AUD156
FOR DECISION
WARD(S): ALL

RISK MANAGEMENT POLICY 2016

AUDIT COMMITTEE

28 JUNE 2016

CABINET

6 JULY 2016

THE OVERVIEW AND SCRUTINY COMMITTEE

11 JULY 2016

REPORT OF CHIEF EXECUTIVE

Contact Officer: Antonia Perkins Tel No. (01962) 848 313

Email: aperkins@winchester.gov.uk

RECENT REFERENCES:

AUD118 – Risk Management Policy 2015, 22 June 2015

AUD132 – Risk Management Policy Update, 24 September 2015

AUD135 - Risk Management Policy Update, 3 December 2015

AUD146 – Corporate Risk Monitoring, 10 March 2016

EXECUTIVE SUMMARY:

This report presents the updated Risk Management Policy 2016 which defines the Council's arrangements for managing Council risks and its integration with corporate governance and performance management.

The Policy provides an overview of the principles, benefits, framework and process along with the roles and responsibilities for managing the Council's risks. The Policy also provides a risk appetite statement for the Council which sets out the levels of

risk that the Council is prepared to take or tolerate.

Attached as Appendix 2 is an updated schedule of the Corporate Risks which consists of risks that are of the greatest significance to the Council.

RECOMMENDATIONS:

TO AUDIT COMMITTEE:

1. That the Committee considers the Risk Management Policy 2016 and makes comments to Cabinet as required,

2. That the Committee considers the risks included in the draft Corporate Risk Register in Appendix 2 of the Report and notifies Cabinet of the risks that it wishes to further explore and receive detailed reports at future meetings.

TO CABINET:

That Cabinet approve the Risk Management Policy 2016, its Risk Appetite Statement for 2016/17 and the Corporate Risk Register

TO THE OVERVIEW AND SCRUTINY COMMITTEE:

That the Committee notes the Policy and the specific reference to its role in Risk Management.

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RISK MANAGEMENT POLICY 2016

REPORT OF CHIEF EXECUTIVE

DETAIL:

1. Introduction

1.1 This report presents the updated Risk Management Policy 2016 which supports the Council's Governance and Performance Management arrangements. This report includes:

- The updated Risk Management Policy 2016.
- The Council's Risk Appetite Statement.
- The updated Corporate Risk Register reflecting significant risks which may impact on the achievement of strategic objectives.

1.2 The Council is required to update and approve its Risk Management Policy on an annual basis.

2. Risk Management Policy 2016

2.1 Since 2004 the Council has adopted a Risk Strategy to develop and embed risk management across the Council. The document has been updated regularly to reflect and guide the Council's implementation of the arrangements.

2.2 The Policy has been updated for 2016 in consultation, informed by a workshop and training session held with members on the Council's approach to risk management.

3. Council's Risk Register

3.1 The Council's Risk Profile is reported regularly to Audit Committee by way of a quarterly monitoring report.

3.2 The schedule of Corporate Risk includes the Council's significant risks, and notes the actions to mitigate or treat the risk, identified by the Performance Management Team, in achieving the Council's strategic objectives.

3.3 The Corporate Risks identified for 2016/17 are

- Asset Management
- Programme Management and Major Projects
- Governance and Control Weaknesses
- Financial Stability
- Environmental Risks
- Commissioning
- Transformation

3.4 A new risk is being added to the Corporate Risk Register for 2016/17 and this is HRA Finance – The Welfare and Housing and Planning Bills have both placed additional pressures on the HRA. Rent reductions have been confirmed at 1% for the next four years and could be extended further. Whilst it has been possible to maintain a surplus for the next three years but thereafter a shortfall of £2m per annum needs to be addressed. The Housing Bill will also require local authorities to dispose of vacant assets and meet a yet to be determined annual levy which is likely to be several million each year. Proposals for the implementation of higher rents for higher earning households will also require significant additional capacity to be created to assess incomes and is likely to impact on current arrears

3.5 Two risks have been removed from the Corporate Risk Register and these are; Silver Hill and Staff Engagement for the reasons given below:

- Silver Hill Development – the Council has terminated the Development Agreement and the likelihood of any consequential legal action by the counterparty now appears to be minimal. All other outcomes which were described in the risk register – such as the delays to regeneration – have crystallised as expected and are therefore no longer risks.

- Staff Engagement – A number of staff related strategies and policies will be completed during 2016 including the Strategic Workforce Plan. In the context of this and the other significant risks facing the Council and included on the Corporate Risk Register, Staff Engagement has not been considered to be a Corporate Risk for 2016/17.

3.6 The risks arising from the current Devolution proposals for Hampshire are not yet fully known or understood. As this project moves forward over the coming months the risks to the Council arising from a possible devolution deal will be explored and if required be added to the Corporate Risk Register.

3.7 The Station Approach Regeneration has been flagged as an area of work to be monitored closely. As Council has not yet made any commitments with regards to budget yet on this project and a business case for the area's development has not been agreed this will not yet form a corporate risk. If a decision is made to proceed then Station Approach will be added to the Corporate Risk Register. In the meantime, a project risk register is held for Station Approach which is regularly reviewed by its Project Board.

3.8 As part of the risk assessment the cause and impact of each corporate risk has been identified in detail and evidenced in the Covalent Performance Management system.

3.9 It is requested that the Corporate Risk Schedule contained in Appendix 2 is endorsed. Monitoring reports that give detail of the progress of the treatment of the risks will be presented to this Committee in accordance with the Audit Committee Work Programme 2016/17 (Report AUD160 elsewhere on this Committee's agenda, refers).

OTHER CONSIDERATIONS:

4. COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

4.1 Effective use of risk management helps the Council manage threats and opportunities in managing the Council's contribution to the Community Strategy.

5. RESOURCE IMPLICATIONS:

5.1 The main resource implication is the officer time to ensure risk assessments are undertaken efficiently and effectively and are adequately evidenced within Portfolio Plans, Business/Service Plans and Governance arrangements including performance management.

5.2 The Corporate Risk Register in Appendix 2 sets out the magnitude of financial consequence if a particular risk manifests.

5.3 Effective management of council risks reduces the exposure to adverse events and in turn assists in the availability of insurance cover at affordable cost.

6. RISK MANAGEMENT ISSUES

6.1 Risk Management helps the Council set priorities and decide on the allocation of valuable resources. If Council risks are not managed effectively, and clearly evidenced, the Council will be open to legal challenge, financial loss or damage to its reputation resulting in reduced public confidence.

6.2 The Council's Risk Register, reflecting the Council's exposure to risk, is contained within the Covalent Performance System. Monthly extracts of the

Risk Register are located in the Council's Intranet/Risk and Insurance to inform Members and Officers.

6.3 The explicit and implicit reference to management of risks helps the Council achieve its strategic objectives and support the Community Strategy and exploit opportunities. To this end Members and Officers need to challenge and support the Council with their risk assessment and their treatment plans.

BACKGROUND DOCUMENTS:

None.

APPENDICES:

Appendix 1 Risk Management Policy 2016

Appendix 2 Corporate Risk Schedule – 2016/17

Winchester City Council

Risk Management Policy

2016

1. Introduction

As part of Winchester City Council's arrangements to ensure good governance, the purpose of effective risk management is to provide assurance and to ensure that the Council is 'risk aware' and able to identify risks, evaluate their potential consequences and determine the most effective methods of controlling or responding to them.

The Council believes that risk needs to be managed rather than avoided and that consideration of risk should not stifle innovation and creativity.

