

**Report to** Audit committee

**Item**

28 June 2016

**Report of** Head of internal audit and risk management, LGSS

**10**

**Subject** Risk management report

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### **Purpose**

To update members on the review by the corporate leadership team of key risks facing the council, and the associated mitigating actions as noted in the corporate risk register.

### **Recommendation**

To note the corporate risks and the key controls in place and further actions planned to mitigate the risks.

### **Corporate and service priorities**

The report helps to meet the corporate priority “Value for money services”.

### **Financial implications**

None

**Ward/s:** All wards

**Cabinet member:** Councillor Stonard – Resources and business liaison

### **Contact officers**

Neil Hunter, head of internal audit and risk management, 01223 715317  
LGSS

### **Background documents**

None

# Report

## Background

1. Risk management is a fundamental aspect of the council's business practices. Cabinet has an executive role in the management of risks across the council in its role of ensuring the delivery of the council's priorities.
2. Audit committee provides independent assurance of the adequacy of the council's risk management framework and the associated control environment.
3. The corporate risk register was previously reported to audit committee on 15 March 2016 and cabinet on 13 January 2016.

## Review of corporate risks

4. The template for risk registers includes scoring for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
5. As required by the risk management strategy, on 8 June 2016 the corporate leadership team (CLT) carried out its regular review of the key risks to achieving the council's priorities and has updated the corporate risk register.

## Corporate risk register

6. The updated risk register with tracked changes in red is attached at **appendix 1**.
7. The first point to note is that the residual risk score of 20 for risk B1, public sector funding, remains above the council's risk appetite (maximum 15). This was approved by cabinet on 8 July 2015, and given the uncertainties around future grant and business rates income it is CLT's view that this should remain as a 'red' risk. Further details of these risks were included in the reports presented to the budget meeting of the Council on 23 February 2016.
8. The main changes to the risk register are as follows:
9. Risk A2, delivery of the corporate plan – The balance between the corporate plan and resources available is anticipated to shift over the coming years bringing significant challenges for the Council. As a result the register now reflects Cabinet's approval on June 8 2016 to the initiation of a process to:
  - a) Work with partners in the public, private, voluntary and community sectors to develop a new city vision;
  - b) Develop a revised corporate plan, priorities and performance measures which reflects the council's part in supporting that vision;
  - c) Determine a new blue print or operating model to guide how the council works in future which reflects available resources.
10. Risk A8, housing investment strategy – the risk description, causes and effects have been further amended to reflect recent developments in welfare and housing

legislation and the ongoing expectation of having to pay an annual determination which will impact significantly on the levels of funding available for stock investment and improvement. We await further details of how much this annual payment is likely to be.

11. Risk B2, income generation – reflects the completion of work to identify new or increased sources of income and the merging of these ideas into the draft transformation programme to 2020.

### **Corporate residual risk map**

12. An updated risk map is included at **appendix 2** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the council's risk appetite, ie there should be no risks with a residual score greater than 15, unless specifically approved by cabinet.
13. As mentioned above the residual risk score for B1, public sector funding, remains above the council's level for risk appetite. All other residual risk scores are amber.

### **Conclusion**

14. Risk management review processes are well embedded within the council, and members can be assured that the corporate risk register is up to date following review by CLT of the key risks to achieving the council's objectives.

