

**REPORT TO:** Audit Committee  
**DATE:** 19<sup>th</sup> September 2016  
**REPORT BY:** Mike Walker, Corporate Performance Manager

## **Risk Management Monitoring Report**

### **1. Purpose of Report**

To inform Audit Committee of the outcome of the review of the Generic and Strategic Risk Registers.

### **2. Recommendation**

I recommend that Audit Committee notes the report.

### **3. Background**

- At its meeting on 29<sup>th</sup> September 2003, Standards Committee was presented with details of the Council's Risk Management Policy and associated Strategic and Operational Risk Registers.
- The report also set out a protocol for updating the risk registers in addition to ensuring that the risks already identified are monitored and action plans are in place to mitigate against these risks wherever possible.
- Management Team received a report on 15<sup>th</sup> March, 2006 regarding the transfer of responsibility for updating the Risk Register to the Policy, Partnerships and Performance team (now Corporate Policy Team).
- The protocol for updating the risk tables has been followed and the information gathered forms the basis of this report and any associated documents.
- The risk management definition was revised and adopted by Cabinet on the 13<sup>th</sup> September, 2007.
- Changes to the structure and accountability protocols for the risk registers were approved by Management Team at their meeting on the 11<sup>th</sup> June 2008. These changes are reflected in this report.
- Management Team (9<sup>th</sup> June 2010) and Audit Committee (21<sup>st</sup> June 2010) accepted a proposal to revise the process for reviewing the risk registers. The proposal was adopted by Cabinet on the 30<sup>th</sup> June 2010. This revised approach has been followed in this report.
- Management Team (11<sup>th</sup> January 2012) accepted proposals to revise the structure of the risk registers and Audit Committee were informed of the changes (30<sup>th</sup> January 2012).
- The changes reflected in this report are correct as at September 7<sup>th</sup>, 2016.
- A separate report was presented to Management Team on September 7<sup>th</sup> 2016.

### **4. Reasons for Recommendations**

To inform Audit Committee of the amendments arising from the review of Generic and Strategic Risk Registers.

## 5. Changes to the generic and Strategic Risk Register

There have been no major changes made to the Generic or Strategic Risk Registers but there has been a single minor change made to the Generic Risk Register which is detailed in Appendix 1 (Page 4).

## 6. Brexit and Austerity

At Audit Committee on 27<sup>th</sup> June 2016 the Leader of the Council expressed concerns that County Council budget cuts driven by ongoing austerity measures could have adverse impacts on districts. At the same meeting concerns were also expressed about the likely impact of the EU referendum. The recent EU referendum result and the ongoing austerity measures create increased uncertainty and unprecedented challenge for local authorities throughout England which in turn increases risk. These issues aren't mutually exclusive which could further increase local authority risk. Within the context of risk management it is important that these risks are being monitored and managed effectively and where appropriate are adequately reflected in the risk registers.

Management Team were asked if the risks associated with Brexit and austerity were adequately reflected in the risk registers or if there is a need to amend existing risks or add new risks. Management Team considered that the main risks arising from Brexit and Austerity were adequately covered in the Risk Registers but recognised that this was a developing situation and it would be kept under review.

## 7. Summary Risk Register

A summary list of all risks contained in the Generic, Operational and Strategic Risk Registers is given in Appendix 2 (Page 5).

## 8. Alternative Options considered and Reasons for Rejection

Not applicable

## 9. Implications

Issue	Comments
<b>Financial (including mainstreaming)</b>	None associated with the report recommendations
<b>Legal</b>	None associated with the report recommendations
<b>Assessment of Risk</b>	None associated with the report recommendations
<b>Equality</b>	<i>Does the report or decision propose to introduce or change policy, procedures, working practice or service provision?</i>  No
<b>Key Decision</b> <i>Only applicable for Cabinet decisions.</i>	Is the recommendation a Key Decision? No

## 10. Consultations

Consultation with Directors and Heads of Service has taken place.

