

Report To: Performance Scrutiny Committee
Date of Meeting: 23 February 2012
Lead Officer/Member: Head of Business Planning and Performance/Leader
Report Author: Corporate Improvement Manager
Title: Corporate Risk Register

1. What is the report about?

- 1.1. This report presents the new Corporate Risk Register for Denbighshire County Council (attached).

2. What is the reason for making this report?

- 2.1 To provide assurance to Members that the process for developing, monitoring and reviewing the Corporate Risk Register is robust.
- 2.2 To enable the Performance Scrutiny Committee to fulfil its role in ensuring that identified risks are being appropriately addressed by the implementation of effective measures to mitigate risks. To facilitate a discussion about the actions identified to mitigate the corporate risks.

3. What are the Recommendations?

- 3.1 That Members confirm that the proposed actions in the Corporate Risk Register are appropriate to address the identified risks.
- 3.2 That progress in terms of implementing the agreed actions is included, by exception, in future quarterly performance reports.

4. Report details.

- 4.1 The new Corporate Risk Register has been developed by, and is owned by, the Corporate Executive Team (CET). The process for developing the Corporate Risk Register has been as follows:
- All service risk registers were reviewed by services (according to the new risk management methodology) prior to the last round of Service Performance Challenge meetings during October and November 2011.
 - The Corporate Improvement Team analysed all service risk registers to identify any risks of corporate significance or any risk themes emerging across services.
 - The Corporate Improvement Team Manager held individual meetings with the Chief Executive and all Corporate Directors on 29th November 2011 to identify potential corporate risk areas.

- A three-hour workshop with CET was held on 19th December 2011 to discuss and agree: corporate risks; inherent/residual risk scores; existing controls; and potential actions to mitigate risks.
 - A discussion took place at CET on 9th January 2012 to consider the emerging draft Corporate Risk Register; establish CET risk owners; and discuss potential actions to mitigate risks.
 - The Corporate Improvement Team Manager held individual meetings with risk owners during 10th - 20th January 2012 to discuss the proposed actions and timescales.
 - 23rd - 26th January 2012: discussions with Heads of Service regarding the proposed actions and timescales.
 - A complete draft of the Corporate Risk Register was discussed at the Senior Leadership Team (SLT) meeting on 2nd February 2012 to allow final amendments to be made, and to ensure agreement of the actions.
 - The new Corporate Risk Register was presented to the Corporate Governance Committee on 8th February 2012.
- 4.2 The Corporate Risk Register will be formally reviewed by CET following each round of Service Performance Challenges (where each service risk register will be reviewed and discussed). However, any significant new or escalating risks will be brought to the attention of CET (via the Corporate Improvement Team) as and when they are identified. CET will then take a view as to whether that risk should be included in the Corporate Risk Register.
- 4.3 Following each formal review of the Corporate Risk Register (twice per year), the revised document will be presented to the Performance Scrutiny Committee. It is proposed that progress in terms of implementing the agreed actions is included, by exception, in future quarterly performance reports (see recommendation in paragraph 3.2).
- 4.4 Actions identified to address corporate risks will be included in the appropriate Service Plans from 1st April 2012, which will enable lead Performance Scrutiny Members to monitor progress. Any performance issues in relation to these activities could then also be highlighted as part of the Service Performance Challenge process.
- 4.5 The Council's Internal Audit function provides independent assurance on the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the council. It also offers independent challenge to ensure the principles and requirements of managing risk are consistently adopted throughout the Council. Internal Audit Services also use information from our service and corporate risk registers to inform its forward work programme.
- 4.6 An annual review and report on progress of the risk management policy, produced for the Corporate Governance Committee, will identify weak areas that need to be strengthened to improve the risk management process.

5. How does the decision contribute to the Corporate Priorities?

5.1 The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the Council's ability to deliver its objectives, including its corporate priorities. The identified controls and actions are therefore crucial to the delivery of the corporate priorities.

