



# **CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

## ***Committee Report***

**Public**

**Date of Meeting:** 19<sup>th</sup> October 2006

**Title:** Corporate Risk Register

**Report of:** Deputy Chief Executive

**Report reference:** CE25/06

**Summary:** The purpose of this report is to give members of the Corporate Resources Overview and Scrutiny Committee the opportunity to consider the Corporate Risk Register.

**Recommendations:**

The Committee is asked to consider and comment on the updated Corporate Risk Register and identify any emerging risks for consideration by the Corporate Risk Management Group.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

## CITY OF CARLISLE

To: Corporate Resources Overview and Scrutiny

Date: 19<sup>th</sup> October 2006

### **1. Background**

In accordance with the Council's Risk Management Policy, the draft Corporate Risk Register is submitted to this Committee for consideration on a quarterly basis.

This Report contains the latest quarterly update of the Register.

The Risk Register is at Appendix 1 and the summary of changes made in the last quarter is at Appendix 2.

### **2. Comments on the Corporate Risk Register**

Members will note that any change in the status of the risk is shown by a symbol in the movement column.

During the last quarter, the Current Action Status / Control Strategy sections have been addressed and the scoring of certain risks amended accordingly. Some new risks have been added to the Corporate Risk Register and these will be considered, and control strategies developed, prior to the next report.

In addition to scrutinising and commenting on the Risk Register, members of this committee are invited to suggest emerging risks for consideration by the Corporate Risk Management Group. If appropriate these will be incorporated into the Corporate Risk Register and members will be able to track their management at the next quarterly update.

### **3. Recommendations**

The Committee is asked to consider and comment on the updated Corporate Risk Register and identify any emerging risks for consideration by the Corporate Risk Management Group.

## Appendix 1 - CORPORATE RISK REGISTER Updated 7 September 2006

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
1	<p><u>Carlisle Renaissance</u> There is a risk associated with withdrawal of the support of government/other agencies and failing the public's expectations( individual projects and elements subject to their own risk assessment and management)</p>	4	3	12	=	<p>Public Consultation commenced Ongoing dialogue potential partners Renaissance team being built Programme Manager to commence on 6<sup>th</sup> March 2006 to develop Delivery Plan and dedicated Risk Registers for all projects.</p>	Director , Carlisle Renaissance
2	<p><u>Pay and Workforce Strategy</u> Failure in the implementation of PWS financial impact impact on staff including</p> <ul style="list-style-type: none"> <li>- Low morale/demotivation</li> <li>- Retention difficulties</li> <li>- Increased call on resources</li> <li>- Impact on business/productivity</li> <li>- Failure to implement succession planning</li> </ul>	4	3	12	=	<p>Implementation Plan and Programme determined and published Prince 2 methodology applied Training commenced in specialist areas Regular Staff updates via Management Briefing and newsletters Continual monitoring of progress by Project Manager overseen by Project Board</p> <p style="color: red;">SMT to be advised of the low rate of return from managers returning job evaluation forms by AB</p>	Deputy Chief Executive
3	<p><u>Financial Reporting</u> following comments of audit Commission on standard of financial reporting- Failure will lead</p> <ul style="list-style-type: none"> <li>-reputational damage</li> <li>-have an impact on overall CPA</li> </ul>	3	3	9	=	<p>Work continuing to improve the standard of all working papers in line with audit commission requirements. Improvement Plan under preparation to be considered at Accounts committee on March 7<sup>th</sup>. The financial accounts for 2004/05 were</p>	Director of Corporate Services

