RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2015/16

COMMITTEE:

AUDIT COMMITTEE

26th October 2015

Item No. 7
Strategic Risk Register

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

Author: Marc Crumbie (Operational Audit Manager)

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1. **PURPOSE OF THE REPORT**
   This report provides Members with a copy of the Council's Strategic Risk Register.

2. **RECOMMENDATIONS**
   It is recommended that Members:

2.1 Review the arrangements in place for the management of strategic risks and form a view on their adequacy.

3. **BACKGROUND**

3.1 The Terms of Reference for Audit Committee states:

Statement of Purpose

The purpose of the Audit Committee is to <u>monitor the adequacy of the risk management framework</u> and the associated control environment; provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process.

Terms of Reference

As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for ensuring financial probity, without taking any action which might prejudice it. The Committee will [specifically in relation to risk management]:-

(D)   *Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these.*

3.2   The Council has in place a range of processes and procedures to identify, manage and mitigate risk as far as is reasonably practicable in the delivery of its services, such as asset, financial, human resource and performance management arrangements. In conjunction with an Internal Audit function, they all play a key role in helping the Council deliver, in general, positive performance results.

3.3   The Council's Risk Management Strategy was approved by Cabinet in March 2014 and is attached at Appendix A. A copy of the Council's Strategic Risk Register is attached at Appendix B along with the Risk Management Toolkit, attached at Appendix C.

How the strategic risk register has been compiled

3.4   During February and March 2014, sessions were held between each Priority Plan Lead Officer and the Chief Executive to review the content of each plan. As part of that process each Lead Officer was asked to identify what they considered to be the key or strategic risks to the achievement of their overall plan.

3.5   The initial list of risks that arose from the sessions was used as the basis for further discussion between the Operational Audit Manager and each Lead Officer (with the aim of identifying any further strategic risks they considered relevant).

3.6   The potential consequences of each defined risk were identified and the necessary actions to manage them were documented. The scores recorded in the register are the 'net risk' i.e. after actions to manage them have been taken into consideration. The Council's Risk Management Toolkit was used to facilitate this process.

3.7   The outcome of the process with Lead Officers was then reported to the Council's Corporate Management Team for consideration, challenge and approval.

The 'Final Product'

3.8   Following on from the work noted above, the Council had in place its Strategic Risk Register. It has been a 'live' document since that point and has been reviewed at least quarterly since. Currently, the Council has a list of 14 strategic risks it faces in achieving its priorities during 2015/16 and beyond.

Reporting

3.9 The Council's strategic risks are kept under on-going review by officers and up dates are included within quarterly Performance Reports that are reported to Cabinet and thereafter the Finance and Performance Scrutiny Committee.

3.10 The Strategic Risk Register will remain a live document and will be reviewed and updated accordingly.

4.   SUMMARY

4.1 It is the responsibility of Audit Committee to review and scrutinise the risk management arrangements in place across the Council. It is the responsibility of the Cabinet, along with the scrutiny function, to challenge the owners of risks to ensure they are managed appropriately.

4.2 The Council's Strategic Risk Register is a 'live' document with arrangements in place to review, report and challenge the management of strategic risks internally at an officer level and via the Council's quarterly performance reporting arrangements.

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LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

26th October 2015

Report of the Group Director, Corporate & Frontline Services
Author: Marc Crumbie (Operational Audit Manager).

Item   **File Ref:**

7.   Strategic Risk Register   IA / MC

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

Risk Management Strategy

March 2014

RISK MANAGEMENT STRATEGY

CONTENTS

Rhondda Cynon Taf County Borough Council

RISK MANAGEMENT STRATEGY

1.   Introduction

1.1   Risk management is an integral part of management practice. Managing the risks that may impact on the Council's ability to deliver services as intended and in doing so help improve the quality of life for local people is at the forefront of the Council's forward planning arrangements.

1.2   The aim of this document is to set the overall purpose and framework of risk management within the Council.

1.3   Risk management is the business of everyone in the Council.

2.   Purpose of Risk Management in Rhondda Cynon Taf

2.1   In Rhondda Cynon Taf, at a strategic level, the purpose of risk management is to identify and manage the risks the Council faces when delivering its improvement priorities. At an operational level, risk management is about identifying and managing risks associated with service delivery and is undertaken via the Council's business planning and monitoring arrangements.

2.2   This strategy is designed to ensure that sound risk management practices are in place, including processes to identify, assess and manage risk on an ongoing basis.

2.3   Understanding the risks the Council face and managing them appropriately aids effective decision-making and contributes to the achievement of its improvement priorities. Risk management is not about eliminating risk and should not be confused with being risk averse; the Council's risk management arrangements aim to encourage innovation within a clear framework.

3.   Definition

3.1   Risk is the uncertainty of outcome, whether a positive opportunity or a negative threat, of actions or events. The Council's definition for risk is '*something happening that, should it occur, would impact on the Council's ability to successfully achieve its improvement priorities'.*

4. The Performance Management Framework and Risk Management

4.1 The Council's performance management framework (incorporating strategic risk management) aligns the outcomes contained in the Single Integrated Plan for the County Borough with the Council's Improvement Priorities.

4.2 Risk management has a strong link to performance management: if risks are not managed effectively then it is unlikely the Council will deliver its improvement priorities as planned nor make the intended contribution to the long term vision for County Borough as set out in the Single Integrated Plan.

4.3 The supporting 'internal' processes that the Council has in relation to delivering its improvement priorities are encompassed within strategic and operational business planning processes.

4.4 The Council's approved business plan arrangements require each service area to set clear priorities. These arrangements also require service areas to identify the risks it faces when delivering its priorities. The links to performance management at this stage are clear: to achieve a set of priorities, services must demonstrate that they are managing associated risks.

4.5 Regular monitoring enables senior managers to understand risks within their services, the changes occurring within them and what mitigating actions need to be put in place.

5. Internal Control and Risk Management

5.1 The Council's system of internal control has a key role in the management of risks. Internal controls are a response to risk.

5.2 The links between internal control and risk management are identified within the Accounts and Audit (Wales) Regulations 2005 (regulation 4), which states:

- *'Responsibility for internal control and financial management:*
  - *(1) The local government body shall be responsible for putting in place and ensuring that there is a sound system of internal control which facilitates the effective exercise of that body's functions and which includes:*
    - *(a) arrangements for the management of risk; and*
    - *(b) adequate and effective financial management.*
  - *(2) The local government body shall conduct a review at least once in a year of the effectiveness of its system of internal control and shall include a statement on internal control, prepared in accordance with Proper Practices.'*

- '*Proper Practices*' are deemed to be the Code of Practice for Local Authority accounting which specifies:
  'A local authority shall undertake a review of its system of internal control in accordance with best practice. Delivering Good Governance in Local Government, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), recommends that the review be reported in an Annual

Governance Statement.'

5.3   The Council's Corporate Management Team (CMT) has ultimate responsibility for the system of internal control. In discharging its responsibility, CMT has a suite of Policies and Procedures aimed at ensuring robust controls are in place to manage risk and efficiently and effectively deliver services. CMT receives regular assurance from internal and external sources around the strength of its internal control environment.

6.   Regulatory Requirements

6.1   In addition to the Accounts and Audit (Wales) Regulations 2005 (regulation 4), in a Local Government context, the importance of risk management as a key governance tool is incorporated within the CIPFA/SOLACE Delivering Good Governance in Local Government – Core Principle 3.5:

'Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- *Members making decisions need the support of appropriate systems, to help to ensure that decisions are implemented and that resources are used legally and efficiently.*

- *Risk management is important to the successful delivery of public services. An effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.*

- *Ensuring that an effective risk management system is in place.*

The local code should reflect the requirement for local authorities to:

- *Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs.'*

7.   Governance

7.1   The effectiveness of the risk management process and any changes are reported annually and contained within the Council's Annual Governance Statement, as required by the Accounts and Audit (Wales) Regulations 2005 (regulation 4).

