

---

**Risk Management – 2012/13 Six Monthly Review**

---

**Synopsis**

To provide a six monthly update and review of the Council's current most significant risks identified during 2012/13.

**1. Relevant Background Details**

In line with the Council's Risk Management Strategy (2009-12) and as part of our governance and internal control arrangements, we are required to ensure that our risks are managed. This is done by identifying potential risks, assessing their likelihood of occurring and their potential impact on strategic objectives, and then by managing them where appropriate.

A risk matrix has been compiled drawing from previous reports to this Committee, Service Plans and consultation with Heads of Service and this was presented to Audit and Governance in May 2012. This report now re-examines those identified risks after six months of the year to see if there are any significant changes or issues to address.

**2. Report**

Appendix 1 gives detail of what was considered to be the Council's current most significant risks at the start of the financial year and summarises them in a matrix. The risks that are identified within the top right or red area of the matrix are the most significant as these represent a high likelihood and a high impact. The risks reduce in significance as the likelihood and impact reduce.

The main purpose of this works is to:

- Create greater member awareness of the risks;
- Provide a platform for members to challenge and debate issues around risk;
- Identify and share ownership with members on the key risks to the Council.

Having agreed and identified the risks, they are then categorised depending on whether or not the risk can be controlled, accepted, transferred or terminated. This then allows the risks, where applicable, to be managed through any remedial actions. Appendix 2 lists the actions that in place to mitigate any risks than can be controlled.

As part of the 6 monthly reviews of risks, the following changes are identified:

Additional Risks

Major Capital Schemes Report from the Audit Commission – the report is due anytime now and it is likely that the report will be critical. Its impact on the authority will be significant in terms of publicity although moderate in terms of the overall running of the authority. This risk is something that we have to accept at this stage rather than control as several remedial actions have already been taken in terms of reviewing controls following other reports, and implementing their recommendations.

Land Charges – Personal Search Refund Claim - The Council faces a claim to refund the fees paid by personal search companies for Local Charge Searches as a result of changes in

legislation. Its impact on the authority is moderate and possibly £40k to £50k, with a medium likelihood. The risk is controlled in that Council is working with other authorities in a litigation group to defend the claim whilst working with the LGA and central Government. A government grant of £34k received in 2011/12 to fund these potential costs has also been set aside for this purpose.

Safeguarding Children and Vulnerable Adults –although there is a low likelihood of this risk materialising the impact could be high if policies are not adhered to. The risk can therefore be mitigated by regular monitoring and training.

#### Changes to Risks Categorisations

Interest Rate Increases – the likelihood of this has now reduced from medium to low for the next 18 months or so.

Major Capital Schemes – the likelihood of this has now reduced from Medium High to Medium and the Impact has also reduced from Significant to Moderate.

C&L Not Achieving Income Levels – the likelihood of this has increased from Medium Low to Medium High.

Investment Portfolio Income – as trading conditions continue to be difficult the likelihood has increased.

Further Expenditure on Cube to Achieve Water Fastness of Roof – the likelihood of this has increased from Medium High to High.

Non Delivery of HRA Business Plan – this has been delayed pending the approval of transfer of garages to the General Fund – it should still be completed within the year.

Non Delivery of new Council properties – this has been delayed following site issues.

Special Events – as most of these have been completed successfully the likelihood has been reduced to low and the impact minor.

Management Team/Staff Resilience – the likelihood of this risk has been upgraded to medium following the instigation of several grievance issues within the authority.

#### Changes to Risk Criteria

There are no changes to the criteria of risks as originally presented in Appendix 1

### **3. Options to be considered (if any)**

The council cannot eliminate all of its risks. It can only manage them by identifying them and controlling them based on their impact on the organisation and their likelihood of occurring as part of an effective risk management strategy. Although there are only a few changes to the risks identified at the start of the year, members may wish to challenge the risks identified and the actions being taken to manage them.

### **4. Issues to be taken into account:-**

#### ***Policy Priorities***

Risk Management contributes significantly to the successful delivery of the Corporate Plan and the commitment contained therein to effective performance and resource management.

#### ***Financial***

There are potentially significant financial implications of the risks identified in Appendix 1. However, this is part of the reason why they are being managed and incorporated into our risk management strategy.

#### ***Legal***

Legal implications are identified through the risk management profiling and action planning process where appropriate.

***Performance Information/ Best Value //Sustainability /Community Safety***

Risk Management is a key consideration in the Council's approach to all the above.

***Human Rights /Equalities***

The implications of both will be addressed via the Risk Management and Service Planning processes.

***Risks***

These are covered within the report

**5. Conclusion**

Appendix 1 details the most significant risks facing the Council and Appendix 2 details the controls that are in place to minimise the risk where possible. Members need to be aware of them, challenge and debate them, and share ownership of them. In doing so, members will fulfil their obligations under the Council's Risk Management Strategy.