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
	assessment -poor relationship with District Audit					<p>signed off without qualification on 30th June 2006.</p> <p>The Accounts for 2005/06 were approved by Council on 29th June for the purpose of audit. The statutory deadline for the completion of the audit is 30th September. The working papers have been quality checked and were handed over to the Audit Commission on 3rd July.</p> <p>The Statement of Accounts Action Plan approved by full Council is monitored weekly at SMT and is now monitored by the newly established Audit Committee.</p> <p>Risk Score stays the same until audit is signed off.</p>	
4	<p><u>Financial Management Information</u> provided must be accurate, robust &amp; futureproof for Heads of Business Units to manage; failure leading to:-</p> <ul style="list-style-type: none"> <li>poor information can lead to poor management decisions</li> <li>loss of credibility in information provided</li> <li>HBU's fail to focus on key objectives</li> <li>Not linked to performance management</li> <li>failure to adopt best practice and achieve value for money</li> </ul>	3	3	9	=	<p>Quarterly Budget monitoring report to Executive and CR O&amp;S (December) improved - highlights high-risk budget areas in greater detail and linkage to performance instigated. SMT now receive monthly summarised budget monitoring reports and actions taken as appropriate</p> <p>An Action Plan now drawn up (with DPPP) to further improve linkage to performance</p> <p>Further improvements to be targeted following receipt of Use of Resources Report</p> <p>The Council has commissioned an</p>	Director of Corporate Services

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
	risks associated with Contractor Plus					<p>independent review of it's financial management arrangements by IPF and the results of this review will be fed into an overall improvement plan.</p> <p>Risk score stays the same until IPF review / Use of Resources second assessment.</p> <p>Progress has been made on Contractor Plus, with an Action Plan developed for replacing the system.</p> <p><b>IPF Report being discussed at Council on 12 September</b></p>	
5	<p><u>Partnerships</u> (including framework agreement &amp; collaborative working arrangements)</p> <p>Existing partnerships and New and proposed partnerships , failure to ensure compliance with existing arrangements leading to:-</p> <ul style="list-style-type: none"> <li>failure to meet stated objectives</li> <li>reputational and financial impact</li> <li>onerous terms and conditions, and inadequate exit strategy</li> <li>increased exposure to risk</li> <li>major review of compliance with partnership agreements or evidence of agreements not undertaken on a regular</li> </ul>	3	3	9	=	<p>The Council now has a robust Partnership policy in place providing guidance on the nature and risks of partnerships</p> <p>Appendix E of the Council's Financial Procedure Rules now contain specific guidance on Officer's duties and responsibilities regarding partnerships</p> <p>The Director of Legal and Democratic Services instructed all Corporate Directors (by memo. 29/11/05) to obtain the necessary legal and financial advice at all stages of potential partnership working, to ensure full legal analysis and legal advice to Members and legal advice sought on appropriate contract models and safeguards.</p> <p>Action: Internal Audit will carry out sample</p>	Director of Legal & Democratic Services

Ref	Risk Description	Impact	Likelihood	Risk Score	Move -ment	Current Action Status/Control Strategy	Responsible Officer
	or structured basis					<p>testing of partnerships.</p> <p>Partnership Register to be updated before sample testing of partnerships</p> <p>Senior Management Team to be advised that risks from partnership working arrangements should be included in Operational Risk Registers.</p>	
6	<p>CPA - Failure to maintain and/or improve Council's current rating.</p> <p>reputational damage</p> <p>loss of freedoms</p> <p>more prescriptive/onerous inspection</p> <p>financial impact</p> <p>demotivation of staff</p> <p>Further risks arising from unclear date of next review and its Terms of Reference</p>	3	3	9	=	<p>Corporate Implementation Plan produced addressing issues from CPA , Direction of Travel and Use of Resources Review</p> <p>Monitor CPA announcements</p> <p>Reputational impact increased due to more interest from media and other Authorities following Audit letter</p> <p>Peer review to be held soon to help identify any actions we may need to take.</p> <p>Use of Resources self assessment to be completed by end of September and will inform any improvements</p>	Deputy Chief Executive
7	<p>Risk of Flu Pandemic leading to:-</p> <p>- inability to maintain services due to impact on staff and suppliers</p>	4	2	8	↓	<p>Directorates producing Contingency plans (specific issues regarding employees have been identified)</p>	Deputy Chief Executive