**CORPORATE RISK REGISTER**

Version Date: **June** 2016

Details of Risk						Inherent Risk			Key Controls	Residual Risk			Actions				
Risk No.	Risk Description	Caused by	Effect	Owner	Corporate Priorities	Likelihood	Impact	Score and RAG		Likelihood	Impact	Score and RAG	Actions	Owner	Target Date	Revised Target Date	Action Status RAG
<b>CUSTOMER PERSPECTIVE</b>																	
A1	Customer demand	1. Customer demand exceeds our capacity to deliver services as they are currently configured 2. Transfer of demand arising from service delivery changes or budget cuts by other public agencies 3. Excessive customer demand in key areas, particularly in relation to the need to cut services, or changes to policies eg council tax reduction scheme; universal credit	1. Unable to cope with demand 2. Complaints 3. Reputation damage 4. Increased homelessness risk to housing	EH-CC&C	All	4	4	16 (R)	1. Proactive research on customer profile, forward planning, eg anticipating future events that will generate higher demand and use of data held to map and channel shift. 2. Data capture, consultation, survey and service planning. 3. Being robust about the role and responsibilities of Norwich City Council 4. Customer centre redesign 5. New 'self-serve' website including responsive forms, housing repairs diagnostics, customer portal, and full functionality on mobile devices	3	2	6 (A)	1. Customer service improvement plan for F2F service - Phase 1	Head of customer services	March 2016	?	G
A2	Delivery of the corporate plan and key supporting policies and strategies within the council's strategic framework	Corporate priorities are not on target to be delivered. The council has a clear set of corporate priorities within its corporate plan. Within the council's wider strategic framework, there are a number of key corporate strategies and policies which must be delivered across the organisation to realise the council's priorities e.g. environmental strategy, housing strategy etc Policy from the new government will be further changing the framework for local government and put new requirements on the council that must be met in a number of different areas. When this is combined with the very significant savings the council will need to make to meet the government funding reductions, there is a risk that these changes will reduce the capacity of the council to deliver on its key corporate priorities.	1. Key priorities for the city are not delivered 2. Adverse public opinion 3. Projects / work completed to a lower quality 4. Negative impact on outcomes for citizens 5. Negative performance ratings for the council 6. Continual over-stretching of capacity	CEO	All	4	4	16 (R)	1. Regular review of corporate plan, medium term financial strategy and other key policies and strategies. 2. Effective performance and programme management 3. Corporate planning and service planning aligned with budget setting to ensure resources are in place to deliver priorities. 4. Effective preparation for changes in government policy. 5. Effective transformation programme to ensure savings are delivered. The balance between the corporate plan and resources available is anticipated to shift over the coming years bringing significant challenges for the Council. As a result the Council's Cabinet approved on June 8 2016 the initiation of a process to: a) Work with partners in the public, private, voluntary and community sectors to develop a new city vision b) Develop a revised corporate plan, priorities and performance measures which reflects the council's part in supporting that vision c) Determine a new blue print or operating model to guide how the council works in future which reflects available resources	3	4	12 (A)	a) Work with partners in the public, private, voluntary and community sectors to develop a new city vision b) Develop a revised corporate plan, priorities and performance measures which reflects the council's part in supporting that vision c) Determine a new blue print or operating model to guide how the council works in future which reflects available resources	CEO	Oct-16		G

Details of Risk						Inherent Risk			Key Controls	Residual Risk			Actions						
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A3	<p>Relationship management with key service delivery partners and the management of contracts.</p> <p>The council has a number of key partnerships with LGSS, NPS Norwich, and NP Law. There is also a highways agency agreement with Norfolk County Council. This approach to service delivery requires a different managerial approach by the city council.</p> <p>The council also has a number of key contracts and partnerships which require strong, consistent procurement and client management.</p>	<p>1. Partnerships not managed effectively and key service outcomes not achieved.</p> <p>2. Contracts not managed effectively, and key service outcomes not achieved.</p>	<p>1. The council doesn't get value for money</p> <p>2. Benefits of partner and contract arrangements not realised</p> <p>3. Constant negotiation around the service delivery agreement</p> <p>4. Specification not adhered to</p> <p>5. Services not provided at an acceptable level</p> <p>6. Customer and staff complaints</p>	EH-BRM&D	5	3	4	12 (A)	<p>1. Governance structure is in place to manage the individual partnership agreements (eg NPS Norwich Board, LGSS liaison group, NP Law Board, all major contracts have strategic and operational governance arrangements with officer and member representation.</p> <p>2. In response to the council operating model training requirements have been reviewed and staffing structures refreshed to reflect this change.</p> <p>3. A contract and business relationship management toolkit has been deployed. This aims to create consistency of management of both financial and performance objectives and monitoring and management of all economic, social and environmental issues associated with the service.</p> <p>4. Internal audit has reviewed arrangements to ensure that robust governance by client managers is in place for LGSS, nplaw, NPS Norwich, Norwich Norse (Environmental) and Norse Environmental Waste Service. Reported to CLT in April 2015 - result was 'substantial' assurance opinion.</p> <p>5. Regular reviews of joint ventures</p>	2	4	8 (A)							