7.2   Management and scrutiny of the Council's strategic risks are integrated into the Council's performance reporting arrangements via its improvement priority action plans. Risks are identified, assessed and scored using a matrix of impact and likelihood, and the outcome of the scoring process results in a score being attributed.

7.3   The Council's strategic risks are brought together into a Strategic Risk Register that is owned and monitored by the Council's Corporate Management Team. The Strategic Risk Register is also reported to the Council's Audit Committee in support of its Terms of Reference:

'Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct

discussion with the auditor(s) on these.'

7.4 Operational risks are monitored and managed separately as part of the Council's business planning arrangements.

8. Risk Management – Links to other disciplines

8.1 Controlling risk involves a process of reducing the impact and / or likelihood of the risk occurring.

8.2 A number of disciplines are applied across the Council to help achieve this:

- Procurement can be used to manage risks by appointing contractors to undertake services on behalf of the Council and contracts can be used to transfer identified risk(s).
- Insurance can be used to manage risks (for example, the potential financial impact of a risk could be mitigated using an insurance policy).
- A business continuity plan is a control that can help to manage the impact of an event that may arise.

9. Partnerships

9.1 Partnership working is playing an increasingly important role in the Council's policy development and service delivery. In recent years, the focus for the Council has been on the opportunities offered by partnership and joint working arrangements.

9.2 Working in partnership usually means committing resources such as time and/or direct funding to develop and deliver desired outcomes. It may not be easy and, whilst there are opportunities there are also risks. It is important to understand and manage these in so far as they affect both the partnership and Council. The assessment of risks within partnerships are inward and outward looking.

10. Projects

10.1 Project risk management defines how risks will be managed during the lifecycle of a project or programme. The arrangements acknowledge actual and potential threats to the successful delivery of a project and determines the activities required to minimise or eliminate them.
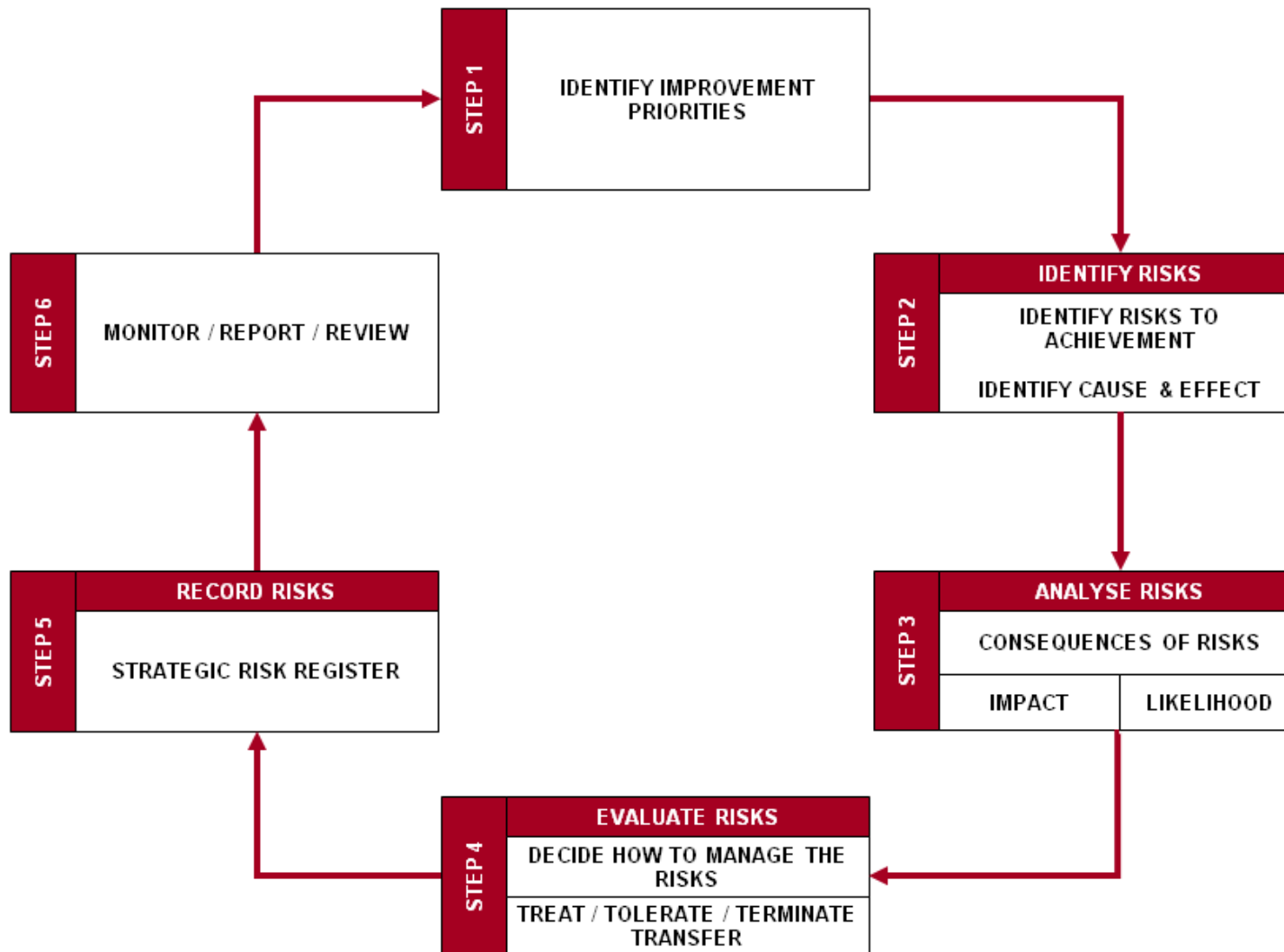
10.2 Where partners and/or suppliers are involved, it is essential to have shared understanding of risks and agreed plans for managing them.

11. Risk Management - An Overview

11.1 A toolkit has been devised that provides managers with a guide when undertaking risk management activities at all levels across the Council. The toolkit is a supporting document for this Strategy.

11.2 Figure 1 shows the stages involved in the Council's strategic risk management arrangements.

RISK MANAGEMENT STRATEGY

Figure 1 – Strategic Risk Management Arrangements

STEP 1 — IDENTIFY IMPROVEMENT PRIORITIES

STEP 2 — IDENTIFY RISKS — IDENTIFY RISKS TO ACHIEVEMENT — IDENTIFY CAUSE & EFFECT

STEP 3 — ANALYSE RISKS — CONSEQUENCES OF RISKS — IMPACT | LIKELIHOOD

STEP 4 — EVALUATE RISKS — DECIDE HOW TO MANAGE THE RISKS — TREAT / TOLERATE / TERMINATE TRANSFER

STEP 5 — RECORD RISKS — STRATEGIC RISK REGISTER

STEP 6 — MONITOR / REPORT / REVIEW

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

Strategic Risk Register

2015/16 – Qtr 2

1. Introduction

1.1 This Strategic risk register sets out the key risks to Rhondda Cynon Taf County Borough Council in achieving its priorities.

1.2 The risks are categorised in terms of their likelihood and impact.

1.3 The aim is to manage each risk so as to reduce the likelihood and/or the impact, by putting measures in place to support delivery of the Council's priorities.

1.4 In addition to the strategic risks set out in this register, there are operational risks. As the Council's risk management strategy indicates, these operational risks are monitored and managed as part of the Council's annual business and service planning arrangements.