6. What will it cost and how will it affect other services?

6.1 The cost of developing, monitoring and reviewing the Corporate Risk Register is absorbed within existing budgets.

7. What consultations have been carried out?

7.1 Details of the consultation undertaken to develop the Corporate Risk Register are contained in paragraph 4.1.

8. Chief Finance Officer Statement

8.1 There are no financial implications arising from the process outlined in this report for developing, monitoring and reviewing the Corporate Risk Register.

9. What risks are there and is there anything we can do to reduce them?

9.1 The main risk about the new risk management process is that the registers are not regularly reviewed and do not therefore become a dynamic management tool. However, the new process is fully integrated into the Council's performance management framework which should therefore ensure that this does not happen.

10. Power to make the Decision

- Local Government Act 2000.

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Denbighshire County Council
2011 - 2012





Risk Register

	Inherent	Residual	Page
DCC001 The risk of a serious safeguarding error where the council has responsibility. This risk is increasing as the environment is changing, with growing expectations around our duties in relation to 3rd party provision. CRB criteria are also changing which may increase the	B2	C2	Link
DCC002 The risk of a judicial review of care home fees ruling against the council. The risk here is that the additional costs associated with care home fees are over & above what is currently built into the Medium	C2	C3	Link
DCC003 The risk that demographic change leads to un-resourced demands on council services. This may not be an acute problem within the next 4 years (with the exception of adult social care), but it will be	D5	D5	Link
DCC004 The risk that we are unable to develop the staff and management capability to deliver the change agenda. The council currently does not have the internal capacity to deliver this change. Some of the issues include: inconsistent management; resistance to change; and a weakness in succession planning.	B2	B2	Link
DCC005 The risk that the time and effort invested in collaboration is disproportionate to the benefits realised. Collaboration is not voluntary; it is a requirement of the Compact. However, it is resource intensive and benefits realisation can be difficult. This risk can be compounded by the nature and commitment of collaboration partners.	B2	B2	Link
DCC006 The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income. Although we do have a 3-yr indicative settlement, this position could change overnight (e.g. collapse of the Euro).	C1	C1	Link
DCC007 The risk that critical or confidential information is lost or disclosed.	B3	C3	Link
DCC008 The risk that political change impacts on the ability of the political leadership (Leader/Cabinet) to deliver a difficult agenda.	C2	C3	Link
DCC009 The risk that strategic ICT does not enable improvement and support change. This risk is growing, and will continue to grow until we act decisively to mitigate the risk.	A2	A2	Link
DCC010 The risk that our asset portfolio becomes an unmanageable liability and an obstacle to strategic planning.	B2	C2	Link
DCC011 The risk of a severe weather event, over and above expected patterns of seasonal weather. Services plan for the impact of expected seasonal variations in weather, but severe weather events can impact on service delivery.	E1	E1	Link
DCC012 The risk of a significantly negative report(s) from external regulators.	C2	D3	Link
DCC013 The risk of significant financial liabilities resulting from the failure of an external organisation (e.g. Arms Length Management Organisations, facilities with lease arrangements, etc)	C2	C2	Link
DCC014 The risk of a health & safety incident resulting in the loss of life.	D1	E1	Link

Risk Assessment Criteria

LIKELIHOOD	Event is almost certain to occur in most circumstances	>70%	Almost Certain	A					
	Event likely to occur in most circumstances	30-70%	Likely	B					
	Event will possibly occur at some time	10-30%	Possible	C					
	Event unlikely and may occur at some time	1-10%	Unlikely	D					
	Event rare and may occur only in exceptional circumstances	<1%	Rare	E					
					5	4	3	2	1
					Very Low	Low	Medium	High	Very High
Service Performance	Minor errors or disruption	Some disruption to activities / customers	Disruption to core activities / customers	Significant disruption to core activities. Key targets missed	Unable to deliver core activities. Strategic aims compromised				
Reputation	Trust recoverable with little effort or cost	Trust recoverable at modest cost with resource allocation within budgets	Trust recovery demands cost authorisation beyond existing budgets	Trust recoverable at considerable cost and management attention	Trust severely damaged and full recovery questionable and costly				
Financial Cost (£)	<£50k	£50k - £250k	£250k - £1m	£1m - £5 m	>£5m				
IMPACT									