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A4	Safeguarding children, vulnerable adults and equalities duties	<p>1. Safeguarding and equalities duties and responsibilities not embedded throughout the council and its contractors/ commissioned services/ partners.</p> <p>2. Continued change in council service delivery model with an increase in the number of partnership arrangements is likely to require new arrangements for the delivery of safeguarding and equalities duties.</p> <p>3. Impact of cuts on care services and benefit funding.</p> <p>4. Critical incident</p> <p>5. Change in contractor/ commissioned service/partner</p> <p>6. Reduced service provision</p> <p>7. Not being able to attract staff with diverse abilities and backgrounds</p> <p>8. Reviews of safeguarding at Norfolk County Council found a number of significant issues, which increases the risks for partner organisations</p>	<p>1. Vulnerable adults and children at greater risk of exclusion or harm</p> <p>2. Individuals from a community of identity dealt with inappropriately and at risk of exclusion</p> <p>3. Risk of judicial review on accessibility of services</p> <p>4. Risk of damage to reputation if an employee discrimination claim is made based on equalities legislation</p> <p>5. NCC's reliance on systems at Norfolk and impact on Norwich City Council if these are inadequate</p>	EH-N	All	3	4	12 (A)	<p>1. Safeguarding <del>children</del> policy and procedures in place and reviewed annually through safeguarding group.</p> <p><del>2. Safeguarding adult policy and procedures in place and reviewed annually.</del></p> <p>3. Safeguarding duties included in new contracts to ensure duties are embedded with new contractors. Where appropriate, joint training/awareness sessions are held.</p> <p>4. Equalities duties overseen by BMG</p> <p>5. A contract and business relationship management toolkit has been deployed. This aims to create consistency of management of both financial and performance objectives and monitoring and management of all economic, social and environmental issues associated with the service and particularly in relation to safeguarding</p> <p>6. Equality training undertaken for all staff and managers</p> <p>7. <del>Managing</del> Mental health awareness training provided for employees <del>managers</del></p> <p>8. Safeguarding training provided to all staff.</p> <p>9. Safeguarding guidance provided to all councillors</p> <p>10. External review of the council's approach <del>through the</del> Annual self-assessment against Sec.11 of Children Act 2014, then challenge session with chair of Norfolk Safeguarding Children Board (NSCB). <del>Confirmed that NCC is playing its part in the NSCB and is alert to its duties and responsibilities.</del></p> <p>12. NCC plays full part in Norfolk Public Protection Forum</p> <p>13. NCC chief executive chairs Community Safety Partnership linking to domestic abuse across the county</p> <p>14. Constantly monitoring outcomes from serious case reviews (children adult and domestic abuse) and ensure any recommendations are actioned.</p>	2	4	8 (A)	<p>1. Work is <del>progressing</del> continuing with contract managers to ensure monitoring and annual reporting of cross cutting themes including safeguarding and equalities is undertaken consistently with contractors.</p> <p>2. <del>Refresher</del> workshop style training developed and provided for all relevant staff ;</p> <p>3. New e-learning module developed for all staff to <del>being reviewed</del> to ensure learning is <del>learnign and development is</del> relevant to job roles and reflects emerging safeguarding issues and improvement against Sec 11 of the Children Act 2014 <del>progress will be reported to a future cabinet</del></p>	Head of local neighbourhood services	From Jul-14	Complete for 'Platinum' contractors; <del>currently reviewing</del> 'Gold' contractors to be completed by March 2017. Workshops completed March 2016 and will be provided on a rolling basis.	G
												Head of local neighbourhood services	From Oct-15 onwards			G	
												Head of local neighbourhood services		Sept. 2016		G	

Details of Risk						Inherent Risk			Key Controls	Residual Risk			Actions				
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A6	Delivery of Joint Core Strategy (JCS). The council, through the Greater Norwich Growth Board, is seeking to promote delivery of the JCS. If delivered, JCS will see more than 30,000 homes built in the greater Norwich area, and 35,000+ jobs created over next 15 years	Delivery of the JCS may be jeopardised by: 1. Markets failing to deliver on preferred development sites identified for housing 2. Changing approaches to calculating housing land supply to require all the backlog in housing supply that has arisen since 2008 to be met in the next five-year period rather than over the remainder of the plan period of the JCS (ie up to 2026). 3. Failure to deliver the infrastructure required to support development 4. The council increasingly relies on income from NNDR (business rates). This may be at risk if other councils allow commercial developments on the edge of the city but outside the boundary or the number of commercial premises in the City reduce.	1. Reputation damage 2. Significant likelihood that the overall development strategy for the Greater Norwich area will not be delivered	EH-R&D	2 & 4	3	4	12 (A)	1. Ensuring that strategies being prepared with GNGB colleagues are as robust as possible and firmly grounded in reliable evidence. 2. Inter-authority working based on consensus decision-making ensures all parties are in agreement with the agreed policy framework. 3. All policy work is supported by comprehensive and up-to-date evidence in accordance with government guidelines. 4. Greater Norwich Growth Board responsible for ensuring funding is available for investment in infrastructure to support growth.	3	3	9 (A)					