1.5 All risks across the Council are subject to a periodic review to ensure that changing circumstances do not alter the risk rating.

1.6 Risks change over time – new ones emerge or existing risks become more or less significant as a result of external or internal factors. This Strategic Risk Register is a living document; it is reviewed regularly, monitored and updated.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER										
SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	Original Risk Rating			Risk Rating – QTR 2 2015/16		
					I	L	RATING	I	L	RATING
1	CROSS CUTTING RISK TO ALL COUNCIL SERVICES	Chris Lee	If the financial settlements from the Welsh Government continue to mean significant reductions in funding year on year then the rate at which the Council will need to implement changes to bridge the budget gap over the medium term will need to be accelerated.	Unbalanced Budget or over-reliance on one-off funding (reserves) which is not sustainable.	5	4	20	5	4	20

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE

When full Council approved the 2015/16 revenue budget (4th March 2015), it was estimated that the 'budget gap' will rise over the three years to 2017/18 to an estimated £56M if the Council's base budget is not reduced. The up-date noted below is set within this very challenging financial context.

The first half of the financial year has seen a continued focus on robust in-year financial management and operational performance management together with on-going examination of all Council service areas to identify further cost saving proposals / opportunities. The impact of this work has been:

- Based on the latest revenue budget position reported i.e. 30th June 2015, an overall revenue underspend of £0.550M, and within this position, new in-year savings captured amounting to £0.4M. The new 'in-year' savings represent a 'one-off benefit' during 2015/16 (as they were not deliverable in time for inclusion within the Council's 2015/16 budget strategy) and will be included as permanent 'base budget savings' within a proposed 2016/17 budget strategy;
- The Finance and Performance Scrutiny Committee considered operational performance exceptions (as at June 2015) together with 2015/16 targets set. Further scrutiny work is scheduled in these areas during quarter 3, alongside starting to assess the impact of previous service changes on users; and
- On-going financial and service modelling to inform the construction of a draft revenue budget strategy for 2016/17.

In addition:

- On 27th August 2015, Cabinet agreed to implement a package of energy efficiency investment measures to its street lighting that will realise an estimated saving of £0.170M in a full financial year;
- On 8th September 2015, Cabinet approved a service change in respect of Home To School Transport i.e. maintaining the existing service but reducing the subsidy for discretionary travel from the start of the 2016/17 academic year i.e. from September 2016. The change is estimated to realise a saving of £1.416M in a full financial year (April to March).

The decisions taken on the 27th August and 8th September will form part of a proposed budget strategy for 2016/17.

- On the 30th September 2015, full Council received a report from the WAO setting out the results of their audit of the Council's Statement of Accounts for 2014/15. The outcome of the audit was an unqualified audit opinion i.e. in the opinion of the WAO, the Council's Statement of Accounts give a true and fair view of the financial position of Rhondda Cynon Taf County Borough Council as at 31 March 2015. In addition, a report of the Group Director – Corporate and Frontline Services to the same meeting reported that the Council's audited General Fund balances as at 31st March 2015 stood at £11.001M, above what is considered to be the minimum level required of £10M.

The above results demonstrate that the Council has been able to maintain financial stability through retaining an appropriate level of general reserve balances and also through on-going proactive and rigorous financial planning and management arrangements. However, the scale of the forecasted funding reductions facing the Council will necessitate:

- Continued focus on robust financial planning and management;
- The continuation of a programme of work to deliver further service efficiencies;
- The identification and implementation of further service change proposals;
- On-going work with managers and staff to improve attendance at work;
- Working with and supporting local communities to create opportunities for them to operate Council services or assets; and
- Working in partnership to make the best use of resources.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER										
SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	Original Risk Rating			Risk Rating – QTR 2 2015/16		
					I	L	RATING	I	L	RATING
2	KEEPING ALL CHILDREN AND YOUNG PEOPLE SAFE	Ann Batley	If the key service modernisation priorities for Children's Services (CiN, CPR & LAC) are not managed effectively then the ability of the Council to effectively support vulnerable children and families and meet the requirements of the Social Services & Wellbeing (Wales) Act may be compromised.	LAC numbers continue to rise. The inability to safeguard effectively could, ultimately, lead to a serious case review. The failure to provide preventative services to children and their families could increase the chance of these cases becoming more complex as time goes by and with that comes further safeguarding issues and associated budget pressures.	5	3	15	5	3	15

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)
QTR 2 2015/16 UPDATE Implementation of the new model and structure for Children's Services has continued to timescale and is now focussing on the detailed work with consultation on the next phase of implementation commenced. The LAC Action Plan Group, which comprises senior officers from Children's Services and Finance, continues to monitor performance against the action plan. The reduction in LAC numbers has been sustained but despite the reduction in LAC numbers, overall the number of LAC remains comparatively high and the service continues to experience demand pressures for young people seeking accommodation and / or requiring residential care. The LAC Action Plan has been revised to ensure that it maintains a focus on further safely reducing LAC numbers. Work on the joint Cwm Taf Children's Services and LAC reduction strategy is ongoing. In summary whilst good progress is being made this continues to be a strategic risk with no amendments to the risk ratings at this stage.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	**COUNCIL PRIORITY**	**RESPONSIBLE OFFICER**	**RISK DESCRIPTION**	**POTENTIAL CONSEQUENCES**	**I**	**L**	**RATING**	**I**	**L**	**RATING**
3	SUPPORTING VULNERABLE ADULTS AND OLDER PEOPLE TO LIVE INDEPENDENTLY	Neil Elliott	The changing demographics and potential increase in demand to social services may impact on the ability of the Council to safeguard its vulnerable adults and keep citizens independent for longer. If we do not modernise services (working with partners including Health and Third Sector) in line with the SS@WB Act this may result in inappropriate care and support and increased costs of providing services.	Citizens may not be able to stay independent for as long as possible (if early intervention and preventing escalation services are not delivered). Short term budget pressures along with potential longer term budget pressures should citizens not receive preventative services and services aimed at intervening early.	5	3	15	5	3	15

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
Work continues to be taken forward in accordance with the SS&WB Act Regional Implementation plan and to ensure that the ICF resources deliver effective and integrated service responses for our customers.

The first phase of the Adult Services remodelling is out for consultation and the directorate continues to focus on its key improvement priorities and performance indicators

In summary whilst good progress is being made this continues to be a strategic risk with no amendments to the risk ratings at this stage.

| | | | | | RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER | | | | | | |

SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	Original Risk Rating			Risk Rating – QTR 2 2015/16		
					I	L	RATING	I	L	RATING
4	PROVIDING A TOP QUALITY EDUCATION FOR ALL - "EVERY SCHOOL A GREAT SCHOOL"	Chris Bradshaw	If projects are not delivered on time and/or budget then this could impede the delivery and intended (positive) impact of the 21st Century Schools Programme within the Council.	The intended benefits of ensuring all children across the Council are taught in an environment fit for the 21st Century may not materialise in the planned manner. Increased pressure on Council Capital/Revenue to cover shortfalls. Planned projects may need to be deferred. The management of surplus places may be hindered.	5	3	15	5	3	15

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE

Welsh Government has approved the Final Business Case for the Rhondda and Tonyrefail Schools Reorganisation. Planning permission for the new schools will be sought in the coming months. The new block for Llwyncrwn will be completed before Christmas in accordance with the agreed plan. Good initial progress is being made at Y Pant preparing the ground for the new school buildings.

The consultation process on creating a community primary school for Cymmer Infants' and Cymmer Junior Schools has commenced and the Welsh Government has also approved the business case for the proposed improvements subject to the statutory consultation and planning processes being properly fulfilled.