This Policy outlines the approach the City Council takes with regard to its responsibility to manage risks and opportunities using a structured, focused and proportional approach. Risk management is integral to all policy planning and operational management throughout the Council and integrates with our corporate governance and performance management.

This approach to risk management will actively support the achievement of the agreed actions, projects and programmes included as set out in Portfolio Plans.

Risk can be thought of as possibility that an action or event will affect the Council's ability to achieve its objectives or outcomes.

Good risk management is about identifying what might go wrong, assessing our level of tolerance towards that and then putting in place measures to prevent the worst from happening, or to manage the situation if something does go wrong. It is also about assessing what must be done to support achievement of the Council's objectives and acting in a way that makes this more likely to happen.

2. Why do we need a corporate approach to risk management?

Risk management is about providing assurance by being 'risk aware'. Risk is ever present in everything that we do and some risk taking is inevitable if the Council is to achieve its objectives. Risk management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the Council is better placed to avoid threats and take advantage of opportunities. Proper project management processes and principles will identify potential risks early in the process and set out how these can be avoided or mitigated. Staff training in project management principles is essential to embed these good practices.

By embedding a culture of risk management into the Council, Members and officers are able to make effective decisions about services and the use of financial resources to ensure that the Council's objectives are met.

An effective corporate approach to risk management will:

- Make it more likely that the Council's objectives will be achieved
- Safeguard the organisation and provide assurance to members and officers,
- Become part of every manager's competency framework, job description and performance appraisal,
- Provide support to the overall governance of the organisation,
- Improve decision making,
- Identify issues early on,
- Provide a greater risk awareness and reduce surprises or unexpected events,
- Develop a framework for structured thinking,
- Ensure better use of finances as risks are managed and exposure to risk is reduced,
- Facilitate achievement of long-term objectives,
- Ensure a consistent understanding of and approach to risks.

3. What is our risk management framework?

Risk management is the process of identifying significant risks relevant to the achievement of the Council's strategic and operational objectives, evaluating their potential consequences and implementing the most effective way of managing and monitoring them.

The Framework and Process arrangements supporting risk management at the Council involve:

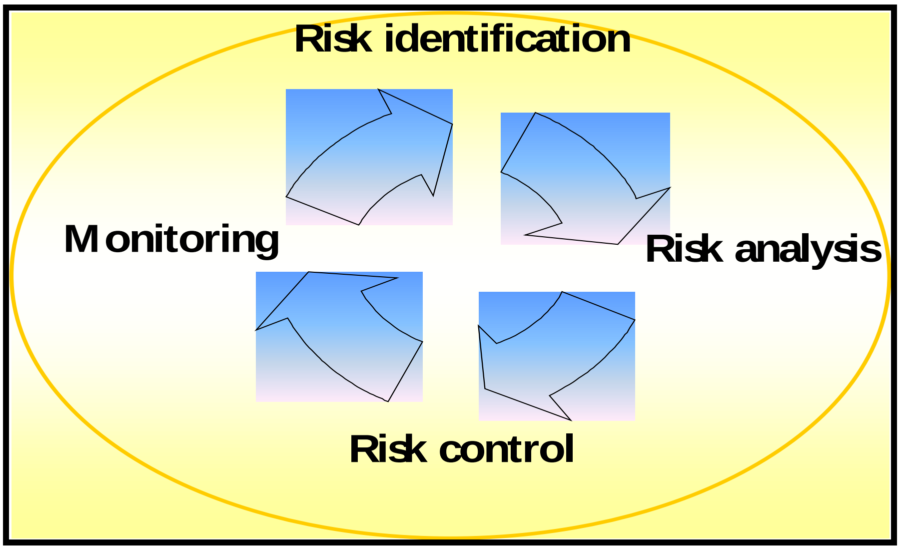
- A Risk Assessment Tool (section 4)
- Details of how risk management supports corporate planning and operational management (section 5)
- Risk appetite statement (section 8)
- Monitoring and review arrangements (section 10)
- A timetable linked to corporate programme (section 11)

4. Risk Assessment Tool

The principles

The City Council generally manages risk effectively within the course of its normal operations through its management structure and governance arrangements.

Risk Assessment Tool



When identifying risks, it can be helpful to use the following sources of risk as prompts to ensure that all areas of risk are considered

Sources of Risk	**Risk Examples**
Infrastructure	Functioning of transport, communications and utilities infrastructure. The impact of storms, floods and pollution.
Politics & Law	Effects of change of government policy, UK or EC legislation, national or local political or control, meeting the administration's manifesto commitments. Issues of timing. Following the organisation's stated/agreed policy. Legality of operations
Social Factors	Effects of changes in demographic, residential and social trends on ability to deliver objectives.
Technology	Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands.
Competition & markets	Affecting the competitiveness (cost and quality) of the service and/or ability to deliver value for money and general market effectiveness
Customer & Stakeholder – related	Satisfaction of: citizens, users, central and regional government and other stakeholders. Managing expectations – consulting & communication on difficult issues
Sustainability / Environmental	Environmental consequences arising from option (e.g. in terms of energy efficiency, pollution, recycling emissions etc.) [A more detailed examination is included in the Comprehensive Impact Appraisal tool.]

Sources of Risk	Risk Examples
Finance	Costs, long term financial sustainability/ reliance on finite or vulnerable funding streams. Financial control, fraud and corruption.
People management & human resources	Managing changes to services that may affect staff and/or ways of working. Resourcing the implementation of the option. Employment issues (TUPE etc.), Maintaining effective health & safety of staff and users
Contracts & partnerships	Dependency on or failure of contractors to deliver services or products to the agreed cost and specification. Procurement contract and relationship management. Overall partnership arrangements, e.g. for pooled budgets or community safety. PFI, LSVT and regeneration.
Tangible assets	Security of land and buildings, safety of plant and equipment, control of IT hardware
Reputation	Affecting the public standing of the Council, partnerships, or individuals in it (affecting you). Management of issues that may be contentious with the public or the media.
Professional judgement & activities	Risks inherent in professional work such as assessing clients' welfare or planning or response to the Human Rights Act.

It is important to maintain a sense of proportionality with day to day risk and the following principles will be applied:

- Managers have a good understanding of their services and service developments, and are able adequately to identify the risks involved.
- Managers understand the limits that the organisation places on the action that can be taken by any individual officer. There is a general awareness of what management action is appropriate and where further consultation and approval are required with colleagues and more senior managers. The organisation therefore recognises its risk appetite in relation to the decisions it takes.
- There is a good level of understanding of what risk it is acceptable to take during the normal course of work and the organisation recognises its risk appetite in relation to its ongoing activities.
- Managers' workloads should not be increased through unnecessary bureaucracy, in particular by preparing documentation solely to demonstrate (rather than support or enhance) effective management. The cost (in terms of the time involved) relative to the benefit gained by defining every possible risk in detail and assigning impact and likelihood scores to each risk associated

with every planned or current activity is deemed too great to be generally worthwhile. However where there are known concentrations of risk, such as in new service developments or relating to our programme of major projects, managers understand that they should document, monitor and manage these risks using the council's scoring framework. Similarly, the corporate management team (or whoever is appropriate) should seek to identify, assess and manage those risks that seem likely to cause problems or bring benefits at a corporate level.