Corporate Risk Severity Key





	Minor	Risk easily managed locally – no need to involve management
	Moderate	Risk containable at service level – senior management and SLT may need to be kept informed
	Major	Intervention by SLT and / or CET with Cabinet involvement
	Critical	Significant CET and Cabinet intervention

Denbighshire County Council

Register Owner: Corporate Executive Team

Updated: 03.02.12

Risk Description	Owner	Impact / Consequence	Inherent Risk	Controls to Manage Risk (in place)	Residual Risk	Further Actions	Action Owner	Action Date
DCC001 <i>Professional / Managerial</i>	Sally Ellis	Significant reputational loss. Possible intervention by Welsh Government. Legal/compensation costs.	B2	Child protection & Safeguarding Procedures. Regular training of staff in Children & Family Services. Corporate Safeguarding Training Programme. Wales Interim Policy & Procedures for the Protection of Vulnerable Adults from Abuse. Framework of self-assessment for schools in relation to safeguarding has been established. Section 28 Audits, and annual reporting requirement for services to demonstrate how they are discharging their duties in relation to safeguarding.	C2	Develop a programme of targeted training for specific group, based on risk (e.g. school transport & licensing).	Leighton Rees	31-Mar-12
The risk of a serious safeguarding error where the council has responsibility. This risk is increasing as the environment is changing, with growing expectations around our duties in relation to 3rd party provision. CRB criteria are also changing which may increase the risk.	<u>Lead Member(s):</u> Cllr Morfudd Jones Cllr Pauline Dobb	Incorporate safeguarding employment practices into the HR audits.				Linda Atkin	31-Mar-12	
		Work with DVSC to develop a self-assessment framework for 3rd party organisations to ensure that safeguarding procedures are in place.				Sally Ellis	30-Apr-12	
DCC002 <i>Legislative / Regulatory</i>	Sally Ellis	Financial cost is potentially more than that currently put aside. Potential additional fees for other areas of social care could follow. Reputational impact of negative publicity attached to an unfavourable judicial review.	C2	Resources have been set aside in the MTFP to cover potential additional costs.	C3	Develop clear methodology to calculate care home fees. This is currently being progressed on a sub-regional basis.	Phil Gilroy	28-Feb-12
The risk of a judicial review of care home fees ruling against the council. The risk here is that the additional costs associated with care home fees are over & above what is currently built into the Medium Term Financial Plan (MTFP).	<u>Lead Member(s):</u> Cllr Pauline Dobb	Develop a regional methodology for calculating care home fees.				Phil Gilroy	31-Mar-13	
		Review the contingency within the MTFP prior to 2013-14 budget agreement to ensure it is sufficient.				Paul McGrady	31-Jan-13	

