

**BOROUGH OF TELFORD & WREKIN**

**CABINET – 6 MARCH 2006**

**REVIEW OF THE KEY STRATEGIC RISK REGISTER – JANUARY 2006**

**REPORT OF THE CORPORATE DIRECTOR RESOURCES**

**1.0 PURPOSE**

- 1.1 For Cabinet to agree the changes to the key strategic risk register prior to them being presented for information to the Standards and Audit Committee.

**2.0 RECOMMENDATIONS**

**That Cabinet:-**

- 2.1 Approve the list of key strategic risks to the Council included in this report as Appendix A.**

**3.0 SUMMARY**

- 3.1 The Strategic Risk Register was last reviewed and updated in late October 2005. It was agreed that this would be done regularly to reflect the constant changes affecting the Council and the effectiveness of the controls implemented to manage these risks.
- 3.2 In order to attain a top CPA rating for Risk Management, we will continue to need to clearly demonstrate that Risk Management is fully embedded within the council. This means that both members and officers need to be managing the risks of the Council. To strengthen the risk management process the risk management function, in addition to reporting to the Cabinet, reports to the Standards and Audit Committee so that members, independent of the executive can keep the Risk Management process under review.

**4.0 BACKGROUND INFORMATION**

The Council has an overall list of Strategic Risks. For the purpose of this report, Directors were asked in December to review this in the light of the Council's current position and objectives. This review included the identification of any new risks.

4.1 There are now 23 key strategic risks on the register. The Summary of Changes to the Key Strategic Risk Register are as follows:

4.2.1 **New Key Risks (all shown in red and shaded on the risk register):**

**Risk 65** – Failure to develop a Neighbourhood Working Model throughout the Council

**Risk 24** – Changes to actions and controls, Gross Score increased from 7 to 9, Residual Score increased from 6 to 7 so this becomes a key risk

**Risk 69** – Continued overspending on the Children and Families budget as a result of the volatile demand led services for vulnerable children

**Risk 70** – Failure to establish Telford First as an effective funded vehicle which delivers additional benefits for the area

**Risk 71** - New Concessionary Fares scheme – unknown financial / operational impact at this stage

4.2.2 **Changes to Existing Key Risks:**

**Risk 61** – This risk has been removed as it has been incorporated into another risk with a lower score.

**Risk 57** – Residual Score reduced to 7

**Risks 39, 7, 1** – Amendments made to Controls and Actions

**Risk 58** – Changes to Controls and Actions, Residual Score decreased from 9 to 7, Risk Description amended

**Risk 63** – Changes to actions and Risk Description amended

**Risk 10, 15 and 50** have been removed from key risks as residual scores have reduced as a result of improvements in controls and actions taken.

**Risk 60** – This risk has been removed pending further consultation with Directors on controls and appropriate scores.

The outcome of these changes are attached as Appendix A, the key strategic risk register is presented in residual score order. Cabinet is asked to approve the proposed amendments set out in this Appendix.

4.3 This key strategic risk register will be presented for information to the Standards & Audit Committee on 4<sup>th</sup> April.

4.4 A full review of the Strategic Risk Register will be undertaken by Corporate Directors in May 2006.

**5.0 OTHER CONSIDERATIONS**

AREA	COMMENTS
Equal Opportunities	The identification of risks and proper management of them in respect to equalities will ensure that legislation and the Council's policies and ambitions in respect to equality are met.

Environmental Impact	The identification of risks and proper management of them in respect to environmental issues will help ensure that legislation and the Council's policies and ambitions in respect to the environment are met.
Legal Implications	The proper management of risks should reduce the likelihood of litigation and claims against the Council.
Links with Corporate Priorities	Managing risks as per the Council's risk management processes will help the Council to deliver effectively the Council's priorities.
Financial Implications	The management of risks in respect to claims and litigation and reviewing how risks are controlled could result in reduced financial costs to the Council. Good risk management contributes to the efficient use of resources.
Ward Implications	Good management of the key strategic risks will impact on the Council and therefore all the wards within the Borough.