The risk scores do not merit revision at this stage.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER										
SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	Original Risk Rating			Risk Rating – QTR 2 2015/16		
					I	L	RATING	I	L	RATING
5	IMPROVING OUR COMMUNITIES	Neil Elliott	If the Council does not enable individuals and communities to become more resilient and self sustaining we will not manage the impacts of the Welfare Reform changes on its citizens there may be an unforeseen (and significant) increase in demand for support.	Failure to support those citizens and communities which are currently financially excluded and/or which may become financially excluded during the changes that welfare reform will bring would increase financial hardship.	5	3	15	5	3	15

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
Work continues (in partnership with a range of partners) to minimise the negative impacts of welfare reform through training and a continued focus on employment initiatives.

No amendment suggested to current risk rating.

	RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER									
SRR REF	**COUNCIL PRIORITY**	**RESPONSIBLE OFFICER**	**RISK DESCRIPTION**	**POTENTIAL CONSEQUENCES**	**Original Risk Rating**			**Risk Rating – QTR 2 2015/16**		
					I	**L**	**RATING**	**I**	**L**	**RATING**
6	CROSS CUTTING RISK TO ALL COUNCIL SERVICES	Chris Lee / Leigh Gripton	If the Council does not manage its information assets in accordance with requirements set down within legislation then it may be faced with financial penalties and possible sanctions that hinder service delivery.	Failure to be PSN accredited by Cabinet Office (annual requirement) could effectively mean no electronic communication to/from the Council with other public bodies incl. DWP, Welsh & Central Government. Inadequate information assurance arrangements could lead to serious breaches of the Data Protection Act which could mean a fine of up to £500k. Inadequate information sharing arrangements prevent or create issues with joined-up working both within and outside of the Council e.g. with partners such as the LHB. Inadequate controls and policies around information management and awareness can cause incidents & potential breaches.	4	3	12	4	3	12

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE

PSN annual accreditation successfully gained on 25th September 2015.

Information Sharing Protocols (ISP) for the 'Multi Agency Safeguarding Hub or MASH (Children's) and the 'Provision of Housing within RCT (Common Housing Register) approved by Welsh Government's WASPI Team. Work is well underway on the development of the Cwm Taf Deprivation of Liberty Safeguards Partnership (DOLS) and Flying Start ISPs (latter being an All Wales WASPI key ISP). It is anticipated that these will be submitted for quality assurance / WASPI approval during Quarter 3.

Work with the Central South Joint Education Service on revising their Data Processing Agreement in Common has commenced.

Key findings / opportunities report relating to the Cwm Taf Information Governance Baseline drafted. Report to be submitted to the Cwm Taf Regional Collaboration Board for consideration at October 2015 meeting.

Critical Information Asset Review (Digitisation of Paper records) is being progressed for all 7 of the Council's key strategic sites. Findings reports are in the process of being drafted.

Training content for a 3rd Information Management e-learning training module has been developed. Content is currently being uploaded to the Council's Corporate e-learning platform (RCT Source). It is anticipated that the course will be available to staff by Qtr 4.

There were no 'serious' breaches reported to the ICO during this period.

The Impact & Likelihood score to this risk do not merit amendment at this stage.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	**COUNCIL PRIORITY**	**RESPONSIBLE OFFICER**	**RISK DESCRIPTION**	**POTENTIAL CONSEQUENCES**	**I**	**L**	**RATING**	**I**	**L**	**RATING**
7	KEEPING RHONDDA CYNON TAF CLEAN AND 'GREEN'	Nigel Wheeler	If the specific root causes of areas where recycling is known to be low are not identified and addressed then the amount sent to landfill will not necessarily reduce resulting in financial penalties from the Welsh Government.	If the Council fails to meet the targets in respect of waste sent to landfill set by the Welsh Government then this will result in financial penalties (of a minimum of £200 per tonne) being incurred by the Council from the Welsh Government. Potential fines of around £100,000 for every 1% that the Council falls short of the recycling target. Even with systems in place to facilitate weekly collection of recyclate, if some residents do not recycle then this waste will be sent to landfill.	4	3	12	4	2	8

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
In Qtr 2 we have continued to work in the same way as the first quarter.

In Qtr 2 the Awareness Team have continued to target recycling participation. We identified priority areas for the 2nd Qtr 2015/16 (Rhydyfelin, Talbot Green and have started in Ynysybwl) and these are currently being visited by officers via door knocking exercises to encourage participation.

We continued to promote recycling with our younger residents through the Education Centre at Bryn Pica and continued to monitor the roll out of the 'Too Many Black Bags' scheme.

We have commenced work on the new CRC in Treherbert and have started the replacement of the bridge into the Llantrisant Recycling Centre both of which will be opened later this year.

Based on current performance, the risk rating remains the same as the previous quarter.

	RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER									

SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	Original Risk Rating			Risk Rating – QTR 2 2015/16		
					I	L	RATING	I	L	RATING
10	IMPROVING OUR COMMUNITIES	Paul Mee	If appropriate housing stock is not available then the ability to house citizens who are either homeless and/or are vulnerable to homelessness may be compromised.	There is an inherent reliance on housing providers (private and registered social landlords) to deliver suitable accommodation. If accommodation does not become available then the Council's ability to manage homelessness appropriately may be compromised. The Council would not be able to effectively discharge its legal duty to provide suitable permanent accommodation. This could increase pressure on temporary accommodation potentially causing longer stays and impact upon the demand and availability of all forms of temporary provision leading to out of borough placements or at worse legal challenge.	4	3	12	4	3	12

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE

Monitoring resource implications in respect of the implementation of the new legislation is ongoing. Progress is being made with the new 10 bed homelessness move-on facility in Abercynon which is on course to be completed in Feb 2016; this should release the pressure on temporary accommodation and the use of B&B. We continue to make good use of the transitional grant but indications suggest a more resource intensive process is required during the homelessness interviews.

No change to current risk rating.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	I	L	RATING	I	L	RATING
11	IMPROVING OUR COMMUNITIES	Jane Cook	If externally funded projects are not planned, procured and managed effectively by the Council and its Partners, then delivery could be severely compromised and the benefits lost.	Budget pressures (from funders and subsequently within the Council) Objectives of projects not achieved, or not delivered within time and/or budget. Potential of claw-back of grant money from external funders. Reduce the Council's ongoing credibility with (future) funders.	4	3	12	4	3	12

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
Ongoing implementation of the project management arrangements set out in the Corporate Project Management Protocol, including authorisation of project ideas to progress to development.

External Funding Oversight Group (EFOG) has received updates on project compliance and closure activity - no issues to report this quarter.

Review of the External Funding Project Register to be undertaken and reported to Senior Leadership Team during next quarter.

No change to the risk rating at this stage.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	**COUNCIL PRIORITY**	**RESPONSIBLE OFFICER**	**RISK DESCRIPTION**	**POTENTIAL CONSEQUENCES**	**I**	**L**	**RATING**	**I**	**L**	**RATING**
13	IMPROVING OUR COMMUNITIES	Paul Mee	If there are reductions in grant funding used to deliver anti-poverty programmes then the continued delivery of projects could be compromised.	Funding for delivering training and employment initiatives generally comes from external sources and in the current financial climate this reliance comes with the inherent risk of funding being stopped or reduced at a particular point in time.	5	2	10	5	2	10

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
Whilst the focus of attention is on reviewing the Council's communities first arrangements, the opportunity is also being taken to consider this in the context of the Council's broader responsibilities around anti-poverty and well being .

Work is ongoing with a view to implementing any approved changes by April 2016. Welsh Government are unable to confirm likely budget implications for 2016/17 at this stage.