- The internal audit team at the Southern Internal Audit Partnership work with the Chief Finance Officer and Corporate Management Team to consider the council's assurance needs, and makes its own assessment of the internal audit work required to provide this assurance.
- The Overview and Scrutiny Committee review risk assessments for all major projects. The Cabinet (Major Projects) Committee reviews the Council's Programme Risk Register on a regular basis.
- Managers will be encouraged and supported to consider the potential threats and opportunities involved in any new service developments and improvements, and to monitor ongoing performance. Documentation of risks, related controls and mitigating action plans should be considered where this is helpful and appropriate and, where this is the case, risk registers should be prepared. This is likely to be appropriate for specific service development projects, when project risk registers should be monitored closely by the lead project manager and sponsor. Individual teams should also consider risk specifically as Portfolio Plans and individual service plans are developed.

It is the responsibility of staff and their Heads of Teams to assess risks associated with their work and projects and to escalate any potential risks which they feel cannot be managed within sensible parameters to the Performance Management Team. The Programme Management Group reviews the Programme Risk Register and will also seek to identify risks associated with major projects and the capital programme and to refer significant matters to the Performance Management Team.

Identification of risks

The Corporate Risk Register is regularly reviewed by the Corporate Governance Group, alongside the Annual Governance Statement and escalates any key issues to Performance Management Team. Performance Management Team also review the Corporate Risk Register on an annual basis to assess any emerging risks or risks that should be removed. Risk owners for corporate risks are generally a member of CMT. This risk register is formally agreed by Cabinet at the start of the municipal year and the most significant risks on this list are reported regularly to Audit Committee.

Service or operational risks are reviewed on an ongoing basis and significant risks added to the relevant Statement of Assurance during the spring of each year.

The Council's Project Team uses the PRINCE2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of project risks. Project risk registers are created for each new project and reviewed as part of the project life cycle and documented on the Project Risk Register. Overarching project risks (for example, failure to deliver on a specific project) may be included in the corporate risk register if they are of sufficient importance at this level and/or the risks are being poorly managed for whatever reason.

The Annual Governance Statement is also a key part of risk management and plays an important role in the identification and escalation of risks. The Statement is produced following a review of the Council's governance arrangements and explains how the City Council delivers good governance. Underpinning the Statement are the individual Statements of Assurance which are completed by each Head of Team and includes details of significant risks for their service area. Risks which have additional corporate significance are escalated into the Annual Governance Statement which reads across into the corporate risk register.

It is important for Heads of Teams to consider this Policy when completing their Statement of Assurance and providing details of risks affecting the pursuit of the objectives of the team (although this is not the only time risks will be considered).

5. How risk management feeds into corporate planning and operational management

By embedding risk management into existing policy and service planning processes, Members and Officers are able to make informed decisions about the appropriateness of adopting a policy or service delivery option.

The information resulting from the risk management approach acts as one of the key pieces of information incorporated into the development of corporate, business and service plans. Risk management is an essential element in establishing policy, developing plans and enhancing operational management.

In order to formalise and structure risk management at the Council, it is recognised that there are obvious and clear links between risk management and strategic objectives; financial planning; policy making & review and performance management. The linkages are as follows:

a) The Council's Community Strategy reflects the desired shared outcomes for the District, informed by consultation with the public.
The Community Strategy is also the overarching strategy for the Council's own operations. The individual Portfolio Plans set out the Council's actions to deliver the priority outcomes included in the Community Strategy. The Community Strategy is refreshed every three years with Portfolio Plans updated annually to ensure they remain relevant to the needs of the District and adapt to changing opportunities and threats. They have regard to both local and national priorities. During the lifetime of both documents there will be direct and indirect threats to their achievement and these are risks to be managed.
Risks to the delivery of programmes and major projects set out in the Portfolio Plans are built into individual project plans.

b) As part of the annual planning process each team considers the key actions to be taken and targets for performance. An assessment of the risks forms part of this planning which is an identification and prioritisation of the most significant risks faced in delivering the key priorities for the year, with actions identified to mitigate and manage these. These actions are then managed as part of the normal business of the team.

c) Each member of staff has an annual appraisal which monitors progress being made and sets objectives for the coming year required to deliver service plan actions and achieve. As part of this, risk management is cascaded down to staff as an objective which aims to gain their support and awareness to ensure effective management of risk within the Council.

d) Measurement of performance against the Portfolio Plan objectives, performance indicators and key tasks is achieved in a number of ways:

- In addition to day to day management, teams carry out a regular review of progress in their area, which includes assessment of progress against Portfolio Plan actions, performance trends and risks. Where appropriate, exceptions are reported to the Performance Management Team for consideration and agreement of corrective action, if required.
- The Performance Management Team keeps a monthly overview of financial plans, with service performance and emerging risks with corporate risks being reviewed quarterly.
- The Overview and Scrutiny Committee receives two progress reports a year on behalf of the Cabinet that provide details of the progress towards the Council's key outcomes included in the Portfolio Plans. These progress reports take the format of a monitoring report for each Portfolio Holder and any significant issues are raised with Cabinet.

The Council uses the Covalent performance management system, to support the integrated management, monitoring and reporting of key actions, performance indicators and risks.

6. How do we evaluate risks?

The Council evaluates its identified risks on a four-point scale on the likelihood or probability of the risk occurring and the impact caused should the risk occur being rated between low and significant.

The Council has chosen to divide the rating into bands as shown on the example risk matrix below.

		IMPACT			
		Low	Moderate	Major	Significant
LIKELIHOOD	Highly Likely				
	Likely				
	Unlikely				
	Highly Unlikely				

Impact Rating

Diag. 1

The following table provides the definitions which should be used when determining whether a risk would have a Low, Moderate, Major or Significant impact

	Low (1)	Moderate (2)	Major (3)	Significant (4)
Financial	Less than £20K	£20k or over and less than £200K	£200K or over and less than-£2MK	£2M plus
Service Provision	No effect	Slightly Reduced	Service Suspended Short Term / reduced	Service Suspended Long Term Statutory duties not delivered
Health & Safety	Sticking Plaster / first aider	Broken bones/illness Lost time, accident or occupational ill health	Loss of Life/Major illness – Major injury incl broken limbs/hospital admittance. Major ill health	Major loss of life/Large scale major illness
Morale		Some hostile relationship and minor non cooperation	Industrial action	Mass staff leaving/Unable to attract staff
Reputation	No media attention / minor letters	Adverse Local media Leader	Adverse National publicity	Remembered for years
Govt relations	One off single complaint	Poor Assessment(s)	Service taken over temporarily	Service taken over permanently

Likelihood Rating

It is unlikely that in many cases the probability of a risk occurring can be calculated in a statistically robust fashion as we do not have the data to do so. However, as an indicator, the likelihood is defined by the following probability of a risk occurring:

Likelihood	Probability
Highly Unlikely	1% to 25% chance in 5 years
Unlikely	26% to 50% chance in 5 years
Likely	51% to 75% chance in 5 years
Highly Likely	76% to 100% chance in 5 years

Risk Proximity

The score for risk proximity supports the Council in focusing on certain risks that may occur soon and ignore risks that will not occur in the near future. This enables risk management to be more efficient.

A number of between 1 and 4, where 1 means the risk is about to occur within the next 3 months and 4 means the risk is not likely to occur within the next year is provided.

Risk Proximity Score	Time scale
1	Occurring within the next 3 months
2	Occurring within the next 6 months
3	Occurring within the next 1 year
4	Unlikely to occur within 1 year

Financial Impact

The financial impact to the Council is an important consideration, however this should be viewed alongside the likelihood of the risk occurring and not assumed to be inevitable.

The scoring of the financial impact relates to the cost to the Council if that risk were to occur, however it should not relate to the cost of managing or mitigating the risk.