**6. Recommendations**

Members are recommended to:

- i. Comment on the risks shown in Appendix 1, and;
- ii. Adopt the Remedial Action Plans identified in Appendix 2.

**Background Papers**

- Corby Borough Council Risk Management Strategy – 2009-12
- Audit and Governance Committee, Risk Management Report – November 2010

**List of Appendices**

Appendix 1 – Identification and Summary of Risks

Appendix 2 – Action Plans for Controlling Risks

**Wards**

All

**Officer to Contact**

Adrian Sibley, Director of Corporate Services, 01536 464125

# RISK MANAGEMENT MATRIX 2012

## Risk Matrix

## Appendix 1

<b>Impact</b>	<b>5</b>	2	13				<b>Impact:</b> 1 Limited 2 Minor 3 Moderate 4 Significant 5 Catastrophic  <b>Likelihood:</b> 1 Low 2 Medium Low 3 Medium 4 Medium High 5 High	
	<b>4</b>	35	17, 19, 28	1, 5, 11, 14, 21	3, 10, 22	6, 7, 8		
	<b>3</b>		26, 16	4, 24, 25, 27, 32, 34	12, 20, 30, 31, 33			
	<b>2</b>	23		9, 15	29			
	<b>1</b>			18				
		1	2	3	4	5		
		<b>Likelihood</b>						

## RISK MANAGEMENT MATRIX 2012

Reference	Risk	Service Area	Criteria
1	Management Team/Staff Resilience/Unity/Togetherness and Morale	Corporate	Control
2	Reduction in Business Rates when replacing Formula Grant	Corporate Services	Control
3	Interest Rate Increases	Corporate Services	Control
4	Major Capital Schemes – including Kingswood and Rockingham Triangle	Corporate	Control
5	Expenditure not contained within budget	Corporate Services	Control
6	Failure to achieve the predicted level of capital receipts	CB Property Services	Control
7	Further capital expenditure at Cube to achieve water-fastness of roof	CB Property Services	Accept
8	Inability to contribute to Sinking Fund for Cube in future years	Corporate	Control
9	Travellers Sites costs in excess of income	CB Property Services	Control
10	Insufficiency of Service Areas corporately to deliver full service	Corporate	Control
11	Further reductions in revenue support grant	Corporate	Control
12	The Council's investment portfolio income comes under pressure from general depression in rents	CB Property Services	Control
13	New Homes Bonus Scheme modified downwards and income not received	Corporate	Control
14	Workforce Planning and potential skill shortage	Human Resources	Control
15	Localism – Unable to manage and resource community expectations	Corporate	Accept
16	Non Delivery of HRA Business Plan	Neighbourhood Pride	Control

## RISK MANAGEMENT MATRIX 2012

Reference	Risk	Service Area	Criteria
17	Not achieving required income collection levels within Housing	Neighbourhood Pride	Control
18	Not delivering new Council properties	Neighbourhood Pride	Control
19	Failure to maintain voids at a manageable level or within budget	Neighbourhood Pride	Control
20	C&L not achieving required income levels	Culture and Leisure	Control
21	Lack of resources and expertise in managing maintenance programme	Culture and Leisure	Control
22	NCC Commissioning - reduction or loss of local voluntary services and NCC Prevention Strategy change of policy affecting budgets	Culture and Leisure	Control
23	Special Events	Culture and Leisure	Control
24	Equality Act 2010 compliance with legislation	Corporate	Control
25	Single Status – potential discrimination claims	Human Resources	Accept
26	Failure to deliver housing capital programme	Neighbourhood Pride	Control
27	Core Spatial Strategy – failure/delay in production	Planning & Environmental Services	Control
28	Introduction of Enterprise Zone and subsequent loss of business rates	Corporate	Accept
29	Kier Contract/Oakley Vale Contract – failure to implement fully and deliver savings	Planning & Environmental Services	Control
30	Tree maintenance – lack of preventative maintenance and risk of claim	Planning & Environmental Services	Accept
31	Lack of funding for Disabled facilities Grants and possible legal challenge	Planning & Environmental Services	Accept
32	Corporate Health & Safety – failure to manage and resource fully	Corporate	Accept

## RISK MANAGEMENT MATRIX 2012

33	Major Capital Schemes - Report from Audit Commission	Corporate	Accept
34	Land Charges – Personal Search Refund Claim	Corporate Services	Control
35	Failure to implement policy in respect of Safeguarding Children and Vulnerable Adults	Corporate	Control