## 11. Links to Corporate Priorities

Priority	Comments
<b>Corporate Governance And Customer Focus</b>	Effective risk management supports the achievement of all the council's objectives but links most directly to Corporate Governance.
<b>Safer Communities</b>	
<b>Strong &amp; Balanced Housing Market</b>	
<b>Thriving Economy</b>	
<b>Safeguarding the Environment</b>	
<b>Valuing Diversity</b>	
<b>Educational Attainment</b>	
<b>Healthier Living</b>	

## 12. Local Government (Access to Information) Act 1985: List of Background Papers

Strategic Risk Register  
Generic Risk Register  
Operational Risk Register

## 13. Freedom of Information

The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

## 14. Exempt Report

The report **does not** contain exempt information under the Local Government Act 1972 Schedule 12A.

## Appendix 1 – Amendments to Generic Risk Register

### KEY

*New or amended text*

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### Amendments made by Legal Services Manager

#### PROFESSIONAL RISK

2001

Failing to recruit and retain suitably qualified staff

**Associated Risk Officers:** Management Team

#### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Serious disabling injury/ill health, financial loss between £500,000 and £2,000,000, significant disruption to service exceeding 1 week and/or adverse national media coverage

##### Priority

Low

#### Controls - Measures Currently in Place to Manage Risk

- Equal pay review and job evaluation has taken place for all jobs and is maintained
- Recruitment and selection reviewed April 2008 and Service / Middle Managers trained
- Staff and wellbeing surveys
- People Strategy
- Workforce Development Planning integrated into Business Plans
- Annual Corporate Training and Organisational Development Plan
- In Top 75 Best Public Sector Places to Work and Best Companies Guide 2010
- Performance and Development Reviews for all Staff
- Range of Employee Benefits
- ~~Lexcel accreditation in Legal Services~~

## Appendix 2 – Summary Risk Registers

### Generic

ID	Risk	Rating with controls
1	Failure to insure Council buildings for rebuild value in the event of fire or other incident (URN: 2006)	Medium
2	Failure to comply with CDM Regulations (URN: 2021)	Medium
3	Failure to ensure health and safety of employees and members of the public and comply with Health & Safety Legislation both in, around and outside the workplace. (URN: 2008)	Medium
4	Unexpected system failures impacting onto the delivery of services (URN: 2014)	Low
5	Failure to manage projects effectively and ensure contracts are VFM (URN: 2004)	Low
6	Risk of litigation arising from poor advice or work carried out by Officers or non-compliance with legislation (URN: 2007)	Low
7	Financial loss arising from historic claims for industrial injury (URN: 2020)	Low
8	Failure to ensure that personal data is kept securely in accordance with Data Protection Act and Freedom of Information Act 2000 (URN: 2017)	Low
9	Failing to recruit and retain suitably qualified staff (URN: 2001)	Low
10	Failure to deliver critical services due unavailability of a key building or facilities, lack of utilities, ICT failure or high levels of staff absenteeism resulting from infectious disease, flu pandemic or other serious incident (URN: 2013)	Low
11	Risk of poor procurement practice resulting in breach of procurement regulations, standing orders or inefficient use of resources. (URN: 45)	Low
12	Failure to monitor and ensure spending is within budgetary limitations (URN: 2003)	Low
13	Failure to conserve energy and reduce emissions thus resulting in excess costs to the Council and a negative impact on the environment (URN: 2016)	Low
14	Failure to adequately protect against IT abuse (e.g. virus infection, hacking, sabotage, accessing unsuitable material, unlicensed software, misuse of personal data, breach of law, theft, fraud) (URN: 2015)	Low