The financial impact is scored as highly likely it would be prudent for the Council to ensure that it has set aside an adequate financial provision.

The financial impact is scored as follows:

Financial Impact Score	Time scale
£	£1 – £20,000
££	£20,0001 - £200,000
£££	£200,001 - £2,000,000
££££	£2,000,001 plus

7 How do we respond to risks?

Once a risk has been identified, the Council need to decide and agree what it is going to do about it. The recognised approaches to controlling risks are described as the five key elements or 5 T’s; tolerate, treat, transfer, terminate and take the opportunity. These are described in more detail below. It is generally accepted that where a risk can be reduced through some form of treatment or mitigation in a cost-effective fashion then it is good to do so.

As a general principal once a risk has been identified, consideration needs to be given to the five T's and that the chosen approach is seen as being cost-effective so that the control of the risk is not disproportionate to the expected benefits.

The five T's are:

Treatment By far the greatest number of risks will be addressed in this way by using appropriate control countermeasures to constrain the risk or reduce the impact or likelihood to acceptable levels.

Transfer For some risks the best response may be to transfer them and might be done by transferring the risk to another party to bear or share the risk; e.g. through insurance or partnership. Reputation risk can never be transferred.

Tolerate Where it is not possible to transfer or treat the risk. Consideration needs to be given to how the consequences are managed should they occur. This may require having contingency plans in place, for example, Business Continuity Plan which creates capacity to tolerate risk to a certain degree.

Terminate Some risks will only be treatable, or containable to acceptable levels by terminating the activity that created them. It should be noted that the option of termination of activities may be severely limited in government when compared to the private sector; a number of activities are conducted in the government sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved. This option can be particularly important in project management if it becomes clear that the projected cost / benefit relationship is in jeopardy.

Take the opportunity

This option is not an alternative to those above; rather it is an option which should be considered whenever tolerating, transferring or treating a risk. There are two aspects to this. The first is whether or not at the same time as mitigating threats; an opportunity arises to exploit positive impact. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain even greater advantages? The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities. For example, a drop in the cost of goods or services frees up resources which can be re-deployed.

8. Risk Appetite

The HM Treasury defines risk appetite as "*The amount of risk that an organisation is prepared to accept, tolerate or be exposed to at any point in time*" (Source: British Standard on Risk Management BS31100 2008).

A clearly understood and articulated risk appetite statement assists with the risk awareness for the Council and supports decision making in pursuit of its priority outcomes and objectives.

The Council's Risk Appetite Statement is an integral part of the Council's Risk Management Policy and ensures that the opportunities the Council is willing to take to achieve its strategic outcomes and objectives are measured, consistent and compatible with the Council's capacity to accept and manage risk and do not expose the Council to unknown, unmanaged or unacceptable risks.

This statement will be reviewed annually and approved by Cabinet before the start of each municipal year. The approved statement will be included as an appendix to the Risk Policy. The Council may decide to move the line up or down based on a number of influencing factors including financial and capacity, and the Council may have a higher 'aspirational' risk appetite once sufficient assurance is gained and processes put in place to manage the higher levels of risk.

Risk management is about being 'risk aware'. Risk is ever present in everything that we do and some risk taking is inevitable if the Council is to achieve its objectives. Risk Management is about making the most of opportunities when they arise and achieving objectives once those decisions are made. By being 'risk aware' the Council is better placed to avoid unforeseen problems and take advantage of opportunities that arise.

<u>The Council's Risk Appetite 2016/17</u>

The Council during the course of year will take fair, measured and targeted levels of risk to achieve the priority objectives included in the Community Strategy. There will be opportunities for the Council to be innovative or work differently and any identified risks will need to be considered against the anticipated cost and efficiency benefits.

The Risk Appetite Statement supports Members and officers in decision making by setting out where the Council is comfortable taking different levels of risk, and which levels of risk are unacceptable. The Council's Risk Appetite should be considered in conjunction with the risk section of all committee reports when decisions are made.

Risks that fall under the risk appetite 'line' may still happen and should still be managed effectively and transparently.

The Council's appetite for its significant risks included in the Corporate Risk Register is shown in the diagram below in bold.

Risk levels and description **Key elements**	**Minimal** **As little risk as reasonably possible**	**Cautious** **Prefer safe delivery options**	**Open** **Consider all potential options**	**Seek** **Eager to be innovative**
Financial/VFM	Very limited financial loss if essential (up to £100,000) VfM (focusing on economy) is primary concern	Some limited financial loss (from £100,000 to £500,000) Consider benefits and constraints beyond price	**Will invest and risk losing (from £500,000 up to £2m) for potential return** **Value and benefits considered, not just cheapest price**	Invest and risk losing (from £2m up to £5m) for best possible return Resources allocated without firm guarantee of return
Compliance, regulatory	Be very sure we would win challenges	**Limited tolerance for sticking neck out** **Reasonably sure we would win challenges**	Challenge is problematic, but likely to win and gain outweighs adverse consequences	Chances of losing challenge are real with significant consequences Win would be a coup
Innovation, Quality, Outcomes	Innovations avoided unless essential or commonplace Essential systems or technology development only	Prefer status quo and avoid innovation Limited systems or technology development	**Innovation supported** **Routine systems or technology development**	Innovation pursued New technologies seen as key enabler of operational delivery
Reputation	No chance for significant repercussions Avoid exposure to attention	Little chance of significant repercussions Mitigation in place for undue interest	**Will expose to scrutiny and interest** **Prospective management of reputation**	Will bring sustained scrutiny New ideas have potential to enhance reputation
Appetite	Low	Moderate	High	Significant

9. Risk Registers

The risk registers are a reference document that summarise the different risks that might occur and impact the Council. Just because a risk is included on the risk register does not mean that the Council thinks it will happen, but it does mean that the Council thinks it is worth seeking to manage. The risk score is, therefore, based on a 'reasonable worst case scenario'. The methodology for the scoring of risks is included in section 6 above.

The Council maintains several risk registers and these are:

- Corporate Risk Register – this register records the most significant risks for the Council or those risks which may prevent the Council from achieving its strategic objectives as set out in the Community Strategy.
- Operational Risk Register – includes risks that might affect the delivery of individual services, but would not in isolation threaten the Council's overall objectives. Operational risks are managed by Heads of Team or service managers.
- Partnership Risk Register – includes the risks that might impact on the Council from working with partners and is included as part of the annual statements of assurance.
- Programme Risk Register - includes the risks across the Council's programme of Major Projects
- Project Risk Register – provides a register of the risks that if occur have a positive or negative effect on the achievement of the project's objectives.

10. How do we monitor and report risk?

Risk management must be embedded into decision making, Portfolio Plans, business / service planning and performance management arrangements so that it is central to the way the Council works. It contributes to the concept of 'No Surprises', 'Getting it right first time' and 'Having a Plan' which will useful should the unexpected happen.

The framework of monitoring and reporting has been developed using the Council's performance management software; Covalent, which is able to record the risks onto the system with the relevant risk owner having access so that monitoring and updating can take place.

This requires:

- Teams to monitor progress of their plans, as part of the review of performance and spend. Results of this review where a significant change is identified will be included in the exception report submitted for The Overview and Scrutiny. Any issues that may require escalation will be reported initially to the Performance Management Team.

