

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

Date: **19 November 2007**

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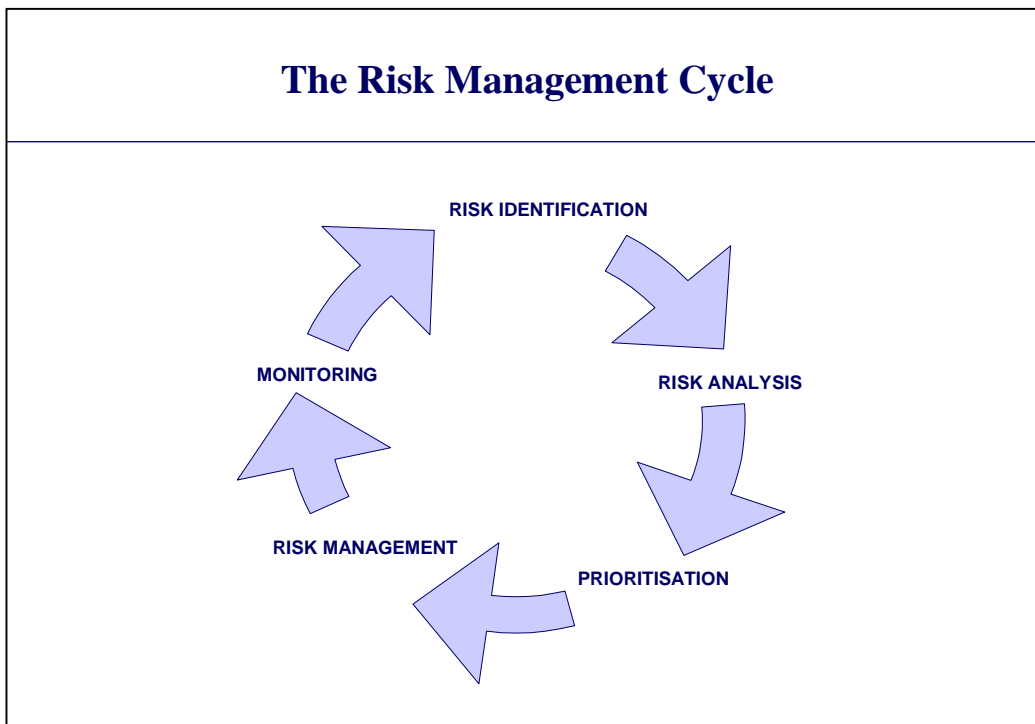
# 1. Introduction

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.