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
	- failure to contribute to emergency response due to extent of above					<p>NHS leading on multi-agency response with Local Authorities supporting this process</p> <p>County-wide Group formed to assess the consequential impact</p> <p>Likelihood reduced in September 06 as the risk is no longer considered imminent.</p>	
8	<p>Protection of IT E-records and data and hard copy information:-</p> <p>failure will have business/financial impact</p> <p>inability to meet legal/other obligation</p> <p>impact on resources / cost of re-establishment</p>	4	2	8	=	<p>Annual off-site testing of back-up procedures</p> <p>DIP (Document Image Processing) solution being progressed.</p> <p>Discussions commenced with Connected Cumbria partnership on shared disaster recovery facilities</p> <p>The DIP project is scheduled for completion as part of this year's IT Strategy</p>	Director of Corporate Services
9	<p><u>Medium Term financial planning and maintaining asset values; failure leading to:-</u></p> <p>risk of systems and procedures failing to address MTFP objectives</p> <p>risk that expenditure not linked to key objectives and priorities</p> <p>fails to be forward looking and programmed</p> <p>lack of corporate ownership</p> <p>failure to achieve balanced budget</p>	4	2	8	=	<p>Next annual review due in summer 2006 which will focus on improved financial linkage to Corporate priorities , policies and strategies.</p> <p>The current MTFP is due to be approved by Council on 18th July. There is a need to review the projections in the light of current pressures arising and this will be done throughout the current budget process. In particular there is an added and growing risk arising to the Council's finance from shortfalls in income</p>	Corporate Services

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	through the budgetary process failure to match future commitments and aspirations compared to funding available maintaining asset values					projections in a number of areas.  Clear strategy for linking resources to corporate priorities is to be developed. The implementation of the Corporate Programme and Projects Board will support this.	
10	Failure to have robust Business Continuity Planning arrangements severe impact on business/provision of services financial impact reputational impact legal liability	4	2	8	=	Business Continuity Plan tested fully by 2005 floods  Ongoing review and updates  Incorporate feedback from Review of Council's actions (from Management briefing Seminar )  An Internal Audit has been carried out. An Action Plan for implementing recommendations is being developed.  Marsh Limited have provided proposals to help supporting Business Continuity	Deputy Chief Executive
11	Council's response to floods and ensuing perceptions - risk of disruption to services - risk of damage to the Council's reputation due to an over-expectation of the level of the Council's responsibilities	3	2	6	↓	Actions identified following Management conference workshops Flood information/contact numbers produced and distributed Continuing support for Communities Re-united  Emergency planning and Business Continuity Planning reviewed and revised Council an active participant on flood Recovery	Director of community services



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	(May be viewed as a seasonal risk)					Board (Environment Agency / United Utilities) which is developing more effective partnerships.  <b>Work has now started on flood defences</b>	
12	Absence/Sickness monitoring and management - Failure to comply with indicators - Impact on business/productivity	3	2	6	=	Sickness Action Plan produced and reported on quarterly to Members at CROS Monitoring and management of absences – procedures reviewed and instigated – positive impact already evidenced Pilot of Occupational Health service is underway Stress Management activity is underway to help all Directorates to identify and address their issues Review scoring / actions at a future date after impact of actions above consolidated Significant improvements made in year 1. SMART targets set for next year.	Deputy Chief Executive
13	Failure to implement an effective IT Strategy:- failure to meet IEG targets failure to maximise benefits of e-business and e-procurement increased security risks	3	2	6	=	IT Policy and Strategy approved by Council in January 2006 An e-Government Group has been set up and is working through its action plan Regular IEG Statements produced. Evidence file produced to assist in Audit Commission grant assessment. Transformational duties incorporated into Head of ICT's role External assessment and penetration test	Director of Corporate Services