## **6.0 BACKGROUND PAPERS**

Risk Management Strategy 2005  
Strategic Risk Register November 2005

Report by Heather Gumsley, Principal Risk Officer 01952 202245

**APPENDIX A: PROPOSED KEY STRATEGIC RISKS IN RESIDUAL SCORE ORDER – Jan 2006**

<b>Proposed Key Strategic Risk in Residual Score Order – Jan 2006</b>
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Risk	Risk Description	Inherent Risk	Risk Owner	Key Controls	Residual Risk	Risk Indicators	Actions/Exposures and Timescales	Obj
69	Continued overspending on the Children and Families budget as a result of the volatile demand led services for vulnerable children	9	Director C&YP	<ol style="list-style-type: none"> <li>1. Regular Looked After Children caseload and financial monitoring</li> <li>2. Action Plan in place to reduce use of expensive external placements</li> </ol>	9	Looked After Children numbers Mix of placements Annualised spend projections	<ol style="list-style-type: none"> <li>1. Regular monitoring of action plan progress</li> <li>2. Regular financial monitoring</li> <li>3. Development of alternative provision including Jigsaw</li> </ol>	2,3,4,6
63	Continued housing supply shortfall leads to increasing homelessness and greater reliance on B&B accommodation affecting CPA rating (ODPM have confirmed that the B&B indicator will not now be a CPA 'killer' indicator)	9	Director Adults Social Care	<ol style="list-style-type: none"> <li>1. local planning framework &amp; provision of new social &amp; affordable housing through S.106 agreements</li> <li>2. Capital programme &amp; housing corporation funding</li> </ol>	9	Homeless presentations	<ol style="list-style-type: none"> <li>1. Increased S&amp;A housing supply in the longer-term</li> <li>2. Continued emphasis on prevention in the short-term</li> </ol>	ALL
57	Failure to manage and deliver the Business Transformation Project	9	Director Resources	<ol style="list-style-type: none"> <li>1. Programme</li> <li>2. Outline Business Case being developed to Full Business Case</li> </ol>	8		<ol style="list-style-type: none"> <li>1. Financial Implications still to be agreed and approved</li> <li>2. Full business case to be developed and approved</li> </ol>	ALL
39	<b>Data Security</b> – abuse of sensitive data / breaking confidentiality / failure to manage public information.	9	Director Customer, Community and Culture Director Resources	<ol style="list-style-type: none"> <li>1. Registered under Data Protection Act.</li> <li>2. Customer Strategy Team review the content of the Council's website and intranet.</li> <li>3. Confidentiality clause now included in employment contract?</li> </ol>	8		<ol style="list-style-type: none"> <li>1. Staff awareness and on-going training and understanding of requirements in relevant posts.</li> <li>2. Review progress of Data Protection activity</li> </ol>	1,2,3,4,6

Risk	Risk Description	Inherent Risk	Risk Owner	Key Controls	Residual Risk	Risk Indicators	Actions/Exposures and Timescales	Obj
				4. Acceptable use policy in place 16/12/05 5. Staff Training in Data Protection				
46	Failing to manage and deliver the Beyond Excellence project - Single Status/job evaluation	9	Chief Executive	1. Project structure and team 2. Scoping work complete	8		1. Monitor implementation plan and timetable	ALL
70	Failure to establish Telford First as an effective funded vehicle which delivers additional benefits for the area	9	Director E&R	1. Continue to develop the business plan, including funding agreement which will be agreed by all partners before committing to the vehicle.	7	Failing to meet Business Plan targets	1. Finalise business plan and clear funding commitments from partners which will meet ongoing costs 2. Member approval of costed business plan and funding agreement 3. Monitor progress against business plan	1,5,6
65	Failure to develop a Neighbourhood Working Model throughout the Council	9	Director CCC	1. LSP – 'buy in' and commitment from Chief Executive and Corporate Directors 2. Some resources have been allocated 3. Existing partnership relationships are in place, the Safer and Stronger communities partnerships sets protocol 4. Allocated responsibility for the development of the framework 5. Community involvement 6. Pilot projects – neighbourhood action 7. Management of LAA targets	7	•	1. Further develop the Framework 2. Make our Objectives SMART where possible 3. Consider Corporate Directors having local area responsibility	6