Risk Description	Owner	Impact / Consequence	Inherent Risk	Controls to Manage Risk (in place)	Residual Risk	Further Actions	Action Owner	Action Date
DCC003	Sally Ellis	The council is unable to meet the increased demand for services in particular areas. Therefore the quality of service provision is affected.		The control environment here is the strategic planning process, which requires full consideration of the changing demographic profile of the county as part of corporate and service planning activities.		Review the Corporate Performance Management Framework to ensure that the need to consider demographic change is an explicit requirement.	Alan Smith	31-Mar-12
<i>Community</i>						Develop links between demographic change and the Closer to the Community Board to develop actions aimed at ensuring that demographic change becomes an established part of strategic planning.	Sally Ellis	31-Mar-12
The risk that demographic change leads to un-resourced demands on council services. This may not be an acute problem within the next 4 years (with the exception of adult social care), but it will be important not to lose sight of it in the longer term.	<u>Lead Member(s):</u> Cllr Hugh Evans Cllr Pauline Dobb					Complete / agree Corporate Engagement Strategy, to include mechanisms for ensuring that the views of older people are gathered and taken account of.	Alan Smith	30-Apr-12
						Develop performance management framework for The BIG Plan (as various outcomes are relevant to demographic change).	Alan Smith	31-Mar-12
						Role of the Older People's Champion to be included in the revised Constitution.	Gary Williams	31-Mar-12
						Priorities for the role of the Older People's Champion (in revised Constitution) to be agreed with the Leader, and appropriate support identified by officers on a cross council basis.	Sally Ellis	31-Mar-13
DCC004	Mohammed Mehmet	The council is unable to deliver the associated savings incorporated into the MTFP. In addition, this could impact on the delivery of the planned collaboration savings.		The fact that the residual & inherent risk scores are the same (and red) suggests that our current control environment in this area needs to be strengthened.		Consider the development of a new corporate priority focussed on addressing this issue.	Alan Smith	31-Jul-12
<i>Professional / Managerial</i>						Alignment of workforce, ICT and office accommodation strategies.	Paul McGrady, Linda Atkin and Cara Williams	31-Mar-13
The risk that we are unable to develop the staff and management capability to deliver the change agenda. The council currently does not have the internal capacity to deliver this change. Some of the issues include: inconsistent management; resistance to change; and a weakness in succession planning.	<u>Lead Member(s):</u> Cllr Paul Marfleet					Delivery of the Progress Through People Action Plan.	Linda Atkin	30-Apr-14

Risk Description	Owner	Impact / Consequence	Inherent Risk	Controls to Manage Risk (in place)	Residual Risk	Further Actions	Action Owner	Action Date
DCC005 <i>Partnership / Contractual</i>	Mohammed Mehmet	The council is unable to delivery the planned savings within the MTFP. If collaboration doesn't work, we may miss opportunities to deliver service improvements. Reputational impact of failure to deliver collaboration (particularly the Compact).	B2	The fact that the residual & inherent risk scores are the same (and red) suggests that our current control environment in this area needs to be strengthened.	B2	The council to establish a clear position in realltion to the role it will play in implementing the Compact, ensuring that our input is proportionate to the potential benefits.	Mohammed Mehmet	30-Apr-12
The risk that the time and effort invested in collaboration is disproportionate to the benefits realised. Collaboration is not voluntary; it is a requirement of the Compact. However, it is resource intensive and benefits realisation can be difficult. This risk can be compounded by the nature and commitment of collaboration partners.	<u>Lead Member(s):</u> Cllr Hugh Evans Cllr Paul Marfleet Cllr Julian Thompson-Hill					Each service to review current efficiency savings targets which look difficult to deliver. Potential alternatives to be identified and discussed in the next round of Service Performance Challenges.	Paul McGrady	31-Jul-12
DCC006 <i>Economic & Financial</i>	Bethan Jones	The council suffers from a significant reduction in income, leading to an inability to deliver current levels of service provision.	C1	The council has no control over the global economy or the WG settlement. Therefore the residual & inherent risk scores are the same.	C1	Develop alternative financial plans based on a different scenario, i.e. what would we do if our budget was cut by 5%?	Paul McGrady	28-Feb-13
The risk that the economic environment worsens beyond current expectations, leading to additional demand on services and reduced income. Although we do have a 3-yr indicative settlement, this position could change overnight (e.g. collapse of the Euro).	<u>Lead Member(s):</u> Cllr Julian Thompson-Hill					Coordinated approach to ensure services consider the implications of significantly reduced income due to the economic environment.	Paul McGrady	28-Feb-13
						Services to identify alternatives for current efficiency targets that look difficult to deliver (to be discussed in next round of Service Performance Challenges)	Paul McGrady	31-Jul-12
DCC007 <i>Legislative / Regulatory</i>	Hywyn Williams	Reputational damage. Criticism from external regulators (e.g. WAO conducting a review of information management across Welsh Authorities in 2012). Fines from the Information Commissioner's Office (precedent of fines of up to £130k for single breach of data protection act).	B3	Our controls are particularly strong on the technical (i.e. electronic side), and work has been undertaken to improve the position with paper. The council achieves GCSX accreditation every year which demonstrated compliance with UK Government Code of Connection. Mobile racking has been intsalled, which doubled the capacity in the corporate stores, and archiving backlog dealt with. Staff workshops delivered on good archiving practices.	C3	Submit busines case to CET for additional resources to manage Freedom of Information requests (FOIs).	Jamie Groves	31-Mar-12
The risk that critical or confidential information is lost or disclosed.	<u>Lead Member(s):</u> Cllr Paul Marfleet					Submit bid under Phase 2 of ICT Strategy to move essential paper records to electronic format, utilising EDRMS.	Cara Williams	31-Mar-12
						Create/agree retention schedules for information: paper & electronic	Cara Williams	30-Apr-12
						Agree timescasles for application of agreed retention schedules within each service.	Cara Williams	30-Apr-12
						Ensure that our frameworks for information management are legally compliant (e.g. in relation to FOI, DPA, etc.	Gary Williams	30-Apr-12