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
						carried out and action plan produced	
14	Failure to focus clear Corporate Priorities leading to:- resources wasted on lesser priorities key objectives not achieved	3	2	6	=	New Corporate Priorities now determined :- Greener , Cleaner and Safer The Learning City Carlisle Renaissance  Will contribute to ensuring that steps are in place to ensure expenditure reflects priorities during budget process by	Town Clerk & Chief Executive
15	<u>Performance Management challenges</u> Failure to embed performance management in the culture of the Council at all levels inefficient and ineffective management misdirected/wasted resources failure to meet target/continuous improvement	3	2	6	=	Quarterly Performance conferences now commenced to monitor and address performance corporately  Performance Management included in Directorate's Service Plans  Performance Management Framework will be published by October 2006.	Deputy Chief Executive
16	Health & Safety management and systems failure could lead to:- exposure to legal action financial impact of failing to ensure recovery of all reputational impact on Council increased exposure of staff to H&S risks creation of image of non-proactive employer lack of understanding of Health and	3	2	6	=	Council' Health and Safety Policy fully adopted Qualified H&S Manager employed in a corporate role Clear H&S management systems installed across the Council Health and Safety action plan regularly updated and ongoing auditing of current practices Developing partnership arrangements with HSE Developing local P I's	Deputy Chief Executive

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	Safety Manager's role					<p>Continuing training of staff as appropriate including mandatory training for newly appointed employees</p> <p>Role of Health and safety to be included in Service plans</p> <p>H&amp;S Audit to be included in next Audit Plan</p> <p>Deputy Chief Executive to review with H&amp;S officer by next CRMG meeting in November</p>	
17	<p>Failure to implement Code of Corporate Governance</p> <p>failure to meet legal duty</p> <p>failure to adopt sound, consistent, transparent and auditable processes</p>	4	1	4	↓	<p>The Code of Corporate Governance Action Plan is updated and reported to the Audit Committee quarterly. The Code itself is currently being reviewed - the CIPFA/SOLACE Working Group on Good Governance in Local Government has recently issued a consultation document relating to the proposal to update the governance framework. This is to be reviewed by the Director of Legal and Democratic Services and the Head of Audit Services, in order to formulate a response by the deadline date of 11th September 2006.</p> <p>As this is a statutory requirement it is extremely unlikely that we would not comply</p>	Director Corporate Services
18	<p>Flood restoration works</p> <p>financial impact of failing to ensure recovery of all monies and funding</p> <p>impact on community of failing to carry out physical works</p>	2	2	4	=	<p>Regular meetings with Council's Insurers to recover monies and resolve issues, Bellwin claim submitted and awaiting audit</p> <p>Expenditure of ODPM budget planned and in progress</p>	Director Community Services

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						Only Sheepmount negotiations remain to be completed.	
19	Failure to adopt consistent and effective Project Management procedure leading to:- financial impact of failure (direct and indirect) damage to Council's reputation principles not applied universally	3	1	3	↓	Introduction and Implementation of Business Case philosophy for all significant projects and schemes to ensure executive and corporate monitoring at SMT and Capital Programme Board Introduction of Prince 2 project management and commencement of corporate awareness training Establishment of dedicated Project Manager post within new structure  More staff are now qualified PRINCE2 practitioners. Project management training has been recommended for inclusion into the management training programme.	Deputy Chief Executive
20	Failure to comply with New Emergency Planning procedures under Civil Contingencies Act failure to meet legal responsibilities	3	1	3	↓	Cumbria-wide partnership formed with Cumbria CC Emergency Planning Unit to support and assist  Emergency Planning Working group established with terms of reference and action plan for compliance with Civil Contingencies Act. We are complying with this	Deputy Chief Executive
21	Failure to ensure External Communications are consistent across the authority and on-message, leading to:- reputational damage caused by	3	1	3	↓	Robust and consistent approach to all External Communications at executive level supported by highly qualified and experienced Communications Unit	Deputy Chief Executive