Risk	Risk Description	Inherent Risk	Risk Owner	Key Controls	Residual Risk	Risk Indicators	Actions/Exposures and Timescales	Obj
58	Failure to have in place a robust corporate Business Continuity Plan and related operational procedures.	9	Director Adults Social Care	<ol style="list-style-type: none"> <li>1. Corporate BCP Project is underway and consultants have been engaged for the first phase</li> <li>2. Funding in place for Corporate BCP Plan development</li> </ol>	7		<ol style="list-style-type: none"> <li>1. Critical interface with ICT Disaster recovery work</li> <li>2. Corporate BCP will be in place and tested by May 2006</li> <li>3. Resources for service level work still to be identified and agreed.</li> </ol>	ALL
4	Failure to improve/sustain operational performance.	9	Chief Executive	<ol style="list-style-type: none"> <li>1. Performance Management &amp; best value systems.</li> <li>2. Improvement plans linked to business/corporate plan.</li> <li>3. Positive approach to external inspection.</li> </ol>	7	Qtrly monitoring Non delivery of PI action plans	<ol style="list-style-type: none"> <li>1. Enhanced performance management culture still to be fully embedded.</li> <li>2. Other L.A.s also improving making perceived advances more difficult.</li> </ol>	ALL
31	Insufficient capacity to deal with increased workloads.	9	Chief Executive	<ol style="list-style-type: none"> <li>1. Annual planning process.</li> <li>2. Prioritisation.</li> <li>3. H.R. processes.</li> </ol>	7	Increased stress/absence. Projects not completed.		ALL
49	Failure to successfully deliver the Local Area Agreement	9	Chief Executive	<ol style="list-style-type: none"> <li>1. Project set up</li> <li>2. Outline Plan</li> <li>3. Clear targets</li> </ol>	7		1. Continue to keep all partners engaged	ALL
53	Risks of the new CPA Regime to our "excellent status"	9	Chief Executive	<ol style="list-style-type: none"> <li>1. Reviewing requirements</li> </ol>	7		<ol style="list-style-type: none"> <li>1. Identify impact of changes</li> <li>2. Communicate to staff</li> <li>3. Plan actions</li> </ol>	ALL
42	ERDF projects failure	9	Director Resources	<ol style="list-style-type: none"> <li>1. Project co-ordination and monitoring at centre</li> <li>2. Individual project management</li> <li>3. PRINCE project methodology used across all projects</li> </ol>	7			ALL

Risk	Risk Description	Inherent Risk	Risk Owner	Key Controls	Residual Risk	Risk Indicators	Actions/Exposures and Timescales	Obj
				4. Mitigate financial impact by scaling back projects inline with lost grant where possible				
8	Inability to attract or retain key individual or groups of staff.	9	Director Resources	1. I.I.P. 2. Good reputation. 3. Staff consultation and surveys.	7	Turnover Increase in failed recruitment	1. Retention strategy being developed. 2. Conditions and salary structure being developed. 3. Geographical location a problem.	ALL
23	Major systems failure damaging ability to provide essential duties.	7	Director Resources	1. Back up of data. 2. Controlled access to building and services.	7	Minor failures not dealt with well	1. Business continuity plans require review and testing. 2. BT Programme includes implementing disaster recovery site and continuity project	1,2,3,4,5
43	IT Security – information security / confidentiality.	9	Directors of Resources and Customer, Community and Culture	1. Information Security Policy but last updated April 2000.	7		1. Implement Information Security recommendations from BS7799 audit review. 2. Although we are progressing BS7799 implementation and this is one of our first Microsoft projects, there needs to be a solid security strategy that explains how BS7799 relates to the Council and what the key priorities are.	2,3,4,6
1	Death or abuse of person in our care due to the failure of our systems.	9	Director Adults and Housing	1. Monitoring of clients & staff. 2. Staff training. 3. Careful recruitment.	7	Supervision records. Increase in complaints	1. Actions to ensure that controls are effective are being pursued. 2. Further work underway	2,3,4

