

Epping Forest District Council Corporate Risk Register

Date: 20 June 2011

Contents

	Page
1. Introduction.....	3
2. The Process	3
2.1 Risk identification	4
2.2 Risk analysis and prioritisation	4
2.3 Risk management and monitoring	5
3. Results	5
3.1 Risk profile	5
3.2 Above the line Risk clusters.....	6
Appendix 1 – Risk Register	7
Appendix 2 – Action Plans	16

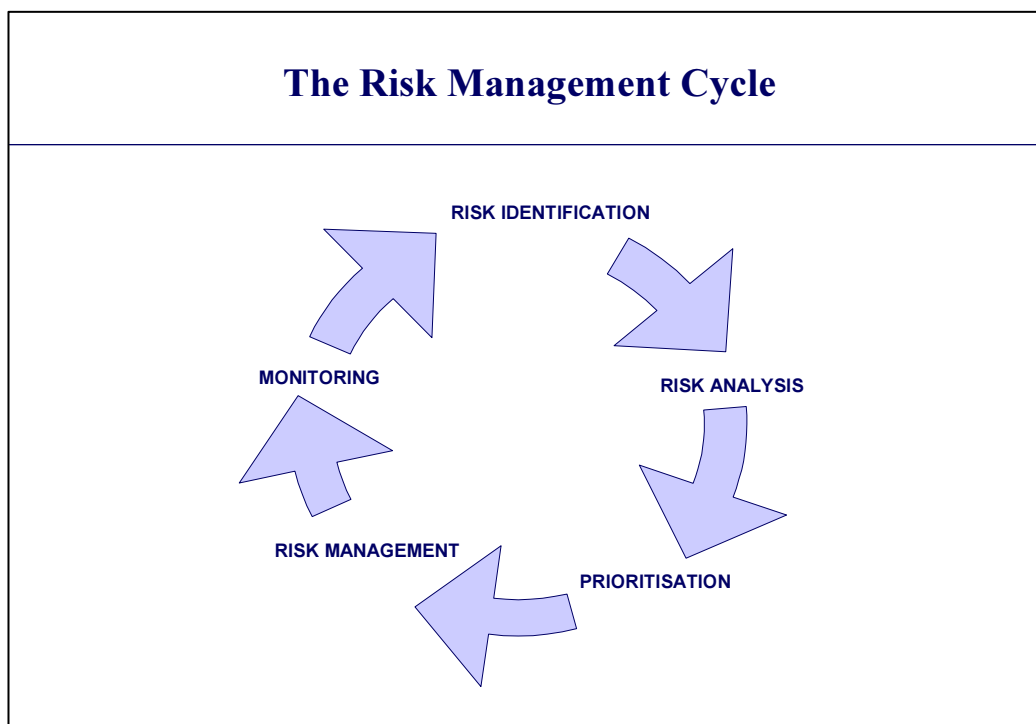
1. Introduction

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.