### Operational

15	Risk of financial and reputational loss due to failure to agree new Cost Sharing agreement with LCC (URN: 123)	High
16	Errors in Creditor Payment processes resulting in e.g. duplicate payments, non-payment, overpayment, reduction in credit limits with firms (URN: 2)	Medium
17	Forward funding of projects. Risk of not drawing down Action Plan allocations due to lack of forward funding (URN: 97)	Medium
18	Inadequate Treasury Management Arrangements (URN: 7)	Medium
19	Liability for injury to health caused by asbestos in council owned buildings. (URN: 15)	Medium
20	Risks due to inadequate maintenance of car parks, bus shelters, HBC highways and lighting including Christmas Lights (URN: 59)	Medium
21	Empty dwellings at risk of vandalism / fire damage presenting a danger to third parties (URN: 120)	Medium
22	Risk of injury to the public due to the council's tree stock being unsafe, diseased or dying. (URN: 61)	Medium
23	Risk of flooding from watercourses as a result of lack of maintenance (URN: 58)	Medium
24	Risk of injury to the public due to the headstones and other memorials in the Borough's cemeteries being in an unsafe condition (URN: 125)	Medium
25	Failure to manage and control expenditure within private sector housing capital programme (URN: 82)	Medium
26	Loss of local land charges records e.g. fire (URN: 28)	Medium
27	Theft of works of art. (URN: 50)	Medium
28	Failure to comply with external funding regimes and programmes, notional loss and/or recovery of significant regeneration funding depending on specific arrangements. (URN: 81)	Medium
29	Impact on residents arising from flash flooding, sewer surcharge, infrastructure damage, rehousing, power outages etc as a result of adverse / extreme weather (URN: 113)	Low
30	Ignition of flammable liquids in vehicle workshop (URN: 56)	Low
31	Suspension of the Council's vehicle operator's licence (URN: 53)	Low
32	Breakdown of equipment or vehicles (URN: 72)	Low
33	Failure to maintain the Council's non-housing assets due to lack of funding. (URN: 37)	Low
34	Non-delivery of statutory requirements in connection with the Equality Act and age discrimination requirements (URN: 26)	Low
35	Risk of financial and reputational loss due to downturn in recycling markets (URN: 110)	Low
36	Risk of injury to the public, especially children and young people, due to the council's play areas and young people's facilities being in an unsafe condition. (URN: 62)	Low
37	Failure/breakdown of CCTV system (URN: 102)	Low
38	Adequately controlling temperatures of the Council's operational buildings to provide suitable working conditions for staff and prevent disruption to services (URN: 114)	Low
39	ICT systems failure affecting service provision due to loss of Academy / Anite / Paris (URN: 39)	Low
40	Failure to meet necessary legal requirements leading to claims being made (URN: 20)	Low
41	Errors in implementing CPO procedures relating to HMR programme or risk of successful challenge to CPO proposals at public enquiry (URN: 25)	Low
42	Failure to follow election procedures (URN: 19)	Low
43	Failure to generate forecast income from the Council's investment property (URN: 11)	Low
44	Loss of planning application and permission records through fire or flood (URN: 65)	Low