## RISK MANAGEMENT MATRIX 2012

### Controllable Risks and Actions

### Appendix 2

Reference		Responsible Officer
1	<u>Management Team/Staff Resilience/Unity/Togetherness and Morale</u> <ul style="list-style-type: none"> <li>• Regular Leader/Chief Executive Briefings.</li> <li>• Reappraisal of Corporate Objectives.</li> <li>• Weekly SMT meetings.</li> <li>• Staff questionnaire to gauge morale.</li> </ul>	CMT
2	<u>Reduction in Business Rates when replacing Formula Grant</u> <ul style="list-style-type: none"> <li>• Provision within MTFS for reduction in grant.</li> <li>• Attendance of Government/Working Group Briefings.</li> <li>• Close working with other local authorities.</li> </ul>	Director of Corporate Services
3	<u>Interest Rate Increases</u> <ul style="list-style-type: none"> <li>• 1% increase per annum allowed for within MTFS/Estimates.</li> </ul>	Director of Corporate Services
4	<u>Major Capital Schemes – including Kingswood and Rockingham Triangle</u> <ul style="list-style-type: none"> <li>• Establishment of Working Groups for major projects.</li> <li>• Regular reporting to OCPC and Leader/Deputy.</li> </ul>	CMT
5	<u>Expenditure not contained within budget</u> <ul style="list-style-type: none"> <li>• Overall quarterly monitoring, with monthly monitoring of key risks.</li> <li>• Regular reporting to SMT and OCPC.</li> <li>• Financial Regulations training to Budget Holders.</li> </ul>	Director of Corporate Services

## RISK MANAGEMENT MATRIX 2012

6	<u>Failure to achieve the predicted level of capital receipts</u> <ul style="list-style-type: none"> <li>• Active marketing and negotiation of sale of assets.</li> <li>• Allow for £1m shortfall in MTFS.</li> </ul>	Head of CB Property Director of Corporate Services
8	<u>Inability to contribute to Sinking Fund for Cube in future years</u> <ul style="list-style-type: none"> <li>• This will require an amount to be set aside each year to boost reserves. However, it is unlikely this can be achieved. If isn't, then future borrowing will be required at some point.</li> </ul>	CMT
9	<u>Travellers Sites costs in excess of income</u> <ul style="list-style-type: none"> <li>• Bring management into one service area, rather than split between 3. Vet occupiers before offering pitches.</li> </ul>	Head of CB Property
10	<u>Insufficiency of Service Areas corporately to deliver full service</u> <ul style="list-style-type: none"> <li>• Monthly PI Monitoring/Performance Management Framework.</li> <li>• Weekly Management Team Meetings.</li> </ul>	CMT
11	<u>Further reductions in revenue support grant</u> <ul style="list-style-type: none"> <li>• Provide for reduction within MTFS.</li> </ul>	Director of Corporate Services
12	<u>The Council's investment portfolio income comes under pressure from general depression in rents</u> <ul style="list-style-type: none"> <li>• Proactively manage and invest to secure lets and rental levels.</li> </ul>	Head of CB Property
13	<u>New Homes Bonus Scheme modified downwards and income not received</u> <ul style="list-style-type: none"> <li>• Provide for reduction within MTFS.</li> <li>• Regular working with other local authorities.</li> </ul>	CMT

## RISK MANAGEMENT MATRIX 2012

14	<u>Workforce Planning and Potential Skill Shortage</u> <ul style="list-style-type: none"> <li>• CMT/HR to undertake a strategic workforce assessment to identify the core workforce resource and to ensure workforce strategies support the retention and development of the core workforce.</li> </ul>	Human Resources Manager
16	<u>Non Delivery of HRA Business Plan</u> <ul style="list-style-type: none"> <li>• Consultant has been appointed and has completed over half of the work required, self financing part of plan which was the largest element has been completed and members have had the opportunity viewed this at briefing sessions.</li> <li>• Manage timeline of delivery of plan, if timeline slips manage and report any issues.</li> <li>• Will be delay due to outcome of garage transfer to the General Fund</li> </ul>	Assistant Chief Executive
17	<u>Not achieving required income collection levels within Housing</u> <ul style="list-style-type: none"> <li>• Monitor on a monthly basis.</li> <li>• If there is a deviation from income target, carry out analysis.</li> <li>• Amend working practices to ensure income collection levels are maintained within target.</li> </ul>	Assistant Chief Executive
18	<u>Not delivering new Council properties</u> <ul style="list-style-type: none"> <li>• Carry out tender process.</li> <li>• Ensure that the Council delivers new build through best value and procurement best practice.</li> <li>• If CBC fails to get partner organisations as a result of this process, prepare decision matrix for members to consider.</li> <li>• Progress in line with decision.</li> </ul>	Assistant Chief Executive
20	<u>C&amp;L not achieving required income levels</u> <ul style="list-style-type: none"> <li>• Ensure adequate sinking fund in place for major maintenance of facilities and replacement of essential equipment that provides income i.e. Fitness equipment.</li> <li>• Monitor income levels monthly and implement corrective plans to substitute in comes strands affected.</li> <li>• Minimise temporary closures of facilities, Pool now has income loss insurance cover.</li> <li>• Ensure all staff are trained adequately in providing high quality customer service.</li> <li>• Make sure all effort is put in place to ensure Membership Scheme is managed properly</li> </ul>	Head of Culture & Leisure