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
	<p>mixed/inaccurate messages</p> <p>loss of established relationships</p> <p>negative perception of the Council</p>					<p>Full integration and consistency of external communications in relation to Carlisle renaissance</p> <p>Ongoing development of Web-site</p> <p>Corporate Marketing Group established</p> <p>All significant communications to go through Communications Unit</p>	
22	<p>Failure to develop and embed Diversity and Equality Best Practice</p> <p>unlimited financial damages</p> <p>severe impact on reputation of Council</p> <p>severe loss of credibility amongst stakeholders</p>	3	1	3	=	<p>Corporate Equality Champion and other champions identified</p> <p>Programme for implementation identified</p> <p>Audit of Council's policies underway</p> <p>Consultation with stakeholders imminent</p> <p>Impact Assessment Pilot set up</p> <p>Training programme for all staff (and Members) developed and being implemented.</p> <p>Action Needed: Review with a view to removal at next CRMG.</p> <p>Remove from Corporate Risk Register and pass to Operational Risk Register</p>	Deputy Chief Executive
23	Rising energy/fuel costs				New Risk	Refer to SMT to review and develop control strategies	Deputy Chief Exec and Director of Community Services

Ref	Risk Description	Impact	Likelihood	Risk Score	Move-ment	Current Action Status/Control Strategy	Responsible Officer
24	County Council Spending pressures may result in reduction of service provision by the County that could impact on the City's ability to deliver services and on the reputation of the City Council through a lack of understanding, by the public, of roles and responsibilities of each authority				<b>New Risk</b>	Referred to Director of Community Services for assessment	Deputy Chief Executive
25	Shared Services				<b>New Risk</b>	Effective protocol has been developed and policy is being developed.  Deputy Chief Executive to score.	Deputy Chief Executive
26	HR and Payroll System				<b>New Risk</b>	This is an operational risk that has been moved to the People, Policy and performance Operational Risk Register.	Deputy Chief Executive
27	Carlisle Northern Development Route				<b>New Risk</b>	Some Strategic decisions may have been made based on the development of the Carlisle Northern Development Route. SMT to assess risks arising from it not going ahead..	Deputy Chief Executive

**Appendix 2: Corporate Risk Register September 2006**  
**Quality Control Document (changes in last quarter)**

Submitted for consideration by Corporate Overview and Resources Committee 19 October 2006

REF NO.	BRIEF DESCRIPTION	SCORE	COMMENTS
1	Carlisle Renaissance	12=	No change
2	Pay and Workforce Strategy	12=	No change. Text added
3	Financial Reporting	9=	No change
4	Financial Management Information	9=	No change. Text added.
5	Partnerships	9=	No change. Text added
6	CPA score	9=	No change. Text added
7	Flu Pandemic	7↓	Reduced from 12 (4X3=12). Text added
8	Protecting IT records	8=	No change
9	Medium term financial planning	8=	No change. Text added
10	Business Continuity Plan	8=	No change. Text added
11	Perception of Council's flood response	6↓	Reduced from 12 (4X3=12). Text added
12	Absence / sickness monitoring	6=	No change
13	Implement IT Strategy	6 =	No change
14	Corporate Priorities	6 =	No change. Text added.
15	Performance Management	6=	No change
16	Health and Safety	6=	No change. Text added,
17	Corporate Governance	4↓	Reduced from 6 (3X2=6). Text added
18	Flood restoration works	4=	No change.
19	Project Management	3↓	Reduced from 6 (3X2=6). Text added
20	Emergency Planning procedures	3↓	Reduced from 6 (3X2=6). Text added
21	External Communications	3↓	Reduced from 6 (3X2=6). Text added
22	Embedding Diversity and Equality	3=	No change. Text added
23	Rising Energy/Fuel Costs		New risk
24	County Council Spending Pressures		New risk
25	Shared Services		New risk
26	HR and Payroll System		New risk
27	Carlisle Northern Development Route		New risk