- The Performance Management Team to monitor and review progress against Corporate Risks as part of its quarterly monitoring meeting, making a judgement on any risks referred for escalation and identifying any risks that can be moved to operational risk registers. Results of these reviews will form part of the regular monitoring report submitted to the Audit Committee and reported to Cabinet if decisions on any procedure or policy changes are needed.
- The Audit Committee receives regular monitoring reports that provide assurance that the risks identified on the Corporate Risk Register are being adequately managed. The Audit Committee may decide to receive in-depth reports for the most significant risks on the register or risks that causing concern.

If at any time a risk other than those on the Corporate Risk Register (for example an operational risk) is scored above the risk tolerance line as set out in the Risk Appetite Statement, full details should be presented to the next Performance Management Team meeting for further consideration and approval of appropriate action if required. This may include escalation to the Corporate Risk Register.

All Council committee reports include a paragraph titled “Risk Management Issues”. The purpose of this paragraph is for the author to demonstrate and provide evidence that the risks associated with the content of the report have been properly identified, assessed and evaluated. The paragraph should provide for the most significant risks as much detail as possible, especially in relation to the underlying causes of the risk and its subsequent consequences. Reference should also be made to the Council’s Impact Score Matrix (diagram 2) to support decision making.
When taking decisions, the identified risks should be considered against the Council’s Risk Appetite which sets out the amount and type of risk that the Council is prepared to seek, accept or tolerate.

11. Timetable

Risk management is an integral part of corporate governance, and is in particular closely linked with performance management. Therefore the timetable for risk management follows that of the performance management framework.

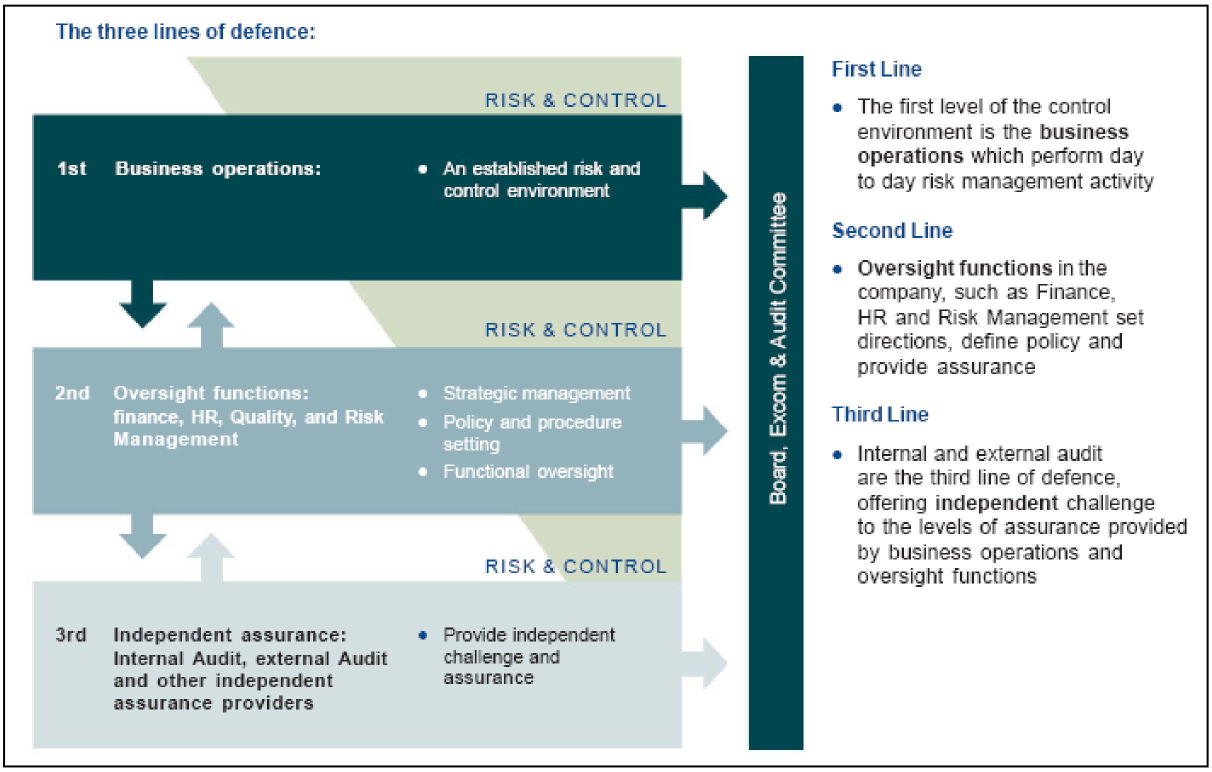
Month	Who?	What?
March	Performance Management Team	• Review of risks on Corporate Risk Register and update as required.
June/July	Corporate Governance Group	• Consideration of annual Statements of Assurance completed by Head of Teams. • Consideration of Annual Governance Statement emerging issues.
	Cabinet	• Approval of updated Risk Policy for the forthcoming year. • Approval of Risk Appetite for forthcoming year. • Approval of Corporate Risk Register.
	The Overview and Scrutiny Committee	• Note the Risk Policy and the role that the Committee has in monitoring and managing risks.
	Audit Committee	• Review the Corporate Risk Register and agree the risks for future in-depth reporting and assurance.
	Performance Management Team	• Quarterly review of Corporate Risk Register.
October	Audit Committee	• Review the risks included in the Corporate Risk Register and receive monitoring report giving details of the progress made against the actions to treat the risks. • In-depth update for significant corporate risks.
	Performance Management Team	• Quarterly review of Corporate Risk Register.
December	Audit Committee	• Receive update report for Corporate Risk Register.
January	Performance Management Team	• Quarterly review of Corporate Risk Register. • Budget and Portfolio Plan risks considered
March	Audit Committee	• Receive update report for Corporate Risk Register.
	Performance Management Team	• Review risks included on Corporate Risk Register for 2015/16 • Review and update Risk Policy for 2016

12. Risk Management roles and responsibilities

The three lines of defence concept is widely known among the insurance, audit and banking sectors as a risk governance framework. The concept can be used as the primary means to demonstrate and structure roles, responsibilities and accountabilities for decision making, risk and control to achieve effective risk management, governance and assurance.

The following table is an example of the three lines of defence concept.

Example: Three line of defence model



First line of defence:
As the first line of defence, Heads of Team or service managers own and manage risks within their service area. They are also responsible for implementing appropriate corrective action to address, process and control weaknesses.
Heads of Team are also responsible for maintaining effective internal controls and managing risk on a day to day basis. They identify, assess, control and manage risks ensuring that their services are delivered in accordance with the Council's aims and objectives.

Second line of defence:
The second line of defence relates to the Strategic direction, policies and procedures provided by the Council's oversight functions (e.g. Finance, Legal Services and HR). These teams are responsible for designing policies, setting direction, ensuring compliance and providing assurance.

Third line of defence:
Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the organisations operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The aim of internal audit's work programme is to provide assurance to management, in relation to the business activities, systems or processes under review that the framework of internal control, risk management and governance is appropriate and operating effectively; and risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

Such risks are identified through senior management liaison and internal audits own assessment of risk. External audit, inspectors and regulators also provide assurance on the management of risk and delivery of objectives.