## RISK MANAGEMENT MATRIX 2012

21	<p><u>Lack of resources and expertise in managing maintenance programme</u></p> <ul style="list-style-type: none"> <li>• Analysis present issues and put in place appropriate actions to resolve.</li> <li>• Ensure understanding on what is required to be done in-house by facilities or maintenance team or outsourced for expertise in managing maintenance programme.</li> <li>• Ensure service specifications are adequate.</li> <li>• Ensure procurement is not compromised by lack of resources.</li> </ul>	Head of Culture & Leisure
22	<p><u>NCC Commissioning - reduction or loss of local voluntary services and NCC Prevention Strategy change of policy affecting budgets</u></p> <ul style="list-style-type: none"> <li>• Reduction or loss of local Voluntary services will impact on area youth contracts but will only indirectly impact on Council services.</li> <li>• Potential impact on local Health services and groups i.e. Welfare Rights, Autumn Centre, Sunflower Centre, and Victim Support. That could have major impact on opening times or potential closure of services.</li> <li>• NCC Prevention strategy change of policy affecting budgets.</li> </ul>	Head of Culture & Leisure
23	<p><u>Special Events (Queens Diamond Jubilee, Olympic Torch relay, Bonfire Night, Fair, Voluntary sector events)</u></p> <ul style="list-style-type: none"> <li>• Ensure adequate security measures are in place.</li> <li>• Ensure appropriate resources are provided, ie budgets staffing.</li> <li>• Ensure risk assessments in place.</li> <li>• Ensure Events managed appropriately.</li> </ul>	Head of Culture & Leisure
24	<p><u>Equality Act 2010 compliance with legislation</u></p> <ul style="list-style-type: none"> <li>• Equality Impact assessments carried out where appropriate.</li> <li>• Ensure all staff receive compulsory training in Equalities.</li> <li>• All services have appropriate policies and procedure in respect of equalities in place.</li> </ul>	CMT
26	<p><u>Failure to deliver housing capital programme</u></p> <ul style="list-style-type: none"> <li>• Set up monitoring process for implementation of 58 new build properties.</li> </ul>	Assistant Chief Executive

## RISK MANAGEMENT MATRIX 2012

	<ul style="list-style-type: none"> <li>• Monitor on a monthly basis each capital project spend.</li> <li>• Take through AMG on project by project basis reporting exceptions.</li> <li>• Adjust programme to deal with any slippage.</li> </ul>	
27	<p><u>Core Spatial Strategy – failure/delay in production</u></p> <ul style="list-style-type: none"> <li>• Monthly Monitoring of Timetable via NNCPO's Meetings and feedback through JPC.</li> <li>• If significant slippage in timetable discuss risks and impact with CMT/Leadership.</li> <li>• Evaluate alternatives with NNJPU partners to address key policy risks i.e. 5 year supply, housing delivery levels, site allocations etc.</li> </ul>	Head of Planning & Environmental Services
29	<p><u>Kier Contract/Oakley Vale Contract – failure to implement fully and deliver savings</u></p> <ul style="list-style-type: none"> <li>• Implement temporary contracts to cover short –term issues (Recyclables, Green Waste, Trade Waste and Food Waste).</li> <li>• Issue revised specification to preferred bidders and evaluate returns to ensure affordable and award contract (Oakley Vale).</li> <li>• Carry out tender process for Recyclables, Green Waste and Food Waste seeking to mitigate risk to Council form market price fluctuations and aware contracts if affordable.</li> <li>• Review Contract Payments annually against current market rates.</li> </ul>	Head of Planning & Environmental Services
34	<p><u>Land Charges – Personal Search Refund Claim</u></p> <ul style="list-style-type: none"> <li>• Work with other authorities to prepare a joint litigation defence group</li> <li>• Set aside government grant of £34k to help fund any potential claim and legal costs</li> </ul>	Director of Corporate Services
35	<p><u>Failure to Implement Policy in Respect of Safeguarding Children and Vulnerable Adults</u></p> <ul style="list-style-type: none"> <li>• Regular monitoring to ensure that CBC safeguarding policies are adhered to.</li> <li>• Training of all staff on safeguarding Children using Council Services.</li> <li>• Service activities are risk assessed and actions taken to eliminate risk where possible.</li> </ul>	CMT