Censure by audit/inspection • Image of council damaged

No	Rating	Short name	Vulnerability	Trigger	Consequence
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"> • Council cannot effectively respond to initiatives • Unable to justify accommodation needs • Insufficient assets to meet needs in some areas • Over provision in other areas
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"> • Loss of resources • Damage to Council's reputation • Effect on staff morale • Harm Use of Resources/CPA scores
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"> • Savings need to be made from other areas • Services suffer from lack of resources • Public dissatisfaction with Council services • Council reputation damaged • Censure by audit and inspection
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"> • Relationships with other bodies deteriorate • Clawback of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance

Appendix 2 – Action Plans

RISK NO.	CURRENT RISK SCORE	TARGET RISK SCORE	CLUSTER NAME
3, 4, 29	B 1/B 2	C 3	East of England Plan
20	B 2	D 2	Key Contracts
8, 9, 25, 28, 31	B 2/ B 3/ C 2/D 2	C 3	Business Continuity Planning
26, 27, 30	A 2/B 2/C 2	D 2	Shortfall in Income Streams
11	A 3	A 4	Local housing needs
17	C 2	D 2	Capital receipts spent on non revenue generating assets
18	C 2	D 2	Loss or theft of data

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
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.	Leader Director of Planning & Economic Development	The Council retains control of the delivery arrangements and the provision of improved infrastructure.	Quarterly	None
27	Monitoring of both investment returns and income	Effective to date, as revised estimates reflect reduction	Continue to monitor and seek to diversify income streams through the use of capital in the medium term.	Cabinet All Directors	Avoid need to make severe budget cuts	Quarterly	None
9	Asset Management Group is exploring alternative options for depot/service accommodation.	Will not be fully effective until pressure on Langston Road depot reduced.	Develop alternative depot accommodation and relocate current users.	Legal & Estates Portfolio Holder Director of Corporate Support Services	Reduction in number of users/services at Langston Road. Avoidance of accidents/conflicts.	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 extend the leisure management contract and develop the green waste service respectively.	Leisure & Wellbeing People Portfolio Holder Environment Portfolio Holder Director of Environment and Street Scene	Reaching agreement on future leisure management. Developing the new method of providing the green waste service.	Quarterly Quarterly	None None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
29	This risk has been included on the Planning Service Risk Register for sometime. The risk has been managed through the Local Development Framework (LDF) Cabinet Committee and treated as a priority within the service.	A lot of work has already been completed. However, due to an unprecedented public response the consultation deadline has been revised. The Government Office for the Eastern Region has been kept informed.	Careful monitoring of progress and resources. Regular reporting to the LDF Cabinet Committee.	Leader of Council Director of Planning & Economic Development	Achievement of revised deadlines. No direct government intervention and no sustained legal challenge. No unofficial sites established.	Weekly	None
30	The Medium Term Financial Strategy is updated each year to identify any need for savings.	To date savings targets have been achieved. However, the level of savings required is likely to increase dramatically.	As part of the 2010/11 budget process identify areas for review to achieve savings.	Leader of Council Chief Executive	Savings targets achieved with expenditure reductions over the medium term as part of a structured plan.	Quarterly	31/03/11
31	Liaison with Police, ECC, ODA through emergency planning team.	Not possible to assess yet.	Further liaison to raise awareness and ensure co-ordinated planning.	Leader of Council Deputy Chief Executive	No significant disruption to Council services during the Olympics.	Quarterly	30/06/12

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
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.	Performance Management Portfolio Holder Deputy Chief Executive	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None
17	Five year capital programme prepared which includes surplus resources. Surplus assets continue to be identified and disposed of.	Effective to date as even with £54M capital programme over 5 years nearly £10M of usable receipts anticipated at end of period.	Continue to highlight consequences of all new capital schemes. Disposal of surplus assets suspended until market conditions improve.	Finance & Economic Development Portfolio Holder Chief Executive	Maintenance of adequate capital and revenue balances.	Quarterly	31/03/11
18	Security Officer is continually monitoring EFDC situation and potential risks. Most systems have in built controls to prevent unauthorised access. Recent breach arose from a staff error and controls in that system have been strengthened to prevent a repeat.	Generally effective to date. Recent staff error showed the need to strengthen controls over agenda publication.	Controls in the agenda publication system have been strengthened and staff have been reminded of the additional care needed when dealing with confidential documents.	Legal & Estates Portfolio Holder Director of Finance & ICT	No data loss or system downtime due to unauthorised access of EFDC systems or data.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
26	Lending is controlled in accordance with the Treasury Management Strategy, which is structured on levels of credit ratings.	To date there has been one failure where the Council is at risk of some loss.	Ensure all credit rating updates are promptly reflected in the counter party list and in considering alternative investments give highest weighting to security.	Finance & Economic Development Portfolio Holder Director of Finance & ICT	No further counter party failures that put Council funds at risk.	Quarterly	None
28	A Council wide initiative on Workforce Development Planning is now being pursued.	Staff capable of promotion on a temporary or permanent basis can generally be identified.	All Directorates need to analyse future skills gaps and plan to develop staff accordingly.	Cabinet All Directors	No disruption to service provision caused by retirements.	Quarterly	None
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	31/03/11
25	Recruitment process is ongoing and some acting up arrangements have been put in place.	Not entirely effective as key performance indicators are below previous levels.	Fill vacancies as soon as is possible and arrange temporary cover where necessary.	Leader Director of Planning & Economic Development	No reduction in key performance indicators and no delay in the delivery of the LDF.	Quarterly	None