Risk Description	Owner	Impact / Consequence	Inherent Risk	Controls to Manage Risk (in place)	Residual Risk	Further Actions	Action Owner	Action Date
DCC008 <i>Political</i>	Mohammed Mehmet	Member/officer relationships (including with WG) deteriorate. Loss on momentum in terms of delivering the change agenda. Council is unable to deliver difficult decisions.	C2	The control environment here is around the work being done to prepare for the new Council in May 2012.	C3	SLT / Cabinet awayday to be held within first 3 months following the May 2012 elections to agree approach to new corporate priorities for the Corporate Plan 2012-16.	Mohammed Mehmet	31-Jul-12
The risk that political change impacts on the ability of the political leadership (Leader/Cabinet) to deliver a difficult agenda.	<u>Lead Member(s):</u> Cllr Hugh Evans							
DCC009 <i>Technological</i>	Hywyn Williams	Staff are not able to respond to the change agenda. The council is unable to deliver planned efficiency savings as ICT acts as a barrier to change. Residents are unable to access information effectively.	A2	ICT Strategy (developed in conjunction with SLT) agreed. The fact that the residual & inherent risk scores are the same (and red) suggests that our current control environment in this area is weak. This is a reflection of the fact that the ICT Strategy is in its early stages.	A2	Delivery of Phase I of the ICT Strategy.	Cara Williams	31-Mar-12
The risk that strategic ICT does not enable improvement and support change. This risk is growing, and will continue to grow until we act decisively to mitigate the risk.	<u>Lead Member(s):</u> Cllr Paul Marfleet					Agree (and then deliver) Phase II of the ICT Strategy .	Cara Williams	31-Mar-13
DCC010 <i>Economic & Financial</i>	Bethan Jones	The council has to spend an increasing proportion of available resources on maintaining deteriorating assets. The council has an unsustainable asset portfolio.	B2	The Corporate Asset Management Plan. Similar to DCC009, our current control environment is weak in this area. However, it is felt that we do have the current capacity, capability and drive to deliver a solution, hence the lower residual risk score.	C2	Review of the Corporate Asset Management Plan to provide a clearer picture of where we want to be with the asset portfolio.	Paul McGrady	31-Mar-13
The risk that our asset portfolio becomes an unmanageable liability and an obstacle to strategic planning.	<u>Lead Member(s):</u> Cllr Paul Marfleet					Peer review of the Corporate Asset Management Plan.	Paul McGrady	30-Jun-13
						Alignment of workforce, ICT and office accommodation strategies.	Paul McGrady, Linda Atkin and Cara Williams	31-Mar-13
						Annual review of maintenance backlog for schools (taking into account Modernising Schools Programme) to enable prioritisation within funding available in the Capital Plan.	Jackie Walley	31-Jan-13
DCC011 <i>Environmental</i>	Mohammed Mehmet	Significant disruption to core services. Serious injury or fatality due to road network closure. Reputational risk to the council if unable to deal with issues.	E1	The control environment in this area is the joint Emergency Planning Unit (Denbighshire & Flintshire).	E1	Review the joint arrangements with Flintshire to provide assurance that they are robust.	Stuart Davies	31-Mar-13
The risk of a severe weather event, over and above expected patterns of seasonal weather. Services plan for the impact of expected seasonal variations in weather, but severe weather events can impact on service delivery.	<u>Lead Member(s):</u> Cllr Sharon Frobisher					Review our preparations for highways winter maintenance, and our contingency plans to respond to unexpected scenarios.	Stuart Davies	30-Sep-12