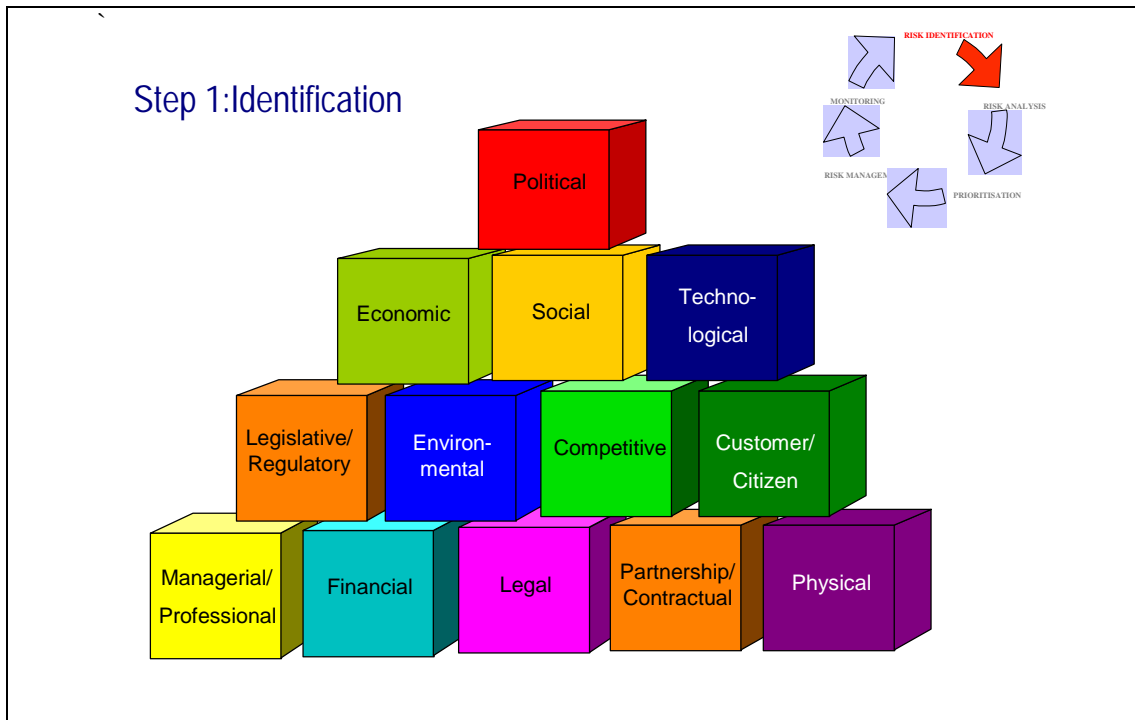
# 2. The Process

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 twice a year.

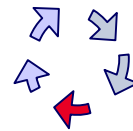
## 2.3 Risk management and monitoring

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.

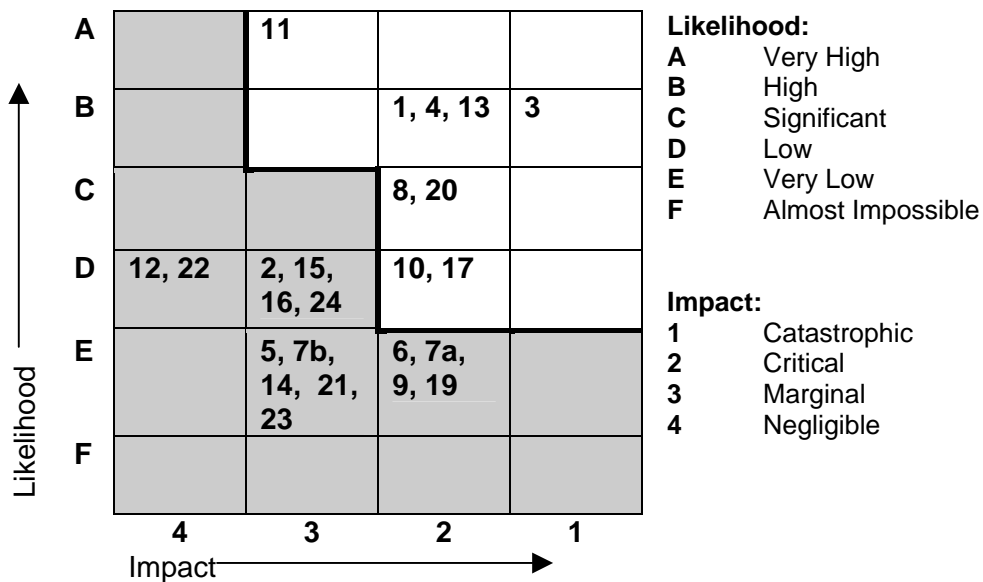
The monitoring of these action plans will take place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members twice a year.

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

<b>Cluster name</b>	<b>Risk Scenarios</b>	<b>Executive Priority/ Council Plan Objective</b>
East of England Plan	3, 4	ExP iv, GU1
Recruitment in key areas	1, 13	IP 4 & 5
Key Contracts	20	ExP v, GU 2, FL 1
Business Continuity Planning	8	IP 4 & 5
Local housing needs	11	ExP iii, HN 1
Interim Management Structure	10	IP 4 & 5
Capital receipts spent on non revenue generating assets	17	ExP i, EP 1

The action plans can be seen at Appendix 2

### Relevant Executive Priorities 2007/08

- (i) To maintain a sound financial position;
- (iii) To investigate new proposals for affordable housing in the district;
- (iv) To work with other Las in respect of the Green Belt and the final published version of the East of England Plan;
- (v) To monitor the new waste contract.