No change to the risk rating at this stage.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	**COUNCIL PRIORITY**	**RESPONSIBLE OFFICER**	**RISK DESCRIPTION**	**POTENTIAL CONSEQUENCES**	**I**	**L**	**RATING**	**I**	**L**	**RATING**
14	PROVIDING A TOP QUALITY EDUCATION FOR ALL - "EVERY SCHOOL A GREAT SCHOOL"	Chris Bradshaw	With the greater delegation of school budgets and the expectation from Councils and Welsh Government for school improvement to be led and driven by schools working together, it is essential that all school Headteachers and governing bodies commit to work in partnership with various groups of schools in the best interests of improving the educational outcomes and wellbeing of all pupils, not just in the best interests of their school and their pupils.	Some Headteachers could be inwardly focused upon their own school and may not buy-in to the cultural shift required across the Council. Existing Headteachers may not have the experience, skills and / or knowledge to take the lead.	4	2	8	4	2	8

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
The educational outcomes across Foundation Phase, Key Stages 2, 3, & 4 for the Council and the Central South Region have improved faster than the Welsh average and the Council's ranking against the other 22 local authorities has for the majority of indicators improved. This is not the case in the other three regions of Wales, where the levels of improvement have been mixed. This provides the Council with some confidence that the new approach adopted by the Consortium is having a positive impact on improving standards.

The model adopted is far from perfect and this is recognised with a mixed level of engagement across schools. Those schools that have actively engaged in the new collaborative ways of school to school working have shown greater progress. Further work is required to ensure all schools actively engage in school to school working.

The risk scores do not merit revision at this stage.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	I	L	RATING	I	L	RATING
15	KEEPING RHONDDA CYNON TAF CLEAN AND 'GREEN'	Nigel Wheeler	In light of the current budget reductions across the public sector, capital and revenue funding required for the Council's Highways infrastructure may reduce which could impair the Council's ability to maintain and improve the existing infrastructure.	A lack of investment would lead to deterioration of the Council's largest single asset.	4	2	8	4	2	8

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
There is little change in this quarter from the first quarter.

Continued monthly meetings of the Highways Improvement Schemes Project Board (monitoring the capital programme) took place during qtr 2 which monitored the progress of all projects and agreed the schemes to undertaken. The highlight reports provide an overview of progress against the programme together with any issues noted when on-site and these were used to feed any smaller works programmes (funded by the revenue budget) and also any future capital works programme.

These meetings aim to provide scrutiny of progress along with robust financial management. It must now be noted however, that whilst the capital programme has been significantly 'bolstered' by finance through Welsh Government's Local Government Borrowing Initiative (LGBI), this has now come to an end although the Council is still investing significant funding in this area.

In addition to this, the project team has drawn up a list of potential schemes in both the Highways network and the structures, and undertaken the necessary preliminary works. The rationale behind this is that if funding becomes available from grant etc., we have schemes prepared and ready to implement.

In addition to the capital programme, the Council has a revenue budget which is used for minor works (such as minor repairs and maintenance). This budget and the resources are used to undertake works identified as requiring action by Highways Inspectors and where issues are reported via the Council's customer care work stream.

The risk scores do not merit amendment at this stage.

					Original Risk Rating			Risk Rating – QTR 2 2015/16		
SRR REF	**COUNCIL PRIORITY**	**RESPONSIBLE OFFICER**	**RISK DESCRIPTION**	**POTENTIAL CONSEQUENCES**	**I**	**L**	**RATING**	**I**	**L**	**RATING**
16	IMPROVING OUR COMMUNITIES, SUPPORTING VULNERABLE ADULTS AND OLDER PEOPLE TO LIVE INDEPENDENTLY, KEEPING ALL CHILDREN AND YOUNG PEOPLE SAFE	Chris Lee Giovanni Isingrini Neil Elliott Ann Batley	If the Third Sector are not able to deliver on their agreed role and responsibility in leading the development of effective early intervention and prevention services within resilient communities, then the ability of the Council to deliver the modernisation of services in line with the SS&WB Act may be compromised.	Alternative community based support options not in place to support individuals/ communities. Unable to deliver on wellbeing requirements/duties. Over reliance on crisis intervention. Individuals/communities do not maximise opportunity to maximise independence and control and dependency culture is perpetuated	4	3	12	4	3	12

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)
QTR 2 2015/16 UPDATE Through the SS&WB regional implementation plan and the work being taken forward locally via initiatives such as RCT Together, work continues in partnership with 3rd Sector, Health and other colleagues to support this critical component of service modernisation and community resilience. The risk scores do not merit amendment at this stage.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL'S STRATEGIC RISK REGISTER										
SRR REF	COUNCIL PRIORITY	RESPONSIBLE OFFICER	RISK DESCRIPTION	POTENTIAL CONSEQUENCES	Original Risk Rating			Risk Rating – QTR 2 2015/16		
					I	L	RATING	I	L	RATING
17	IMPROVING OUR COMMUNITIES	Jane Cook	If the private sector does not engage with the Council in delivering ambitious projects and programmes, then the ability of the Council to effectively deliver regeneration may be compromised.	Many grant funded regeneration projects are increasingly about the Council facilitating development and activity to benefit the economy. Without the private sector investing and developing, the projects could not be delivered. Non delivery could result in clawback of grant, and the loss of economic benefit.	4	3	12	4	3	12

QUARTERLY UPDATE (INCORPORATING ACTIONS TAKEN TO MANAGE)

QTR 2 2015/16 UPDATE
A number of schemes which have been dependant on private sector investment, are currently underway. These have been possible due to Council actively engaging with property owners.

The Taff Vale site in Pontypridd is a key site which will depend on private sector investment to proceed. Early engagement to understand private sector interest has been ongoing this quarter.

No change in the risk level.

RHONDDA CYNON TAF COUNTY

BOROUGH COUNCIL

Risk Management – A Toolkit

CONTENTS

1. Introduction

1.1 The diverse range of activities undertaken by the Council involves making decisions and taking risks. We cannot always decide upon the activities with which we are involved. In the private sector, high impact/high likelihood risks can be avoided by opting out of that part of the business. However in public service the option to completely eliminate risk may not exist due to statutory responsibilities. Risk management therefore plays an important role in helping to manage risks and opportunities in a practical and cost effective manner.

1.2 Whilst the over management of risks is not advocated, certain activities will require a managed and structured approach. This toolkit is designed to help in this process and describes a simple methodology to maximise the opportunity to achieve expected results – by managing risks. This toolkit is an integral part of service business planning.

1.3 The toolkit should be used as a supplementary guide to support and where appropriate reinforce risk management arrangements already in place within Council services.

Risk Management Process – A One Page Summary

Risk Management - is about getting the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other

Stage 1 - Identify your risks	Stage 2 - Evaluate your risks	Stage 3 - Treat your risks	Stage 4 - Monitor & Review
• Identify priorities / outcomes **Risk:** What could occur that would prevent the priority / outcome being met • In full • On time • Within budget Think about: IF……THEN Event → Consequence → Impact And then: Threats & Opportunities When: • Setting strategic aims • Setting business objectives • Early/key stages of project planning • Partnership arrangements • Service improvement plans Categories can help: • Strategic/Operational • Internal/External	Combination of the likelihood and impact Impact x Likelihood	Concentrate on Top Risks first : • Can we reduce the likelihood? • Can we reduce the • impact? • Can we change the consequences? Consider the options to deal with the risk : • Treat • Terminate • Tolerate • Transfer Devise Contingencies - i.e. • Strengthen internal controls • Develop service continuity planning • Engage external contractors • Review insurance arrangements	Risk Registers: • Confirm the risk owner. • Report progress to senior management. • Review and monitor risks regularly along with associated progress. • Establish any emerging/new risks.