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A8	<p>Housing Investment Strategy</p> <p>As part of the reform of the HRA the council has taken on a substantial debt to replace the former negative housing subsidy system. This debt is currently planned to be repaid over a period not exceeding 30 years. In addition to debt repayments the council has adopted a new standard for investment in the housing stock and a commitment to fund a new build programme. However, recent developments in welfare and housing legislation require rent reductions and the prospect of paying an annual determination which will impact significantly on the levels of funding available for stock investment and improvement.</p>	<p>1. Reduction in rental income arising from:</p> <ul style="list-style-type: none"> <li>• compulsory 1% reduction in social housing rent for next four years wef April 2016</li> <li>• higher level of council house sales due to improved incentives</li> <li>• increasing debt or other factors</li> </ul> <p>2. Impact of determination to fund RTB for Registered Providers</p> <p>3. Significant increase in the cost of delivering improvement works</p> <p>4. Failure to deliver by contractors</p>	<p>1. Failure to deliver the Norwich Standard within the expected timescale</p> <p>2. Lack of resources to be able to maintain the Norwich Standard.</p> <p>3. Lack of resources to support a new build programme.</p> <p>4. Requirement to sell off stock to fund determination</p> <p>5. Reduced tenant satisfaction</p> <p>6. Need to reprogramme the housing investment plan</p>	EH-N	4	5	5	25 (R)	<p>1. Regular review of HRA business plan and housing investment plan to reflect financial position of the HRA. <b>In particular we await indicative figures for the annual determination which is likely to require further reworking of the HRA business plan and changes to planned levels of spend.</b></p> <p>2. The main control will be the timescale for delivering the Norwich Standard to all properties <b>and the level of spend on the routine maintenance / replacement programme</b> together with the delivery of any agreed new build programme.</p> <p>3. Regular review of key projects.</p> <p>4. Effective contract management</p> <p>5. Work with Registered Providers to maximise use of retained Right to Buy receipts for the development of new social housing where spend by the Council is not possible.</p>	5	3	15 (A)	Review housing investment plan	EH-N CFO	Feb-16	Nov-16	G