### 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>
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"> <li>• Pressures on existing staff</li> <li>• Difficulties in succession planning</li> <li>• Gaps appear in structures</li> <li>• Reliance on agency staff / consultants</li> <li>• Adverse impact on service delivery</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>

No	Rating		Short name	Vulnerability	Trigger	Consequence
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"> <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>
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>
20	C2	*	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.	<p>Contractor collapses / is unable to provide service</p> <p>or</p> <p>Service level deteriorates</p>	<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>



No	Rating		Short name	Vulnerability	Trigger	Consequence
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>
10	D2	*	Interim management structure	<p>The structure of Council has still to be determined below the level of Directors. 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>
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>

No	Rating	Short name	Vulnerability	Trigger	Consequence
6	E2	Political balance of authority affecting decision making	<p>The Authority has a leading group with a clear majority. However, for a number of years there was 'No Overall Control' politically.</p> <p>The situation of NOC may return in future periods.</p>	Delay is taking difficult / radical decisions	<ul style="list-style-type: none"> <li>• No clear priorities for authority, everything a priority</li> <li>• Authority in a state of flux</li> <li>• Slow decision making</li> <li>• Many options need to be developed on each issue</li> <li>• Resources not always best allocated</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 member involvement in operational issues does not become excessive.</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>
19	E2	Planning service does not improve	Planning was a poorly performing area with some bottom quartile performance. However, significant improvements in performance have been seen.	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>

No	Rating	Short name	Vulnerability	Trigger	Consequence
2	D3	Inconsistent approach to procurement	Procurement is inconsistent across the authority, with the strategy still needing to be embedded and some resistance to initiatives.	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>
15	D3	Sickness absence	Levels of sickness absence are now consistently reported and managed across the authority; however there has been little success to date 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>
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>
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>

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 who 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>
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>

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"> <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>
12	D4	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"> <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	Objections made to draft plan and considerable lobbying undertaken.	Will only become apparent when the next version of the plan is issued.	Risk 3 – Waiting for outcome.  Risk 4 – Meeting with other Councils	Planning & Economic Development Portfolio Holder  Director of Planning and Economic Development	Reduction in planned number of new dwellings. The Council retains control of the delivery arrangements.	Quarterly	28/02/08
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  Director of Corporate Support Services	Reduction in level of vacancies.	Quarterly	None
8	Most services already have business continuity plans in place and a separate flu pandemic plan is currently being developed.	Positive outcomes from exercise in January testing flu pandemic plan. To date, business continuity plans have proved adequate.	Further develop flu pandemic plan and keep other business continuity plans up to date.	Community Wellbeing Portfolio Holder  Chief Executive	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None

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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 for a smooth transition to a new waste contractor and the establishment of an effective Partnership Board.	Leisure & Young People Portfolio Holder  Environmental Protection Portfolio Holder  Director of Environment and Street Scene	A basket of key PI's are in place for the leisure contract.   Improving public satisfaction and achieving recycling targets.	Quarterly   Quarterly	31/03/08   31/03/08
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  Director of Housing	Achieving targets for affordable housing.	Quarterly	31/03/08
10	Directors are now considering the most appropriate structure for their areas.	Still to be evidenced as Directors were only appointed from 1 October and some new responsibilities are being taken on over a period of time.	To develop new structures as soon as is possible.	Leader of Council  Chief Executive	Implementation of new structures.	N/A	31/03/08



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17	Five year capital programme prepared which includes surplus assets continue to be identified and disposed of.	Effective to date as even with £50M capital programme over 5 years more than £19M 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  Chief Executive	Maintenance of adequate capital and revenue balances.	Quarterly	31/03/08