Risk	Risk Description	Inherent Risk	Risk Owner	Key Controls	Residual Risk	Risk Indicators	Actions/Exposures and Timescales	Obj
				<ul style="list-style-type: none"> <li>4. Clear standards &amp; procedures.</li> <li>5. Learning from others.</li> <li>6. Complaints process.</li> <li>7. Internal Audit completed a review of our vulnerable Adult Procedures which recommended some 'best practise' improvements but identified a robust system in place</li> </ul>			to enhance contract terms and monitoring of purchased services	
20	Major local economic downturn.	9	Director E&R	<ul style="list-style-type: none"> <li>1. Economic development strategy and work delivery plan</li> <li>2. Creation of Telford First</li> <li>3. Strategic regional links</li> <li>4. Business leaders forum</li> <li>5. LAA</li> <li>6. Development of Key partnerships</li> </ul>	7	Economic trend information.	1. Set up Telford First	1,5,6
51	The cost and technology risks of the new waste disposal facility.	9	Director E&R	<ul style="list-style-type: none"> <li>1. Project team</li> <li>2. Procurement process</li> <li>3. Consultation of waste management strategy</li> </ul>	7		<ul style="list-style-type: none"> <li>1. Implementation of full project management.</li> <li>2.. Develop funding strategy</li> <li>3. Establish project timescales</li> </ul>	3,5
54	Failure to achieve the vision of the new town centre within the given time frame.	9	Director E&R	<ul style="list-style-type: none"> <li>1. LAA</li> <li>2. Creation of Telford First</li> <li>3. Development of key partnerships</li> <li>4. Finalising development control guidelines</li> </ul>	7	Project Outputs	<ul style="list-style-type: none"> <li>1. Set up Telford First</li> <li>2. Implementation of full project management</li> <li>3. Develop funding strategy</li> <li>4. Embed development control guidelines into DPD by 2008</li> </ul>	1,2,5,6
7	Poor or unfavourable coverage in the media resulting from BTW	9	Director Customer, Community	<ul style="list-style-type: none"> <li>1. Dedicated P.R. department.</li> <li>2. P.R. strategy.</li> <li>3. Media training.</li> </ul>	7	Press coverage. Complaints	<ul style="list-style-type: none"> <li>1. On going</li> <li>2. Reputation Management to be</li> </ul>	ALL

Risk	Risk Description	Inherent Risk	Risk Owner	Key Controls	Residual Risk	Risk Indicators	Actions/Exposures and Timescales	Obj
	activities which damages the authority's reputation		and Culture	4. Media contingency plan. 5. Good relationship with media.			included in Portfolio Plans, Business Plans and PPDs	
24	Failure to achieve E-government targets and requirements	9	Director Customer, Community and Culture	1. Project in place. 2. Reports on progress. 3. Project Board / Team 4. Director Sponsor 5. Regular reports to Directors	7	Monitoring of action plan. Performance Measures	1. Phase 1 of Business Transformation 2. Detailed project plan to be developed post Jan 06 for Phase 2 of Business Transformation 3. Deliver on Priority Service Outcomes Plan	ALL
71	New Concessionary Fares scheme – unknown financial / operational impact at this stage	9	Director E&R	1. Implementation team in place 2. Range of budgetary impacts modelled 3. Revenue budget increased by equivalent of additional government funding plus boost to central contingency	7	Financial Monitoring	1. Close operational and financial monitoring	3,6