Specific Responsibilities

Who	What
Members	Elected members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic objectives and risks that the Council faces, and will be made aware of how these risks are being managed.
Cabinet	• To ensure that effective arrangements are in place throughout the Council and these are kept up to date, • Approving the Council's Risk Management Statement, • Monitoring the Council's risk management and internal control arrangements via an exception reporting process, • Ensuring the effectiveness of the risk management and internal control framework.
The Overview and Scrutiny Committee	To have an overview of performance and use of resources in respect of the identification of risks and monitoring action taken to mitigate those risks.
Audit Committee	The Audit Committee's role is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance, and to monitor the effective development and operation of risk management and corporate governance in the Council.
Corporate Management Team	The Corporate Management Team (CMT) is pivotal in promoting effective risk management and ensuring that it

Who	What
	is embedded in the culture of the Council. The key responsibilities for the Chief Executive and CMT are: • Promoting the implementation of the Council's risk management arrangements on a corporate basis. • Supporting and promoting the benefits of effective risk management throughout the Council. • Supporting the identification and assessment of risk on an ongoing basis.
Performance Management Team	Annually review the Corporate Risks to be presented to Cabinet. Monitor the corporate risk register on a quarterly basis, and consider any operational risks which are escalated to the group by a member of PMT.
Corporate Governance Group	Ensure Council compliance and efficacy of risk management arrangements, underpinning the Council's performance and management framework, particularly in respect of the Annual Governance Statement. The Group will ensure that risk management processes and procedures are in place that underpin the Council's performance and management framework and will monitor their compliance, including assisting Performance Management Team in populating the Risk Register.
Programme Management Group	Regularly reviews the Council's Programme Risk Register, escalating any issues to Performance Management Team
Senior Managers	Heads of Teams have responsibility for minimising risk within their teams. They will demonstrate their commitment to risk management through: • Being actively involved in the identification and assessment of risks, • Developing relevant action plans for the key risks and establishing relevant performance indicators to measure their performance through the performance management framework, • Incorporating the risk management process into business/service planning processes, • Monitoring the Teams' risks regularly and on no less

Who	What
	than a quarterly basis, • Encouraging staff to be open and honest in identifying risks or potential opportunities, • Ensuring that the risk management process is part of all major projects and change management initiatives, • Monitoring and reviewing action plans regularly to effectively treat risks.
Risk and Insurance Advisor	• Provide technical risk management support and advice across the Council. • Facilitate and support the procurement of the Council's insurance programme and the management of claims.
Corporate Business Manager	• Provide risk management support across the Council, • Provide assistance with and prepare management reports, • Support the Performance Management Team and Corporate Business Manager on risk related issues.
All staff	All staff have the responsibility for Council risks and must understand their role in the Council's risk management arrangements. Training and support is provided at the staff induction and ongoing training throughout the year. All staff are expected to know how to recognise, assess and evaluate risk, when to accept risk and to recognise that risks can create opportunities for the Council.
Southern Internal Audit Partnership	The role of the Southern Internal Audit Partnership who act as the Council's Internal Auditors is that of an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It will be responsible for undertaking an assessment of the Council's risk management and internal control mechanisms as part of the review of corporate governance arrangements.

Everyone involved in risk management has a responsibility to identify learning from risks and their management.

Corporate Risk Register

Significant risks have been reviewed by the Performance Management Team and the table below gives details of the risks to be included on the Corporate Risk Register for 2016/17.

Table 1

Corporate Risks 2016	
Risk	**Brief Description**
Asset Management	Includes the risks that the Asset Management Plan is not fit for purpose or not adequately funded to enable the Council to properly manage its property portfolio.
Programme Management and Major Projects	Risks include insufficient or inefficient use of skills and resources to enable progress of the Council's programmes and major projects to continue to schedule. Also includes the risk of failing to properly consult and engage with stakeholders relating to major projects.
Governance and Control Weaknesses	Includes the risk of weak or ineffective governance and control arrangements at the Council that could lead to a potential loss or reputational damage.
Financial Stability	Unpredictable or unforeseen changes that affect the Council's financial position, including reductions in income and reserves balances and the ability to set a balanced budget.
Environmental Risks	Includes the following risks, impact from adverse weather conditions and climate change.
Commissioning	Under this heading, the following risks are included; shared working arrangements and partnership working
Transformation	Risks associated with the Council's Transformation programme.
HRA Finance	Risks arising from the introduction of The Welfare and Housing and Planning Bills which have both placed additional pressures on the HRA.

Risk Ref: CR2	**Risk Score June 2016**:	Likelihood= **Likely** Impact = **Significant**	**Previous Score March 2016**:	Likelihood = **Likely** Impact = **Significant**	**Risk Owner**: Chief Executive
Risk Title: Asset Management					

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Failure to invest Insufficient budget	Unable to make best choices	• Budget set aside and available for asset management	Unlikely	Major	2	£££	Update Asset Management Plan Continue to work with leadership team	Ongoing	Unlikely	Major
Lack of long term planning Unwillingness to take long-term decisions Prioritisation of maintenance and repairs	Financial waste Loss of income – e.g. as a result of closure Out of date decisions/ proposals No sense of delay costs Unnecessary spend Assets repaired to minimum degree	• 5 year planning through Asset Management Plan • Decisions made in a timely fashion • Better informed decision making • Improved business cases following staff training in this area	Likely	Major	2	£££	Update Asset Management Plan Continue to progress the programme of condition surveys Implement a new IT system in Estates to improve record keeping and support the maintenance and repairs programme. Develop maintenance and inspection procedures	Ongoing	Unlikely	Major
Lack of market intelligence Expanding inflexible asset portfolio	Unable to make best choices Poor decisions made	• Strong Estates Team • Asset Management Plan in place	Unlikely	Moderate	3	££	Ensure Estates Team keep up with local market trends through networking with local businesses.	Ongoing	Unlikely	Moderate

Key to symbols

Likelihood
Highly Unlikely = 1% to 25% chance in 5 years
Unlikely = 26% to 50% chance in 5 years
Likely = 51% to 75% chance in 5 years
Highly Unlikely = 76% to 100% chance in 5 years

Risk Proximity
1 = occurring within 3 months
2 = occurring within 6 months
3 = occurring within 1 year
4 = unlikely to occur within 1 year

Financial Impact
£ = £1 - £20,000
££ = £20,001 - £200,000
£££ = £200,001 - £2,000,000
££££ = £2,000,001 plus

Risk Ref: CR3	**Risk Score June 2016**: Likelihood= Likely Impact = Major	**Previous Score March 2016**: Likelihood = Likely Impact = Major	**Risk Owner**: Chief Executive
Risk Title: Programme Management and Major Projects			

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Over ambitious Council Willingness to increase the programme without sufficient regard to resources Staff overburdened Insufficient staff capacity	Slippage of capital programme expenditure Strain on capacity Staff motivation, overload	• Close working between project and finance teams • Regular project team meetings to discuss progress and issues	Highly Likely	Major	3	Not quantifiable but relates to Capital programme allocations	Considering Project Assurance techniques and best practices and adopting as appropriate	31/3/17	Likely	Significant
Political short term aspirations Delayed decisions/ political push	Damaged reputation Public criticism Missed or overlooked opportunities Poor borrowing/ investment results Wasted time and effort	• Close working with councillors and leadership	Likely	Major	3	Not quantifiable but relates to Capital programme allocations	Considering Political champions for Major Projects	31/9/16	Likely	Major
Decisions swayed by vocal minority Lack of information about public views	Sub-optimal decisions Poor decisions Poor quality outcomes	• Improved public perception and understanding issues • Improved public consultation/ early engagement • Better proactive communications	Likely	Major	1	Not quantifiable	Considering Political champions for Major Projects Formulation of Major Projects consultation strategy	31/9/16	Likely	Major
Lack of prioritisation of major projects including addition of new projects Poor management of project interactions	Projects overlapping Poor project prioritisation Project ‘gridlock’	• Robust project management system in place • PRINCE2 trained project managers • Better business case training • Programme management group to consider and identify issues • Identification of additional resource requirements for internal and external support	Likely	Major	3	Not quantifiable	Leaders Board to regularly consider priorities and informed by Performance Management Team Considering Political champions for Major Projects	Ongoing and 31/9/16	Unlikely	Significant