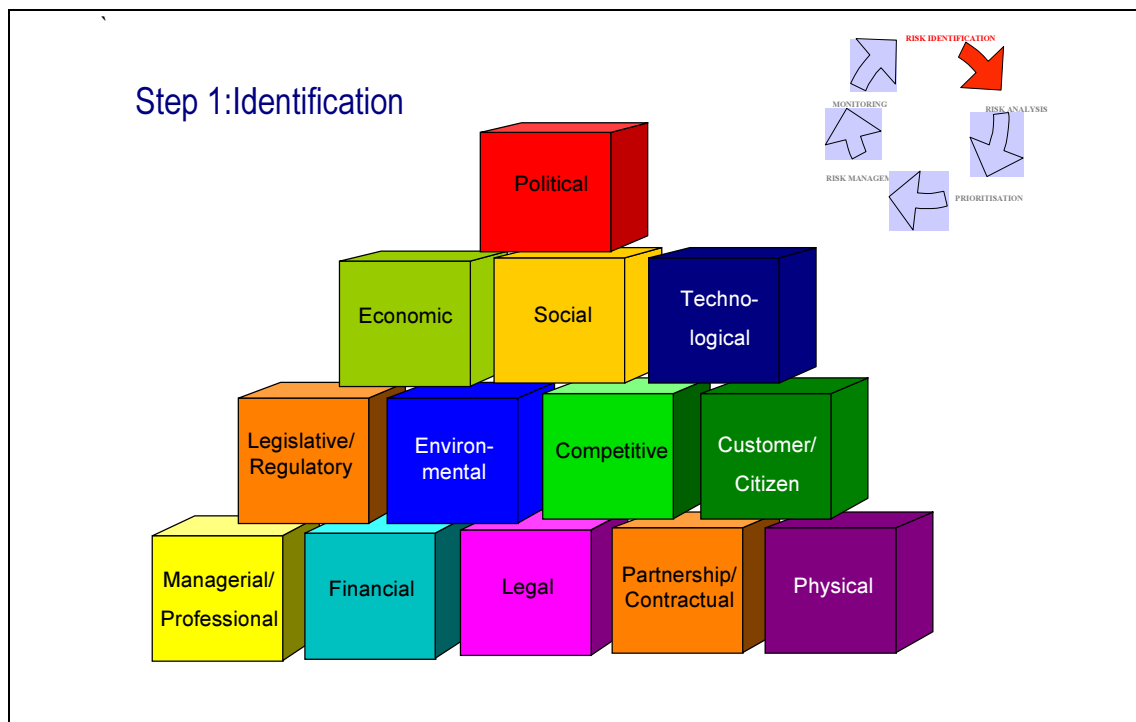
2. The Process

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.

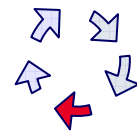
2.3 Risk management and monitoring

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.

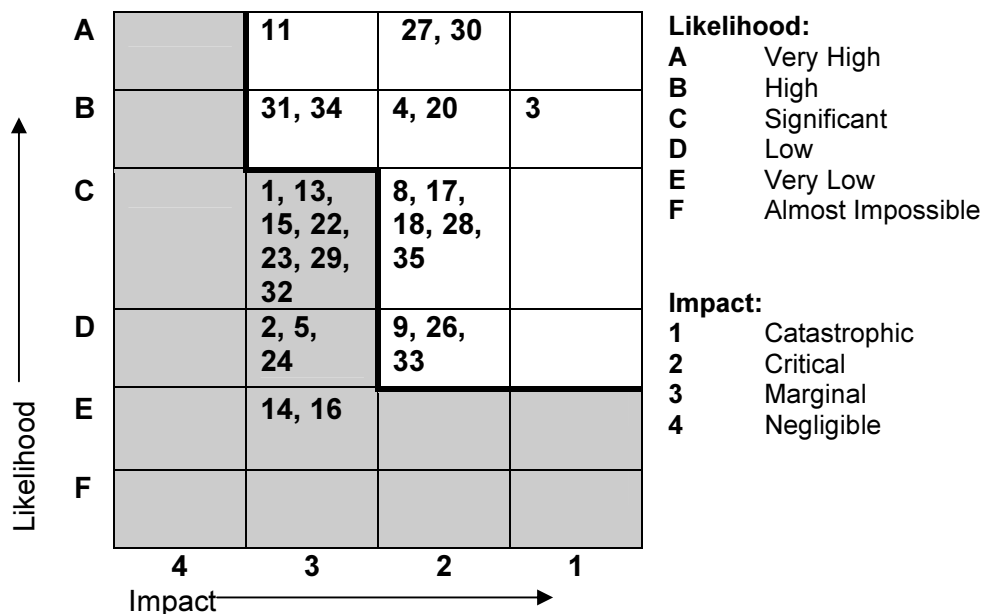
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

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 13 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	Medium Term Aims/Council Key Objectives
East of England Plan	3, 4	c, e 6, 8
Key Contracts	20	a, b, d 4
Business Continuity Planning	8, 9, 28, 31	a, d 1, 4, 7
Financial pressures	26, 27, 30, 35	a, b, c, d, e 1, 2, 4, 5, 7
Local housing needs	11, 33, 34	a, c, d, e 4, 6, 8
Capital receipts spent on non revenue generating assets	17	a, b, d 1, 4, 5
Loss or theft of data	18	

The action plans can be seen at Appendix 2

Medium Term Aims 2011 - 2015

- (a) Endeavour to safeguard frontline services that our local residents tell us are important against a background of diminishing resources.
- (b) Have the lowest District Council Tax in Essex and maintain that position.
- (c) Be recognised as an innovative and transparent council involving residents in our decisions.
- (d) Continuously improve efficiency by adopting new ways of working with our partners and maximising revenue from our assets.
- (e) Provide clear community leadership and be a strong advocate, championing the interests of the people of Epping Forest and protecting the special character of the District.

Council Key Objectives 2011 - 12

The Council Key Objectives referred to above are contained on pages 27 - 41 of the Corporate Plan.

