

Epping Forest District Council

Corporate Risk Management

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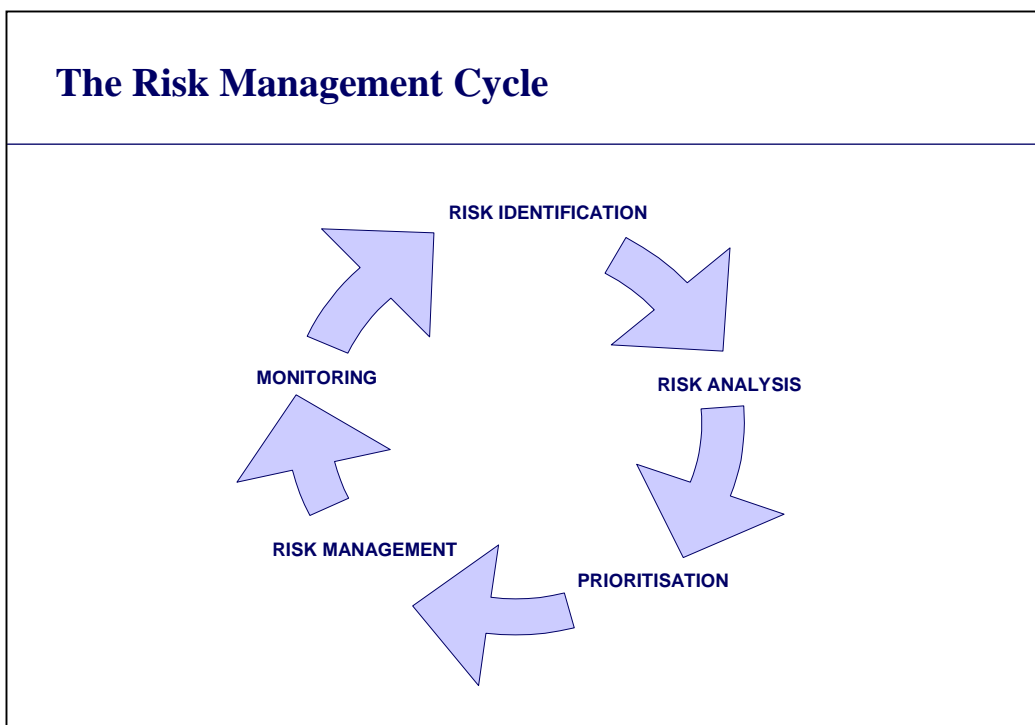
1. Introduction

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.

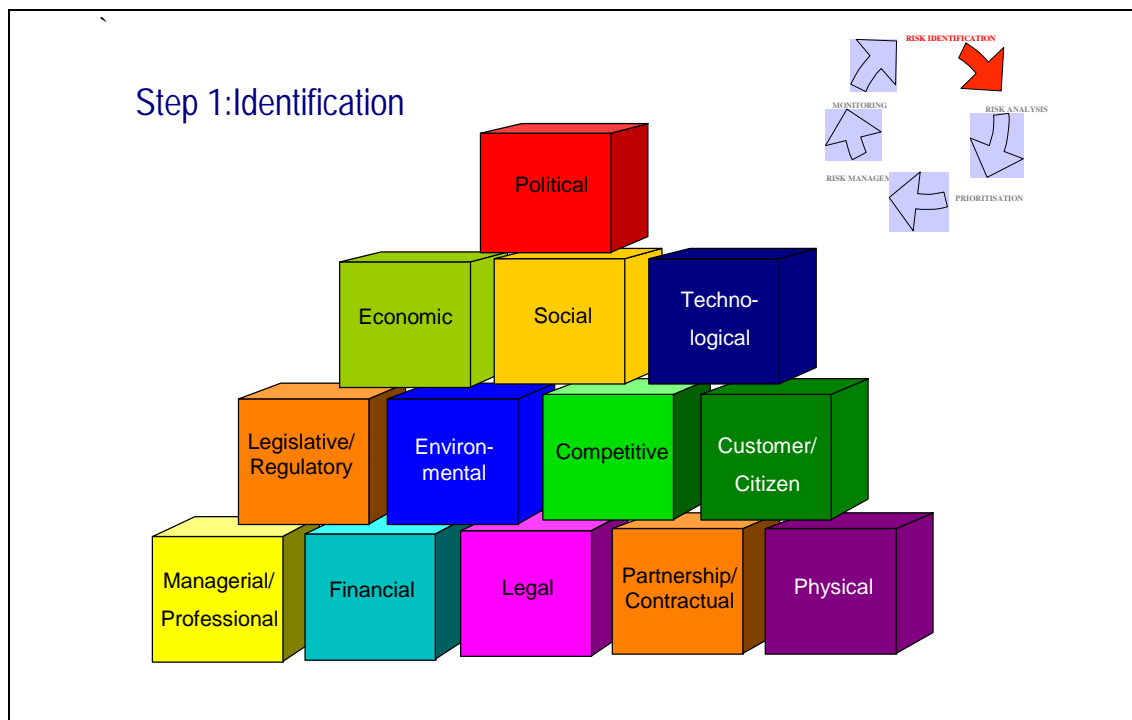
2. The Process

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 Management Board and Senior Management Team 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.