## Operational

ID	Risk	Rating with controls
45	Market Hall loss of income due to low take up of market hall stalls (URN: 122)	Low
46	Cost implications of introducing Selective Landlord Licensing (URN: 121)	Low
47	HMR Programme residual CPO and Contractual Liabilities exceeding anticipated available funding (URN: 117)	Low
48	Failure to secure the development of the Clayton Triangle (URN: 92)	Low
49	Risk of claims arising from owners of houses following contracts for group repairs and home improvements supervised by Regeneration and Development Team (URN: 68)	Low
50	Risk of assault whilst collecting, counting and banking Market Rents (URN: 36)	Low
51	Liability for costs on appeal against unreasonable refusal of planning application (URN: 55)	Low
52	Risk of claims against the Council for unfair dismissal given the likelihood of staffing reductions through redundancy. (URN: 116)	Low
53	Abuse of children or adults at risk by member of staff or volunteer (URN: 52)	Low
54	Failure to meet statutory deadline for issue of Council Tax Bills (URN: 21)	Low
55	Failure to react to changes in Benefit Legislation (URN: 18)	Low
56	Errors in Cashiering i.e. posting monies to the wrong account (URN: 4)	Low
57	Failure to produce final accounts on time to appropriate legal & professional standards e.g. current Accounts & Audit Regulations, IFRS (International Financial Reporting Standards) (URN: 23)	Low
58	Errors in Debtors Administration e.g. Incorrect posting of payments (URN: 3)	Low
59	Failure to protect customer's personal banking information when making payments over the internet (URN: 41)	Low
60	Service or business needs not met due to failure of IT system, failure of network services or other reason (URN: 40)	Low
61	Pollution of canal or local environment resulting in suspension of waste transfer at CVMU/Willows Lane (URN: 77)	Low
62	Failure to complete Woodhook regeneration project leaving the council with property ownership liabilities for up to 60 empty dwellings (URN: 128)	Low
63	Failure to manage cremator operations in accordance with authorisation leading to excessive emissions (URN: 74)	Low
64	Theft of Mayoral Chains and car whilst attending official mayoral engagement with associated risk of assault on mayoral party. (URN: 127)	Low
65	Failure to complete audit plan and associated work to give sufficient assurance to External Audit in their Final Accounts Audit (URN: 1)	Low
66	Failure to achieve and statutory housing responsibilities in terms of homelessness and housing need (URN: 98)	Low
67	Risk of Damage to the Tiffany glass and paintings whilst moving/cleaning. (URN: 49)	Low
68	Unacceptable vehicle emissions (URN: 76)	Low
69	Failure to initiate prompt recovery action (URN: 5)	Low
70	Failure to meet contractual obligations under vehicle service level and contract hire agreements (URN: 67)	Low
71	Gallery and Market staff at risk of attack on attending out of hours call outs (URN: 64)	Low
72	Pollution or adverse affect on public health due to failure of refuse collection service (URN: 78)	Low
73	Loss of title deeds or contract documents e.g. fire (URN: 119)	Low
74	Theft or damage to vehicles and equipment (URN: 60)	Low
75	Failure to complete statutory returns e.g. VAT (URN: 6)	Low

## Strategic

76	Substantial reduction in grant from Government (URN: 1027)	Medium
77	Loss of considerable amount of cash due to deposits within banking sector that are subject to major turbulence. (URN: 1025)	Medium
78	Warranted environmental / asbestos problems in land / properties following the 2006 LSVT (URN: 1018)	Medium
79	Failure to ensure Financial Integrity (URN: 1004)	Medium
80	Failure to address citizens needs in the event of a major incident, including civil disobedience, affecting residents or infrastructure of the Borough. (URN: 1022)	Low
81	Failure to safeguard and promote the welfare of children and vulnerable adults (URN: 1023)	Low
82	Failure to uphold high ethical standards of conduct and consequent reputational damage to the Council (URN: 1001)	Low
83	Failure to address unacceptable exposure from Strategic Partnerships & Joint Working (URN: 1006)	Low
84	Failure to follow correct procurement process (URN: 1015)	Low
85	Failure to deliver objectives set out in the Corporate Strategy (URN: 1026)	Low
86	That the Councils leisure service provider Leisure in Hyndburn cease trading (resulting in the Council becoming responsible for some of their liabilities, eg. Pension deficit) or that they fail to repay debts to the Council. (URN: 1030)	Low
87	Loss of income from unpaid invoices more than 6 months old impacting on General Fund revenue Balances. (URN: 1029)	Low
88	Financial liability arising from legal claim by Rossendale BC to recover losses incurred on Pennine Lancashire Empty Homes Programme as a result of Rossendale BCs sub-contractor, AAAW, going in to administration. (URN: 1032)	Low
89	Risk of Council acting unlawfully and failure to meet requirements of new and amended legislation (New legislation imposing significant new burdens will be dealt with as a separate risk if appropriate) (URN: 1014)	Low