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Risk Ref: CR4	**Risk Score June 2016**:	Likelihood= Unlikely Impact = Moderate	**Previous Score March 2016**:	Likelihood = Unlikely Impact = Moderate	**Risk Owner**: Chief Executive
Risk Title: Governance and Control Weaknesses					

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Insufficient scrutiny by members Poorly informed decision making	Exposure to challenge Difficulty making decisions Delayed decisions	Annual scrutiny programme Scrutiny training for Members Robust Overview and Scrutiny Committee Governance review underway	Unlikely	Moderate	3	Not quantifiable	An informal scrutiny group has been set up to undertaken a review of the overview and scrutiny system. Terms of reference will be set shortly	12/17	Highly Unlikely	Moderate
Inability to keep up with frequent changes to law Ability to implement new legislation	Inability to comply with legislation Possible fines Outdated procedures	Regular training and Continuous Professional Development (CPD) for staff Cross authority officer networks, knowledge sharing	Unlikely	Moderate	4	Not quantifiable	None.	Ongoing	Unlikely	Moderate
Lack of officer awareness of governance requirements Inadequate training for managers on their responsibilities	Poor decisions taken Incorrect advice given to Members	Staff training programme City Voice, Core Brief and team meetings used to inform staff of requirements	Unlikely	Moderate	4	Not quantifiable	None	Ongoing	Unlikely	Moderate
Poor compliance monitoring Poor response to issues flagged by audit	Increased “limited or no assurance” audit opinions	Management actions agreed to respond to audit observations/ weaknesses Regular monitoring of outstanding audit actions by Performance Management Team and Audit Committee	Unlikely	Moderate	4	Not quantifiable	None.	Ongoing	Unlikely	Moderate

Risk Ref: CR5	**Risk Score June 2016**: Likelihood= Unlikely Impact = Major	**Previous Score March 2016**: Likelihood = Unlikely Impact = Major	**Risk Owner**: Head of Finance
Risk Title: Financial Stability			

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Government funding less than assumed in medium term financial projections e.g. New Homes Bonus, RSG, Council Tax freeze grant	Budget may become imbalanced in the medium or short term.	Accelerate savings plans and income growth. Utilise available reserves and revise future spending plans.	Likely	Major	3	££££	The Medium Term Financial Strategy (MTFS) was prepared on the basis that the Government plans for withdrawing central funding as announced in the autumn statement will go ahead. The Council will aim to receive the 4-year funding agreement to ensure that no further unexpected cuts arise.	1/10/17 Ongoing	Unlikely	Major
Failure to achieve income targets; flawed assumptions or unforeseen event impacts on demand.	Budget will be imbalanced in the short term.	Revise budget utilising strategies to bring into balance in the short and the long term.	Unlikely	Moderate	2	£££	Continuous monitoring to ensure that managers are aware of changes in circumstances.	Ongoing	Unlikely	Moderate
Actual capital programme delivered differs significantly from medium term financial plan assumptions; e.g. overspends or under-delivery of forecast financial benefits	Delayed spending could lead to over-borrowing and avoidable costs Overspending could result in	Seek to ensure robust Financial Due Diligence that identifies sensitivity to key financial risks Develop financial programme monitoring tools	Likely	Major	4	£££	Financial risks are identified with individual projects. Strengthen reporting of corporate impacts on delays in decision making	Ongoing	Likely	Moderate
Failure to get to grips with Transformation Programme	Savings needed to balance the budget will not be made and the priorities will not be achieved .	Assign clear accountability, targets and monitoring and ensure adequately resourced to deliver change	Likely	Moderate	4	£££	Vanguard service redesign underway.	Ongoing	Unlikely	Moderate
Lack of finance and financial capacity to do the ‘nice to have’ projects	Missed opportunities	Produce a balanced plan	Unlikely	Moderate	4	££	Further work to be undertaken to improve and expand capital/project planning	31/3/17	Unlikely	Moderate
Penalties are imposed on the Council due to failing performance standards in services such as Planning	Possible loss of income.	Monitor and review performance Ensure adequate staff resources are in place to maintain Improve performance as required	Unlikely	Moderate	4	££	Monitoring underway	Ongoing	Unlikely	Moderate

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Risk Ref: CR7	Risk Score June 2016:	Likelihood= Likely Impact = Moderate	Previous Score March 2016:	Likelihood = Unlikely Impact = Moderate	Risk Owner: Assistant Director (Economy & Communities)
Risk Title: Environmental Risks					

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Political disagreement about plans (e.g. Air Quality, parking provision in Winchester)	Targets missed Damage to reputation Adverse publicity	Work with political groups to understand their priorities and explain consequences of changes of policy	Likely	Moderate	2	Not quantifiable	Widespread public engagement in development of new plans to inform political decision-making Involvement of expert stakeholders on working groups involved in development of new plans Robust evidence collected as a basis for new plans/developments Use of Member Training sessions to ensure good level of Member understanding of key issues.	Ongoing	Likely	Moderate
Poor maintenance and /or inspection of Sewage Treatment Works	Plant failure Damage to reputation	Regular inspections and monitoring in place	Unlikely	Major	4	£££	Consolidation of newly merged Drainage and Streetcare Team to provide future resilience for inspections and maintenance Improved ISO9000 procedures being produced for inspections to ensure consistent and documented response to inspections and follow up works New Head of Team in place to champion this issue at a strategic level within the Council	Dec 2016	Unlikely	Major
Failure to meet Air Quality targets	Adverse publicity Damage to reputation Potential fines Poor public health	Car parking pricing strategy New Park and Ride service launched with reduced emission buses in spring 2016 Pollution apportionment data commissioned from consultants to inform future decisions	Already happening	Moderate	1	Not quantifiable	New Air Quality Action Plan currently being prepared, with support from external stakeholders, Members etc New monitoring equipment being purchased for St George's Street for collection of accurate data. Corporate 'Feet First' walking campaign encouraging people to make car-free choices	March 2017	Likely	Moderate

Failure to achieve recycling targets	Negative impact on the environment Damage to reputation	Waste minimisation plan with targets in place Great Waste campaign run in 2015/16 to promote recycling Promotional advertising aimed at residents to recycle Green waste collection service regularly proposed to Members	Likely	Minor	2	Not quantifiable	Consideration of future options for waste contract will take into account areas for improvement in current operations Ongoing discussions with Biffa about current provision – options to extend recycling service Evaluation of Great Waste project under way – lessons to be shared with Members when available	Ongoing Ongoing July 2016	Likely	Minor
No reduction in corporate carbon emissions	Failure to achieve carbon reduction Adverse publicity Damage to reputation	Low Carbon Route Map in place WCC Carbon Reduction Plan in place Regular monitoring of emissions via independent assessors WCC commissioned building works to incorporate low carbon technology (extent/level to be agreed as part of project planning) Low Carbon Board providing regular training/information for Members	Unlikely	Moderate	4	Not quantifiable	12 Actions for Low Carbon Council adopted and SMT briefed – delivery should influence major projects as well as day to day services New approach being trialled to encourage businesses to reduce emissions through self-audit – opportunity for WCC to lead by example HNDU bid may bring funding for study for District Heat Network for new leisure centre	Ongoing Sept 2016 July 2016	Unlikely	Moderate
Extreme weather events, e.g. unforeseen or extended hot or cold period	Flooding in the City or villages in the District Infrastructure damage Property damage Service disruption Service disruption – e.g. refuse collections, tenant repairs Reputational damage Public health impact esp for vulnerable residents	Business Continuity Plans in place Inc adverse weather plans – e.g. for refuse collection Internal Audit of Business Continuity Plans included in Audit Programme for 2015/16 Flood defence works being implemented e.g. wall at Water Lane, Purchase of portable flood defence barrier Encourage development of local Flood Action Groups Regular training for staff involved in emergency planning Implementation of Repair and Renew Grant scheme 14/15 providing greater flood resilience to premises Merger of drainage/streetcare	Likely	Major	3	£££	Ongoing training for staff involved with emergency planning Installation of Park Avenue flood defences Training for streetcare team on use of portable flood barrier	Ongoing Dec 2016 Oct 2016	Likely	Major