2.3 Risk management and monitoring

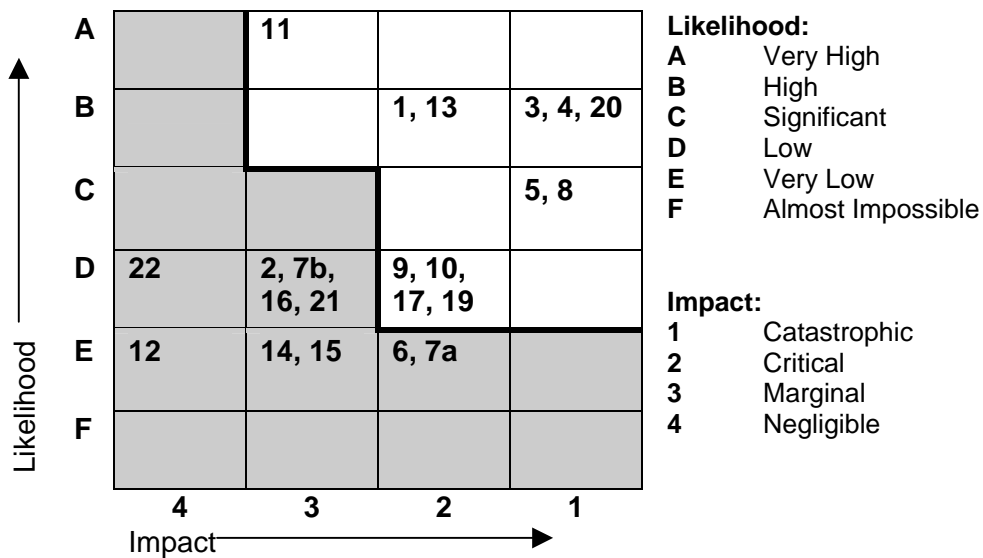
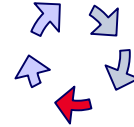
The next stage is to complete management action plans (MAPs). These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action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

The monitoring of these action plans will take place at Management Board, Senior Management Team and the Risk Management Group. The action plans will also be reported to Members twice a year.

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 12 above the line risks have been grouped into 9 clusters that will help to streamline the action planning process. These are shown below:

Cluster name	Risk scenarios
East of England Plan	3, 4
Key Contracts	20
Local Government Reorganisation	5
Business Continuity Planning	8
Recruitment in key areas	1, 13
Local housing needs	11
Interim Management Structure	9, 10
Capital receipts spent on non revenue generating assets	17
Planning Service	19

The action plans can be seen at Appendix 2

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 • Residents complain
4	B1	*	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 for this	<ul style="list-style-type: none"> • Council / community fallout • Solution (URC) forced on Council • Loss of control and influence • Council not properly recompensed for Council land • Increased amount of development / houses • Increased demands for infrastructure / utilities / Council services • Unable to maximise opportunity to develop areas of district • Character of district changed • Possible boundary changes • Adverse Media • Council credibility damaged

No	Rating		Short name	Vulnerability	Trigger	Consequence
20	B1	*	Key contract collapses or service levels deteriorate	Some key council services are being provided by contractors. In some areas, there have been changes in terms of service delivery and there are concerns around the ability of the contractor 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 • Service stopped / paused • Public expectations of service need to be met • Alternative arrangements need to be made • Targets not achieved • Increased costs • Legal implications • Health risks • Dissatisfied customers • Censure by audit/inspection • Adverse publicity • Reputation damaged
5	C1	*	Local Government Reorganisation which is detrimental to the Council and Community	There is a white paper on possible Local Government Reorganisation due mid 2006 EFDC is currently debt-free and there are concerns that any re-organisation may involve neighbouring authorities who are not as financially secure	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 • Capital assets used outside of area • Existing priorities stopped • Projects stopped / delayed • Change in direction • Wasted resources • Staff uncertainty
8	C1	*	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 • Increase in demand (temporary & longer term) • Staff absence • Human welfare issues • Hardship for some of the community • Council criticised for not responding effectively • Complaints from the community