Risk Description	Owner	Impact / Consequence	Inherent Risk	Controls to Manage Risk (in place)	Residual Risk	Further Actions	Action Owner	Action Date			
DCC012	Mohammed Mehmet	Reputational damage. Potential intervention by the WG.	C2	The corporate performance management framework.	D3	Develop a more formal framework for co-ordinating self-assessments to support regulatory activities.	Alan Smith	31-Mar-13			
<i>Legislative / Regulatory</i>											
The risk of a significantly negative report(s) from external regulators.	<u>Lead Member(s):</u> Cllr Hugh Evans	Significant resources may be required to be diverted to deliver immediate and substantial change.							Implement new approach to target setting (as agreed by SLT) for 2012-13 Service Plans.	Alan Smith	31-Mar-12
						Deliver performance management training for new Members (including target setting)	Alan Smith	23-Jul-12			
DCC013	Hywyn Williams	Capital liabilities. Reduction in levels of service provided to the community, or increased revenue costs to continue delivery.	C2	Council representation on Boards, and Heads of Service providing strategic leadership to facilities. Financial support and subsidies being provided. Resources have been committed to improve financial monitoring of facilities. Review of Clwyd Leisure underway.	C2	Complete report of the review of Clwyd Leisure (so that further decisions on required actions can be made).	Alan Smith	30-Apr-12			
<i>Partnership / Contractual</i>									Finalise the long term strategy for Bodelwyddan Castle	Steve Parker	31-Jul-12
The risk of significant financial liabilities resulting from the failure of an external organisation (e.g. Arms Length Management Organisations, facilities with lease arrangements, etc)	<u>Lead Member(s):</u> Cllr Paul Marfleet Cllr Pauline Dobb	Reputation damage to the council.									
DCC014	Hywyn Williams	Loss of life. Significant reputational loss. Substantial legal/compensation costs.	D1	Corporate approach to hazard identification in response to the HSE Strong Leadership Project. New H&S Committee established with representation from each service, plus meetings established with groups of services. Strategic leadership provided by Corporate Director with responsibility for health and safety. Improved efficiency through on-line & phone line incident reporting and new HSMS for county	E1	Review existing workplace transport assessments, especially at schools, and revise priority list including costs. Test current site management controls and monitor the implementation of recommendations.	Linda Atkin	30-Sep-13			
<i>Physical Hazards and H&S</i>									Implement a fire risk management system to accompany the fire risk assessment review programme, including implementation of recommendations. Test current site controls and report on performance. Deliver training for property services staff and asset managers on the fire risk assessment review process.	Linda Atkin	30-Sep-13
The risk of a health & safety incident resulting in the loss of life.	<u>Lead Member(s):</u> Cllr Paul Marfleet	Criminal prosecution of senior staff.							Deliver Strong Leadership Project: Year 2. Undertake and report on service inspections based on gap analysis data collated in year 1. Monitor implementation of recommendations.	Linda Atkin	31-Mar-13
									Develop a clear corporate accountability framework for health & safety	Hywyn Williams	30-Sep-12