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
30	A2	*	Reduction in Government Grant	First two years of Comprehensive Spending Review (CSR) settlement reduced funding by 27%. Figures for the second half of CSR not yet known, but likely to involve further reduction.	Second half of CSR reduces funding.	<ul style="list-style-type: none"> • Loss of revenue • Increase Council Tax • Reduction in number and level of services • Increase in charges

No	Rating		Short name	Vulnerability	Trigger	Consequence
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
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
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
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

No	Rating		Short name	Vulnerability	Trigger	Consequence
34	B3	*	Changes to Benefit system	The government is undertaking a major reform of the welfare system this is likely to have serious impacts on the Council, benefit claimants and staff.	Welfare reform requiring substantial change to the calculation and administration of benefits	<ul style="list-style-type: none"> Residents no longer able to afford current tenancies. Possible transfer of staff to DWP. Possible redundancies of staff. Problems in recruiting lead to reduction in performance
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
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
35	C2	*	Budget reductions	The medium term financial strategy requires CSB reductions of £2.5m. The largest single saving is the £1.3m required in 2012/13.	Required net savings not achieved.	<ul style="list-style-type: none"> • Greater use of reserves. • Higher level of saving in subsequent years.
9	D2	*	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
26	D2	*	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

No	Rating		Short name	Vulnerability	Trigger	Consequence
33	D2	*	Reform of Housing Revenue Account	The Council is likely to have to take on approximately £200m of debt when the current system ends. Financial modelling shows this level of debt can be managed. However variables in the model may change and the government may increase the level of debt. Accounting arrangements may impact on General Fund.	More Council houses sold than anticipated so revenue reduced. Government increases debt settlement. CLG ignores representations	<ul style="list-style-type: none"> • HRA becomes unsustainable. • Repairs and maintenance spending reduced. • Large rent increases • Additional charges to general fund.
1	C3		Recruitment freeze	The authority currently has an external recruitment freeze, with limited exceptions	Key posts remain unfilled/take length of time to fill	<ul style="list-style-type: none"> • Pressures on existing staff • Difficulties in succession planning • Adverse impact on service delivery
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

No	Rating		Short name	Vulnerability	Trigger	Consequence
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
22	C3		Key partnership fails	<p>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.</p> <p>Localism bill may cause transfer of Council services to providers with governance issues as above.</p>	Key partnership fails or services provided via arrangements lacking adequate governance.	<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
23	C3		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

No	Rating		Short name	Vulnerability	Trigger	Consequence
29	C3		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
32	C3		Loss of On-Street Civil Parking Enforcement	Withdrawal of the service by Essex County Council (ECC) from the District Responsibility.	Notification by ECC that the service is no longer required to be run by the district.	<ul style="list-style-type: none"> Loss of service therefore resource no longer needed (TUPE and residual cost issues) Redundancy (if complete post can not be transferred) Small amounts of spare capacity in several posts Central overhead costs to be adjusted elsewhere e.g. corporate support services, HR
2	D3		Inconsistent approach to procurement	<p>a) full conformity with best practice and Contract Standing Orders is still to be achieved.</p> <p>b) failure to comply with EU procurement regulations</p>	<p>a) Procurement exercise breaches contract standing orders</p> <p>b) Challenge by unsuccessful bidders</p>	<ul style="list-style-type: none"> Efficiency savings not made or contracts fail Procured service poor/not value for money Any EU failures will involve legal costs, fines and compensation Negative impact on service delivery where procurement exercise has to be re-done.

No	Rating		Short name	Vulnerability	Trigger	Consequence
5	D3		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
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"> • Service delivery adversely affected • Criticism from inspection / audit • Slippage on key projects • Dissatisfied customers
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
16	E3		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

Appendix 2 – Action Plans

[illegible]

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
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 2011/12 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	31/12/11
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.	Finance and Economic Development Portfolio Holder Director of Corporate Support Services	Reduction in number of users/services at Langston Road. Avoidance of accidents/conflicts.	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
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	Reaching agreement on future leisure management.	Quarterly	None
				Environment Portfolio Holder Director of Environment and Street Scene	Developing the new method of providing the green waste service.	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	None
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
34	Management will continue to run the service as efficiently as possible.	Effective to date as evidenced by reduction in processing times.	Respond to any consultations and seek to mitigate effects on residents and staff wherever possible.	Finance and Economic Development Portfolio Holder. Director of Finance and ICT	A smooth transition to universal credit. Minimise number and cost of redundancies.	Quarterly	31/03/12
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.	Support Services 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 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	31/12/11

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
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.	Planning and Technology Portfolio Holder Director of Finance & ICT	No data loss or system downtime due to unauthorised access of EFDC systems or data.	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
35	Some service reviews already underway Public consultation exercise currently being planned.	Savings required for 2011/12 budget were achieved.	Complete public consultation exercise and use responses to inform service reviews.	Leader of Council Acting Chief Executive.	Required net savings achieved.	Quarterly	29/02/12

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
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
33	Detailed financial modelling undertaken. Representations made to CIPFA and CLG.	Will not be known until debt settlement and accounting arrangements confirmed.	Continue to make representations and respond to consultations.	Housing portfolio holder. Finance and Economic Development Portfolio Holder. Director of Finance and ICT Director of Housing	Sustainable level of debt agreed. No serious impact on general fund.	Quarterly	31/03/12