No	Rating		Short name	Vulnerability	Trigger	Consequence
1	B2	*	Recruitment in key areas	The authority is currently carrying vacancies and finding it difficult to recruit in several professional areas, esp. building control, solicitors, 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 • Pressure to offer more lucrative packages • Gaps appear in structures • Reliance on agency staff / consultants • Adverse impact on service delivery • Complaints
13	B2	*	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"> • Slippage on key projects / initiatives • Deadlines and targets not met • Criticism • Lack of focus • Quality slips • Complaints from public • Workloads increase • Staff demotivated

No	Rating		Short name	Vulnerability	Trigger	Consequence
11	A3	*	Unable to provide sufficient housing for local people	<p>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.</p> <p>A report has recently been submitted to scrutiny panel around green belt areas and developers requirements in terms of affordable housing</p>	Unable to provide sufficient housing for local people	<ul style="list-style-type: none"> • Unable to achieve targets for affordable housing • Underachievement in CPA • Council seen as failing • District becomes more suburban • Young people leave area • Increased elderly population • Character of district changes
9	D2	*	Joint Chief Executives – structure by end of 3yr period	<p>The Council currently has Joint Chief Executives, and this situation is due to continue until 2008.</p> <p>There is a working group looking at the overall upper structure of Council, including the Joint CE's situation, which is due to report back in Dec '06</p> <p>There are influences, however, such as LGR and realigning the Council for changing customer services, which can make it difficult to plan</p>	No firm structure in place by the required time	<ul style="list-style-type: none"> • Lack of leadership and focus • Uncertainty for management and staff • Key skills / experience lost • Gaps appear in structures • Lack of direction • Adverse impact on service delivery • Targets not achieved • Council does not move forward • Criticism from inspectors • Adverse publicity

No	Rating		Short name	Vulnerability	Trigger	Consequence
10	D2	*	Interim management structure	<p>The Council currently has Joint Chief Executives. There are concerns, however, over capacity at senior levels and over the lines of responsibility, which may not be clear to all.</p> <p>There is also a view that the Authority is 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 • Strategic focus suffers • Lack of corporate working • Adverse effect on staff morale • Council does not move forward • External criticism of Council
17	D2	*	Significant amount of capital receipts spent on non revenue generating assets	<p>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</p>	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 • Public expectations not met • Reputation as a prudent council suffers
19	D2	*	Planning service does not improve	<p>Planning is currently a poorly performing area with a low CPA score and bottom quartile performance.</p> <p>The Council does not have a good reputation across the district in terms of planning</p>	Planning service does not improve	<ul style="list-style-type: none"> • Planning delivery grant lost • Lack of member confidence • Public perceptions remain • Unable to justify underperformance • CPA score affected • Reputation damaged

No	Rating	Short name	Vulnerability	Trigger	Consequence
6	E2	Political balance of authority affecting decision making	<p>The Authority is currently in 'No Overall Control' politically. This means it is a very 'balanced' authority and there is a recognition that most political decision making is done on a consensus building basis, which means the Council can be very measured and cautious in it's approach.</p> <p>The situation of NOC may continue after the upcoming election</p>	Delay is taking difficult / radical decisions	<ul style="list-style-type: none"> • No clear priorities for authority, everything a priority • Too many initiatives • Authority in a state of flux • Slow decision making • Many options need to be developed on each issue • Effort dissipated across authority • Resources not always best allocated • Ineffective use of executive and scrutiny powers
7a	E2	Compliance with regulations	<p>The Cabinet system leads to greater involvement of members in the day to day running of the Authority and it is perceived that the Council currently has an increased level of member involvement in operational issues.</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 • Inconsistent decisions emerge • Councillors held responsible for decisions which they have not been involved in • Decisions must be changed • Some members frustrated • Officers seen to be blocking member ambition • Officer / member tensions • Adverse effect on performance • Council criticised
2	D3	Inconsistent approach to procurement	Procurement is inconsistent across the authority, with no clear strategy in place and some resistance to initiatives	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

No	Rating	Short name	Vulnerability	Trigger	Consequence
7b	D3	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 within the local community or at regular press briefings 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 backtracks on decision • Resources misapplied • Surprises • Decisions not thought through • Council policy 'made on the hoof' • Council sends out mixed messages • Policies not delivered • Public disappointment • Public opinion turns against the Council • Officers have to expend energy in dealing with criticism • Staff dissatisfaction and unrest (senior) • Possible legal implications of decision • Community perception of council decreases
16	D3	Performance management	<p>A performance management framework and systems are in place but are not well supported by staff and not currently 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"> • Not seen as part of the day job • Performance management treated as a compliance exercise • Improvement does not occur • Service delivery adversely affected • Criticism from inspection / audit • Image of Council damaged
21	D3	Use of Council assets	The Council does not have a corporate approach to accommodation and IT infrastructure, with no clearly understood strategy in place	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