RISK MATRIX

IMPACT		1 HIGHLY UNLIKELY	2 UNLIKELY	3 LIKELY	4 VERY LIKELY	5 ALMOST CERTAIN
MAJOR	5					
HIGH	4					
MODERATE	3					
MINOR	2					
TRIVIAL	1					

LIKELIHOOD

2. What is risk?

2.1 Wherever there is a decision or action to be taken, there lies a risk potential.

2.2 There are many definitions for 'risk' of which the following is a simple example:

'Risk is the chance of something happening that will have an impact on objectives.'

2.3 Risk is therefore something that may arise which may stop you achieving something you want to do. It's not always a bad thing and there is no activity without risk.

3. What is risk management?

3.1 Put simply, risk management is the ongoing process of identifying threats and the implementation of measures aimed at reducing the likelihood of those threats occurring and minimising the damage (impact) if they do. Equally, risk management can also help identify opportunities aimed at increasing the prospects of success.

3.2 The benefits of a robust management process will help to manage risks so that:

- Risk owners and key stakeholders are identified at an early stage.
- There is an increased focus on what needs to be done/not done to meet objectives.
- Better use of resources.
- Better management of change programmes.
- Scrutiny committees are provided with a fuller picture of factors influencing performance.
- Innovation is supported.
- Results are achieved first time of trying.
- Competitiveness is improved.
- Improved quality of service delivery.
- Enhanced ability to justify actions taken.
- Protection of reputation.

3.3 Figures 1a and 1b show the six stages to the risk management process.

Figure 1a – Strategic Risk Management Arrangements
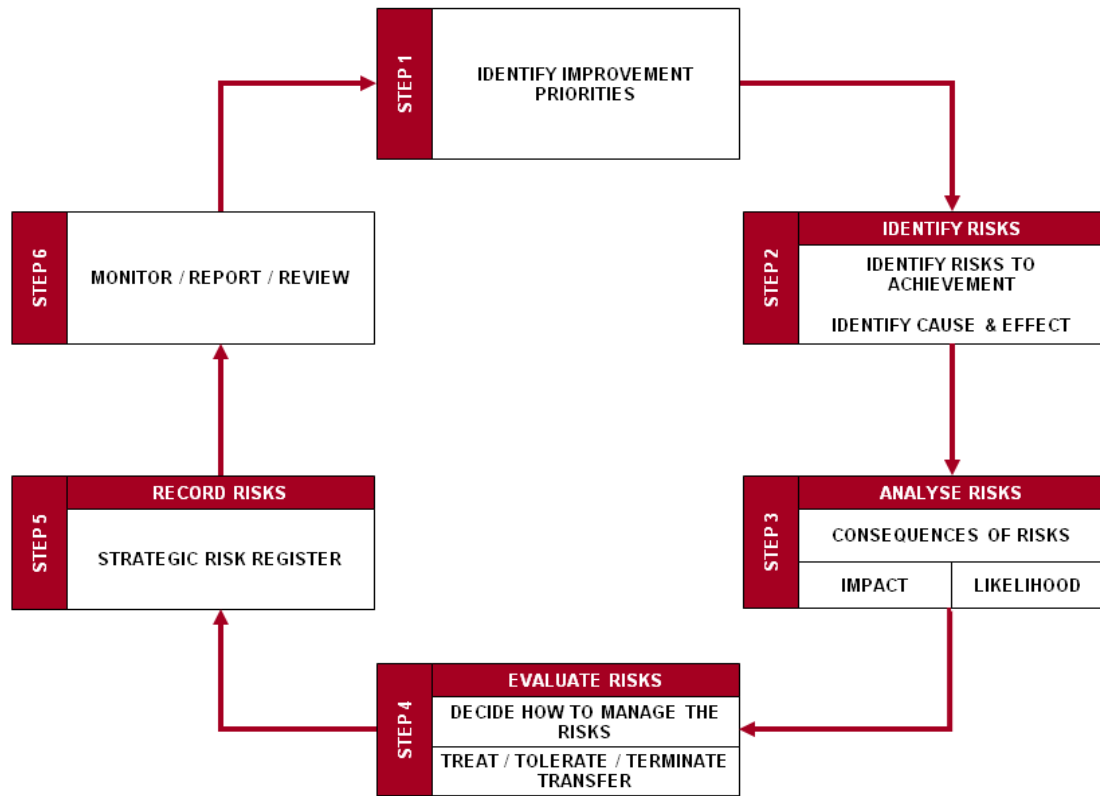
Figure 1b – Operational Risk Management Arrangements
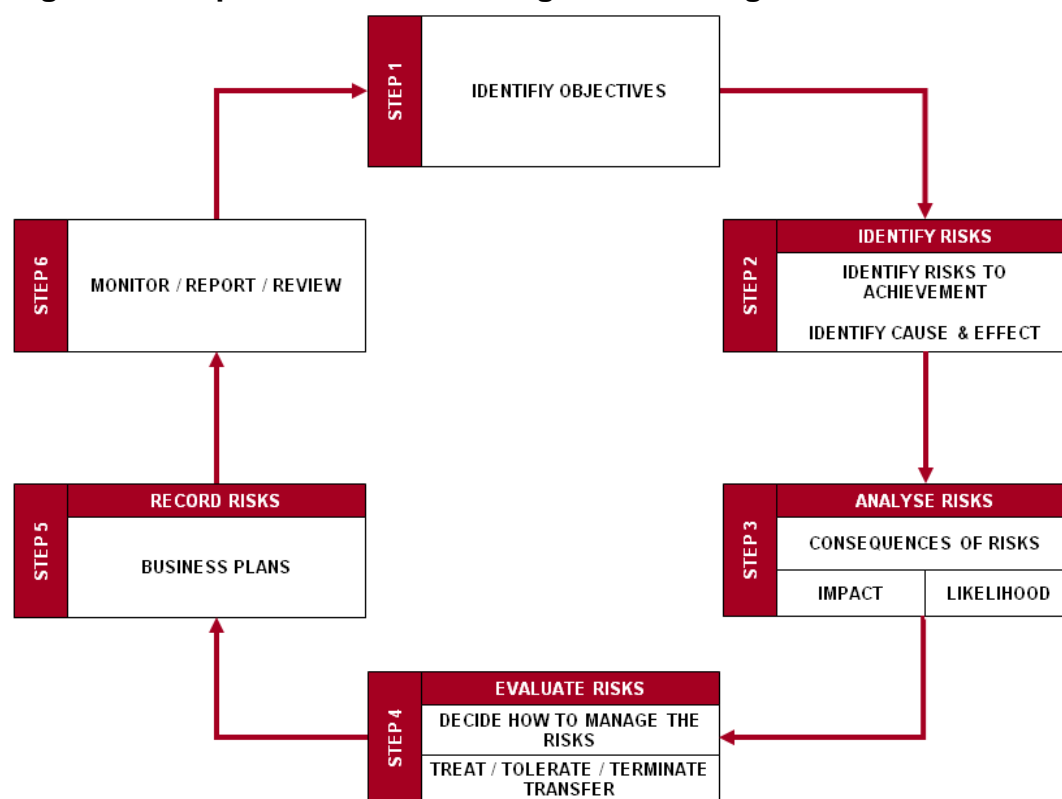
4. Risk identification

4.1 You should first set out the objectives of the activity to be examined. It may help to have key documents available such as the business plan, or a project brief / project plan.

4.2 When wording risks, the Council suggests using the "If and Then" statement. The "If" being the risk and the "then" being the impact if it's not dealt with. It is important to ensure that when a risk has been identified, the risk description is clear and precise. The associated causes and effects are those areas where management action could take place aimed at managing the risk.