		team to provide greater resilience in extreme weather events								

Risk Ref: CR8	**Risk Score June 2016**:	Likelihood= Unlikely Impact = Minor	**Previous Score March 2016**:	Likelihood = Unlikely Impact = Minor	**Risk Owner**: Assistant Director (Economy & Communities)
Risk Title: Commissioning					

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Lack of shared vision within partnerships	Unable to deliver priorities Partnership breakdown Lack of cohesion within partnership Loss of control Wasted resources	Work closely with partners to ensure that a shared vision is maintained Regular partnership meetings Robust governance arrangements for partnerships Formal partnership agreements in place	Unlikely	Moderate	4	Not quantifiable	None	N/a	Unlikely	Moderate
Failures within procurement process	Financial penalty Litigation Unable to secure best price or VFM	Professional advice available from both within and outside the Council Robust procurement and contract procedure rules in place Commissioning procedures in place Teams set up to manage procurement process for larger contracts Clear financial procedures and regulations in place Refresher procurement training delivered for SMT Commissioning Assurance workshop led by Council insurers arranged for key Council staff	Unlikely	Major	4	£££	Commissioning toolkit being developed	Sept 2016	Unlikely	Major
Lack of core skills to successfully commission services	Services not commissioned or delayed Unable to secure best price/VFM Litigation Financial penalty	Specialist staff training and increased awareness. Professional advice available from both within and outside the Council Robust procurement and contract procedure rules in place	Unlikely	Major	4	Not quantifiable	Ongoing procurement training for SMT etc	Ongoing	Unlikely	Major

		Teams set up to manage procurement process for larger contracts Clear financial procedures and regulations in place Contract Management								
Ability to understand what is meant by commissioning	Commissioning opportunities/ alternative service delivery options missed	Regular client/contractor meetings to discuss issues as they arise • Audit for Environmental Services Contract in the Audit Plan for 2015/16 Staff training and improved awareness	Likely	Moderate	4	Not quantifiable	None – Council no longer refers to commissioning as it did at the time of original audit report.	N/a	Likely	Minor
Failure of contractors to deliver services	Service disruption Financial penalty Damage reputation Adverse publicity	Regular client/ contractor meetings to discuss issues as they arise Audit for Environmental Services Contract in the Audit Plan for 2015/16	Likely	Major	2	Not quantifiable	Options appraisal for new depot contract already in discussion	Mar 2017	Likely	Major

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Risk Ref: CR9	**Risk Score June 2016**: Likelihood= Unlikely Impact = Major	**Previous Score March 2016**: Likelihood = Unlikely Impact = Major	**Risk Owner**: Chief Executive
Risk Title: Transformation			

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Budget savings driving the Transformation Programme rather than the intention to provide an efficient service in areas of the business which have been prioritised	Service levels reduced to save money Efficiencies not always identified or realised Impact on staff morale Increased staff turnover, difficulty to recruit Opportunities taken for savings where they arise rather than where they are planned	Properly scoped Transformation Programme in place which takes account of individual work streams within it to ensure the aim of supporting the medium term budget is balanced with maintaining acceptable and stable levels of service.	Unlikely	Major	4	££	Monitor progress against the actions and objectives as set out in the Transformation Programme and report these to members and staff.	Ongoing	Unlikely	Major
Long-term plans not in place with clear understanding of future budget position and implications for service delivery	Unable to reach or achieve long term objectives	Portfolio Plans in place that set out the actions to deliver the objectives included in the Community Strategy	Unlikely	Major	4	££	Agree and communicate long term objectives and aspirations of the Council to all staff	Ongoing	Unlikely	Major
Inadequate and or lack of dedicated resources allocated to the review process	Assessment and Business Process Review work will not be completed	Provide adequate resources either internally or externally	Likely	Major	3	££	Continue to assess and review the amount of resources required.	Ongoing	Unlikely	Major
Lack of staff support for the process	Impact of identifying successful outcomes	Staff engagement in the process and use of good communications	Likely	Major	4	££	None	Ongoing	Unlikely	Major
Lack of delivery of new technology and digitisation of processes to support reviews	Impact on service delivery and staff	Provide adequate resources to deliver and build into the process from the outset.	Unlikely	Moderate	4	££	Continue to assess and review the amount of resources required.	Ongoing	Unlikely	Moderate

Risk Ref: CR10	**Risk Score June 2016**: Likelihood= Likely Impact = Major	**Previous Score March 2016**: Likelihood = n/a Impact = n/a	**Risk Owner**: Assistant Director (Chief Housing Officer)
Risk Title: Housing Finance			

What might go wrong?	What will happen?	Existing Controls and Measures	Current Risk Score		Risk Proximity	Financial Impact	Further Actions Planned	Target Date	Residual Risk Score	
			Likelihood	Impact					Likelihood	Impact
Higher Value Sales Levy (to be charged from April 2017) could require selling significant number of current assets (dwellings and/or land)	Levy could run to £millions and will need to be paid whether receipts generated or not	Asset sales already underway and policy reviewed to bring forward sales ahead of policy announcements HRA Asset Management strategy in development which will identify appropriate assets for disposal and other means of generating receipts from the existing asset base	Likely	Major	3	££££	Updated Asset Management Strategy and Disposals Policy to be approved once detailed regulations confirmed	March 17	Unlikely	Major
Failure to sell sufficient assets to meet the above levy	Insufficient funds generated to meet levy, resulting in less resource to fund new build and major repairs	Currently assessing additional Legal/Estate/Housing requirements to develop an effective sales/disposal programme	Unlikely	Major	3	££££	Updated Asset Management Strategy and Disposals Policy to be approved once detailed regulations confirmed	March 17	Unlikely	Major
Rent Reduction policy extended beyond current four year approach	Each additional year adds an additional £1m shortfall in income	Detailed scenario planning completed. Budget balanced to 2021. Current £2m shortfall thereafter. Project group established to review options for achieving efficiency and generating additional income	Unlikely	Major	3	££££	To be agreed.	March 17	Unlikely	Major
Inadequate and or lack of dedicated resources allocated to the sales/asset management process	Too few sales, delays with disposals, too few opportunities identified	Capacity requirements currently being assessed	Unlikely	Significant	3	££££	To be agreed following completion of assessment.	March 17	Unlikely	Significant
Failure to collect income data to support "Pay to Stay" requirements	Higher rent set by default and significant increase in arrears	Capacity requirements currently being assessed	Likely	Significant	3	£££	Income assessment process to be determined (in conjunction with Housing Benefits team)	March 17	Unlikely	Significant