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 e-gov agenda, e.g. through contact centre.</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. contact centre 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 • E-government targets affected • Disillusionment and frustration of staff • Adverse effect on performance • Censure by audit/inspection • Adverse publicity • Image of council damaged
15	E3	Sickness absence	Levels of sickness absence are not currently consistently reported or managed across the authority, however a system is being developed for this and the policy has been relaunched	Sickness absence not effectively managed	<ul style="list-style-type: none"> • Staff absence impacts on ability to deliver • Remaining staff are overstretched • Public complaints • Increased costs of using agency staff • Efficiency savings affected • Impact on staff morale • Possible litigation / claims • Adverse publicity
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"> • Services fail • Tension between partners • Relationships with other bodies deteriorate • Clawback of grants • Unforeseen accountabilities and liabilities fall on the Council • Censure by audit/inspection • Adverse impact on performance • Adverse publicity

No	Rating	Short name	Vulnerability	Trigger	Consequence
12	E4	Gershon – rule changes	<p>There is a requirement, through the Gershon review to make efficiency savings of 2.5% 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 have to be prioritised/ reduced • Staff workloads increase • Services suffer from lack of resources • Public dissatisfaction with Council services • Detrimental impact on Council • Council reputation damaged • Censure by audit and inspection

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	Objections made to draft plan and considerable lobbying undertaken.	Will only become apparent when the next version of the plan is issued.	Continue lobbying.	Planning & Economic Development Portfolio Holder Head of Planning & Economic Development	Reduction in planned number of new dwellings. The Council retains control of the delivery arrangements.	Quarterly	18/11/06
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.	Both contracts for leisure and waste management require close monitoring. Additional work is now necessary to get a long-term solution in place for waste collection.	Leisure & Young People Portfolio Holder Head of Leisure Services Customer Services, Media, Communications and ICT Portfolio Holder Head of Environmental Services	A basket of key PI's are in place for the leisure contract. Improving public satisfaction and achieving recycling targets.	Monthly Monthly	31/12/06 15/12/06
5	Ongoing dialogue with Essex County Council and other Essex districts.	The contents of the white paper are still being analysed, but reorganisation now appears less likely.	Continue dialogue with other local authorities.	Leader of Council Joint Chief Executives	Keeping EFDC resources for use within EFDC. Preferably maintaining EFDC boundaries.	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
8	Most services already have business continuity plans in place and a separate flu pandemic plan is currently being developed.	There is an exercise in January to test the flu pandemic plan. To date, business continuity plans have proved adequate.	Complete flu pandemic plan and keep other business continuity plans upto date.	Community Wellbeing Portfolio Holder Head of Legal, Administration and Estates	Proving robust procedure exists when tested in January.	Quarterly	22/01/07
1, 13	A number of recruitment and retention initiatives have been pursued, including making market supplements available. The trainee scheme has been particularly successful.	Some success in recruiting to key areas, e.g. ICT, Planning and Works Unit.	Further initiatives needed to test the effectiveness of market supplements.	Finance & Performance Management & Corporate Support Services Portfolio Holder Head of Human Resources & Performance Management	Reduction in level of vacancies.	Quarterly	None
11	Requirement for % of all new developments to be affordable housing. Housing Scrutiny Panel has considered issue.	Additional capital allocated for affordable housing. Current targets for affordable housing should be achieved.	Agreed schemes need to be progressed and new schemes developed for additional funds.	Housing Portfolio Holder Head of Housing	Achieving targets for affordable housing.	Quarterly	31/03/07
9, 10	A Member working group is considering the top management structure.	The Member group was tasked by Council to report back by December 2006.	To assist, where possible, with Member deliberations and to encourage an early decision.	Leader of Council Joint Chief Executives	Announcement of new top management structure.	Quarterly	31/12/06

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
17	Five year capital programme prepared which includes resources. Surplus assets continue to be identified and disposed of.	Effective to date as even with £51M 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 and continue to dispose of surplus assets.	Finance & Performance Management & Corporate Support Services Portfolio Holder Joint Chief Executive (Resources)	Maintenance of adequate capital and revenue balances.	Quarterly	31/03/07
19	Service being re-structured. Additional funding provided. New IT system and electronic records document management being implemented.	Trend developing of improving performance on some indicators. Action taken to date appears effective.	Need to ascertain ongoing staffing requirement to keep performance in top quartile now backlog removed.	Planning & Economic Development Portfolio Holder Head of Planning & Economic Development	Four Planning and Economic Development PI's in members key forty: BV 106 BV 109a, b & c	Monthly	None