> Here is an example:
>
> *'If the Council does not meet Welsh Government targets to achieve diversions from landfill then the Council will be subject to financial penalties.'*

4.3 In order to manage risk it is necessary to know what risks exist or might occur. Risks can be broken down into two categories – strategic and operational. It is important to distinguish between strategic and operational risks to ensure that they are managed and reported upon at the appropriate level within the Council.

4.4 Strategic risks are those arising from major events which could impact across the whole of the Council e.g. major overspend or serious damage to the reputation of the Council. External factors are especially important when considering risks at the strategic level. Their origins can be classified as being:

- Political
- Economic
- Social
- Technological
- Environmental
- Legislative
- Competitive
- Customer/stakeholders
- Reputational
- Partnerships

4.5 Operational risks are those arising from the day-to-day management of activities within service areas and are less likely to impact upon other services or the Council as a whole.

4.6 To help facilitate the process of risk identification Figure 2 has been developed. This is not an exhaustive list, it is designed to trigger thoughts and focus discussion in the correct direction.

4.7 As you proceed through this process you will start to build up a list of risks.

4.8 You should consider impacts on your objectives from:

- External factors
- Internal factors (SWOT)

Figure 2 – Sources of Strategic & Operational Risks

SOURCES OF STRATEGIC RISKS		
Category	**Description**	**Indicative guidelines (given as examples)**
Political	Those associated with a failure to deliver either local or central government policy.	• Wrong political priorities • Not meeting government agenda • Too slow or failure to modernise • Decision based on incorrect information • Unfulfilled promises to electorate • Community planning oversight / errors
Economic	Those affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, the failure to purchase adequate insurance or the consequences of proposed investment decisions.	• General/regional economic problems • Missed business and service opportunities • Failure of major projects • Failure to prioritise, allocate appropriate budgets and monitor • Inadequate control over expenditure or income • Inadequate insurance cover
Social	Those relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to deliver its objectives.	• Failing to meet the needs of disadvantaged communities • Failures in partnership working • Problems in delivering life-long learning • Impact of demographic change • Crime and disorder
Technological	Those associated with the capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives.	• Breach of confidentiality • Failure in communications • Insufficient disaster recovery for key data/systems • Failure of technology related project • Breach of security of networks and data • Failure to comply with IT Security Policy
Legislative	Those associated with current or potential changes in national or European law.	• Inadequate response to new legislation (including failure to consult) • Not meeting statutory duties/deadlines • Failure to implement legislative change • Misinterpretation of legislation • Exposure to liability claims e.g. motor accidents, wrongful advice • Breach of confidentiality / Data Protection Act

Risk Management - A Toolkit

Environmental	Those relating to environmental consequences of progressing the Council's corporate objectives (e.g. in terms of energy, efficiency, pollution, recycling, etc).	• Impact on sustainability initiatives • Impact of planning & transportation policies • Noise, contamination and pollution • Crime & Disorder Act implications • Inefficient use of energy and water • Incorrect storage/disposal of waste
Competitive	Those affecting the competitiveness of the service (in terms of cost of quality) and / or its ability to deliver best value.	• Take over of services by government • Failure of bids for government funds • Failure to show value for money • Accusations of anti-competitive practices
Customer /Citizen	Those associated with the failure to meet the current and changing needs and expectations of customer and citizens.	• Lack of appropriate consultation • Bad public and media relations
Reputation	Those relating to public confidence.	• Adverse media attention • Policies misunderstood or misinterpreted • Negative implications identified by other which have not been previously considered • Failure to keep partners on side • Breach of confidentiality • Lack of business continuity plan • Failure to maintain and upkeep land and property
Partnership	Those associated with working in partnership with another organisation.	• Non compliance with procurement policies & financial regulations • Poor selection of partner • Poor contract specification, deficiencies • Failure of partner to deliver • Inadequate contract terms & conditions • Bad management of partnership working • Lack of contingency planning in the event of partnerships dissolving.

SOURCES OF OPERATIONAL RISKS		
Category	**Description**	**Indicative guidelines (given as examples)**
Professional	Associated with the particular nature of each profession.	• Inefficient/ineffective management processes • Lack of business continuity plan • Inability to implement change • Non achievement of Best Value • Lack of control over changes to service provision • Bad management of partnership working • Inadequate consultation with service users • Failure to manage and retain service contracts • Failure to communicate effectively with employees • Poor management of externally funded projects
Financial	Associated with financial planning and control and the adequacy of insurance arrangements.	• Failure of major projects • Failure to prioritise, allocate appropriate budgets and monitor • Ineffective/inefficient processing of documents • Missed opportunities for income/grants • Inadequate control over expenditure • Inadequate insurance cover • Inadequate control over income
Legal	Related to possible breaches of legislation	• Not meeting statutory duties/deadlines • Failure to implement legislative change • Failure to comply with European directives on procurement of works, supplies and services • Misinterpretation of legislation • Breach of confidentiality/Data Protection Act • Exposure to liability claims e.g. motor accidents, wrongful advice
Physical	Related to fire, security, accident prevention and health and safety.	• Violence or aggression • Loss of physical assets • Non compliance with Health & Safety legislation • Injury at work • Loss of intangible assets • Criminal damage to assets e.g. vandalism • Failure to maintain and upkeep land and property

Contractual	Associated with the failure of contractors to deliver services of products to the agreed cost and specification.	- Non compliance with procurement policies - Over reliance on key contractors/suppliers - Failure of outsourced provider to deliver - Failure to monitor contractor performance - Poor selection of contractor - Poor contract specification, deficiencies - Inadequate contract terms & conditions - Quality issues
Technological	Relating to reliance on operational equipment (e.g. IT systems or equipment) or machinery.	- Failure of big technology related project - Crash of IT systems affecting service delivery - Lack of disaster recovery plans - Breach of security of networks and data - Failure to comply with IT Security Policy - Bad management of intranet / website
Environmental	Relating to pollution, noise or energy efficiency of ongoing service operation.	- Crime & Disorder Act implications - Incorrect storage/disposal of waste - Noise, contamination and pollution - Inefficient use energy and water - Damage caused by trees, tree roots etc
Human Resources	Associated with staffing issues (e.g. recruitment / retention, sickness management, change management, stress related risk analysis).	- Capacity issues - Over reliance on key officers - Failure to recruit/retain qualified staff - Lack of employee motivation/efficiency - Failure to comply with employment law - Poor recruitment /selection processes - Lack of training - Lack of succession planning

5.   Risk Analysis & Evaluation

5.1   Having compiled a list it is then necessary to assess which of the risks identified are going to pose the greatest threat (or opportunity) and this is done by looking at both impact (what harm might result from the risk) and likelihood (chance of the risk occurring).

5.2   In assessing risks you are simply identifying and prioritising them so that you know which need earlier attention.

5.3   The matrix in Figure 3 together with Figures 4 & 5 should be used to allocate a 'risk score' which could range from 1 to 25.

Figure 3 - Risk Ranking Methodology

Figure 4 - Likelihood Assessment Matrix:

Factor	Score	Indicators
Almost certain	5	99% likely to happen or has happened on a regular basis over the last 12 months.
Very likely	4	75% likely to happen or has happened at least once or twice in the last 12 months.
Likely	3	50% likely to happen or has happened once or twice in the last 24 months.
Unlikely	2	20% likely to happen or has happened once or twice in the last 5 years.
Highly unlikely	1	5% likely to happen or hasn't happened within the last 5 years.

11

Figure 5 - Impact Assessment Matrix

Risk	Score	Effect on Service	Reputation	Financial & Resources	Compliance with law / contracts	People	Effect on project objectives
Major	**5**	• Complete breakdown in service delivery with severe, prolonged impact on customer service affecting the whole organisation. • Failure of a strategic partnership.	• A vote of no confidence in one service area. • Substantial adverse national media criticism/coverage leading to Officer(s) &/or Elected Member(s) forced to resign and/or Audit Commission enquiry.	• A substantial failure in accountability or integrity. • A large financial loss over 50% of budget or greater than £5m. • Total loss of a critical building.	• Litigation leading to sizeable increase in responsibilities. • Breakdown in relationship with regulator affecting funding. • Multiple civil uninsured or criminal actions with payments / fines above £150k.	• Death of several people.	• Complete failure of a project.
High	**4**	• Intervention in a key service. • Disruption to service delivery for one of more service area for 3 – 5 days. • Failure of an operational partnership.	• Criticism of a key process. • Large scandal. • High level of complaints at the corporate level across several service areas • National adverse publicity / bad press.	• Sizeable financial loss up to 50% of budget or between £2-5m. • Extensive damage to a critical building or considerable damage to several properties from one source.	• Multiple uninsured civil litigation or criminal actions with payments / fines of £50k - £150k. • Breach of regulation or legislation with severe costs/fine.	• Reportable major injuries to several people or death of an individual.	• Extreme delay.

Risk Management - A Toolkit

Moderate	**3**	• Widespread disgruntlement. • Disrupted service delivery from one service area for up to 3 days. • Can handle but with difficulty.	• Criticism of an important process/service. • Local bad press.	• Some financial loss £100k-2m. • Inability to deliver popular policies due to budgetary constrictions. • Substantial damage to one part of a critical building.	• Multiple uninsured civil litigation or criminal actions with payments / fines of £25k - £50k.	• RIDDOR reportable major injury to an individual.	• Important impact on project or most of expected benefits. • Considerable slippage. • Possible impact on overall finances / programme.
Minor	**2**	• Small setback - management headache. • Disruptive impact on service. • Localised disgruntlement.	• Embarrassment contained within the service. • Criticism of a secondary process/service.	• Noticeable financial loss; £10-100K. • Slight damage to one property.	• Low value / high volume litigation. • Departmental fine of £5k - £25k.	• Superficial first aid injuries discomfort to more than one person.	• Adverse effect to project. • Slippage requires review finances / short term programme.
Trivial	**1**	• Small impact on customer service which may result in complaints. • Nuisance • Disgruntlement by a few.	• Embarrassment contained within the service area.	• Small financial loss; less than £10k. • Negligible property damage.	• Low value / volume litigation. • Departmental fine below £5k.	• Superficial first aid injury or discomfort to an individual.	• Minimal impact to project. • Minor slippage.

13

5.4 Each identified risk should be scored according to the potential level of impact and likelihood (in the current environment – i.e. taking into account the internal controls in place at that 'point in time').

5.5 The scores will provide a list of those risks that need earlier attention. High risks are the ones that should be addressed as a priority. These are risks that are still considered to be high even with the existing level of controls in place. Only a workable number of risks should be focused upon at any one time. Any remaining risks can be dealt with as work progresses.

5.6 Although those risks requiring more detailed analysis have been prioritised there may be other risks that are suitable for a 'quick fix'. It might be useful to clear these to focus on bigger risks and also demonstrate the advantages to be gained through the risk assessment process.

5.7 To support this process it is suggested that identified risks are recorded in the relevant section of the service business plan. When populated this will be known as the operational risk register.

6. Risk Control – Risk Mitigation Strategies

6.1 Having identified and prioritised risks it is necessary to decide upon whether action is required that could reduce the impact and/or the likelihood.

6.2 The course of action decided upon will be determined by the level of risk that can be accepted. This level is known as your 'risk appetite'. The courses available are:
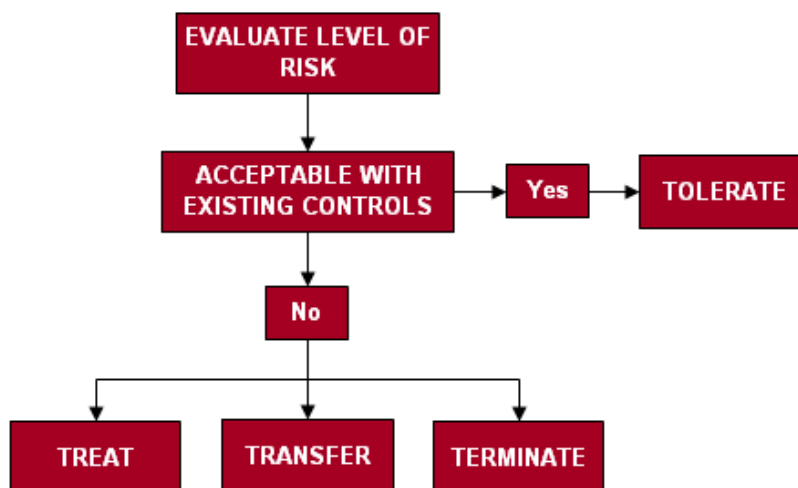
Treat	Take action that will reduce the likelihood and/or the impact of the risk.
Tolerate	Where the impact and/or the likelihood is inherently low or where controls or other risk management activity has reduced them to a low residual level and any further reduction would not be cost-effective.
Transfer	Transfer the risk either in whole or in part.
Terminate	Withdraw from the activity if possible. This is a response to risk that cannot be contained by treatment or transferred to another or where the rewards are not commensurate with the cost of treatment or transfer.

6.3 Any controls should always be proportional to the risk, 'over control' should be avoided. For example, loss control initiatives can be expensive and time consuming to initiate and it is therefore important to try and ensure that they are likely to be successful and will not cost more than the losses they are designed to avoid or mitigate.

6.4 Controls should be clearly described to avoid ambiguity and any obstacles or barriers that might arise and affect them should be explored along with early warning indicators.

6.5 Target dates for completion of aspects of control and reporting of progress should be made clear and recorded.

6.6 Some risks might seem too difficult to tackle because they are controversial, political, too big or too specialist. These should not be avoided but dealt with in a positive but proportional way by considering factors such as the opportunity to improve them, ease of improvement, cost of improvement and breadth of community affected.

6.7 Even with controls some degree of residual risk may remain in which case business continuity plans might need to be considered to reduce impact.

7. Risk monitoring and review

7.1 Few risks remain static and it is important to know and understand what is happening. This can be achieved through regularly monitoring progress and formally reviewing risks in order to:

- Gain assurance that progress is being made towards controlling risks and the effectiveness of controls.

- Monitor changes to the risk profile brought about by circumstances and business priorities i.e. new legislation.

7.2 A suggested monitoring period might be every three months with a more formal review period annually. The frequency will be dependent on the circumstances and environment around the risks. For example, within a rapidly changing environment monthly monitoring and three monthly reviews may be appropriate.

7.3 When monitoring and reviewing risks you need to be clear about how this is to be undertaken. It may help to develop a set of questions for example:

- Are the key risks still relevant?
- Has anything occurred which could impact upon them?
- Are performance indicators appropriate?
- Are the controls in place effective?
- Have risk scores changed and if so are they decreasing or increasing?
- If risk profiles are increasing what further controls might be needed?
- If risk profiles are decreasing can controls be relaxed?

7.4 Where objectives have not been achieved or are not on course to be achieved, the cause(s) should be investigated to inform and improve the risk assessment process.

8. Summary

8.1 Working through this toolkit provides a simple basic methodology to help identify and manage most of the threats and opportunities that might arise.

8.2 It is important to ensure that continuous risk assessment feeds into any decision making and business process.

8.3 It may be helpful to understand how managing risk through this process fits in with the overall framework for managing risk throughout the Council. Details of this can be found in the document 'Risk Management Strategy'.