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<b>FINANCE AND RESOURCES</b>																	
B1	Public sector funding	<ul style="list-style-type: none"> <li>1. Further economic decline.</li> <li>2. Change in national government policy as a result of the economic position</li> <li>3. New policies and regulations place a major financial burden on the council</li> <li>4. Effects of funding cuts on major partners despite increased referrals, eg health and social care, may result in increased costs for the council</li> <li>5. Uncertainties over central government financing, eg new homes bonus; changes to housing finance within the Housing and Planning Bill</li> </ul>	<ul style="list-style-type: none"> <li>1. Major reduction in public sector funding, including consequences of changes in funding arrangements for other bodies.</li> <li>2. Impact on balancing the budget – significant change and financial savings required.</li> <li>3. Unable to make saving within the required timescales</li> <li>4. Requirement to sell off housing stock to fund determination.</li> <li>5. Erosion of reserves</li> <li>6. Major financial problems</li> <li>7. Reputation damage</li> <li>8. Possible industrial action</li> <li>9. Changes become “knee jerk”</li> <li>10. Govt intervention</li> <li>11. Council loses critical mass in key areas</li> <li>12. Service failures</li> <li>13. Potential disproportionate impact on the poorest and most vulnerable members of society</li> </ul>	CFO	All	5	5	25 (R)	<ul style="list-style-type: none"> <li>1. Comprehensive 5-year transformation programme based on minimum resource allocation and robust benefit realisation.</li> <li>2. Medium Term Financial Strategy incl. reserves policy, financial reporting to BMG &amp; cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated.</li> <li>3. HRA business plan.</li> <li>4. Weekly review by CLT of government announcements to assess implications and response required.</li> <li>5. Keep service design under review</li> <li>6. Continual review of financial position by the council and major partners</li> </ul>	5	4	20 (R)					
B2	Income generation	<ul style="list-style-type: none"> <li>1. Further economic decline.</li> <li>2. Under-utilisation of assets</li> <li>3. CIL (community infrastructure levy) income is below expectations.</li> <li>4. Collapse in world markets leading to loss of income</li> <li>5. Low economic growth or recession reduces income</li> <li>6. Other triggers: <ul style="list-style-type: none"> <li>a) Bethel St Police Station – market value payment</li> <li>b) Triennial pensions review.</li> <li>c) VAT partial exemption.</li> <li>d) Variable energy prices.</li> <li>e) Increasing voids due to market and economy factors.</li> <li>f) Loss of major tenant.</li> <li>g) GNGP board decision or cabinet decision on CIL investment arrangements.</li> <li>h) The council increasingly relies on income from NNDR (business rates). This is a volatile income stream and may be at risk from changes to Government policy around planning and if other councils allow commercial developments on the edge of the city but outside the boundary.</li> <li>i) Lack of experience in some services for generating income</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1. Inability to raise capital receipts</li> <li>2. Impact on balancing the budget – significant change and financial savings required.</li> <li>3. Decline in income streams (eg rents from investment properties) – insufficient funds to maintain current service levels</li> <li>4. Unable to make saving within the required timescales</li> <li>5. Erosion of reserves</li> <li>6. Major financial problems</li> <li>7. Reputation damage</li> <li>8. Govt intervention</li> <li>9. Council loses critical mass in key areas</li> <li>10. Service failures</li> <li>11. Potential disproportionate impact on the poorest and most vulnerable members of society</li> <li>12. Damage/costs across void portfolio</li> <li>13. Essential infrastructure to deliver growth in the GNGP area is delayed.</li> </ul>	CFO	All	5	4	20 (R)	<ul style="list-style-type: none"> <li>1. Comprehensive 5-year transformation programme based on minimum resource allocation, maximisation of income generation and robust benefit realisation.</li> <li>2. Medium Term Financial Strategy incl. reserves policy, capital and revenue financial reporting to BMG &amp; cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated.</li> <li>3. HRA business plan kept under review.</li> <li>4. GNGP have an agreed investment plan for the Greater Norwich area and have appointed consultants to advise on the use of CIL to help deliver this programme.</li> <li>5. Clear strategy for investment</li> <li>6. Commercial skills training provided to all Heads of Service</li> <li>7. Element of CIL programme controlled by Norwich prioritised and caution taken to ensure spend not incurred until monies certain to be received.</li> <li>8. Independent review of income generation opportunities completed Spring 2016 and options built in to the transformation programme.</li> </ul>	4	3	12 (A)	Independent review of income generating opportunities	CFO	4/24/16		G

Details of Risk						Inherent Risk			Key Controls	Residual Risk			Actions				
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B3	Level of reserves The council has a legal duty to ensure it has a prudent level of reserves to conduct its business	1. Government policy. 2. Economic climate 3. Reserves fall below acceptable levels	1. Inadequate levels of reserves publicly reported by external auditors 2. Government intervention 3. Impact on reputation of the council	CFO	All	3	4	12 (A)	1. Medium term financial strategy (MTFS). 2. Development of the 5-year corporate plan and transformation programme in conjunction with the MTFS. 3. HRA Business Plan. 4. Planning and delivery of transformation (savings and income generation) programme. 5. Contract and business relationship management to identify and respond to business delivery risks. 6. Budget development, in-year monitoring and control	2	3	6 (A)					
B4	Capital developments	1. Housing / other developments may take longer to proceed than planned. 2. Housing / other developments may cost more than planned . 3. Interest rates on debt may rise beyond projections. 4. Developments may not generate planned levels of income. 5. Asset sales may not be sufficient to fund major repairs	1. Delay in income streams may put pressure on revenue budgets. 2. Reduced net revenue contribution from developments. 3. May put pressure on revenue budgets / reserves to service debts 4. Pressure on capital budgets	CFO	All	5	4	20 (R)	1. Medium Term Financial Strategy incl. reserves policy, capital and revenue financial reporting to BMG & cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated. 2. HRA business plan. 3. Capital Management Group set up and reporting quarterly to CLT 4. Business cases for individual investments and continual review of investments 5. Balanced risk profile 6. Business plan for new housing development company approved by cabinet. 7. Housing company's own risk register 8. Continuing policy to only commit spend once resources are available.	3	4	12(A)					

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<b>PROCESSES AND SYSTEMS</b>																		
C1	Emergency planning and business continuity  (The council delivers a range of complex services to vulnerable elements of the community. Organisations generally are experiencing significant continuity events once every five years on average)	Occurrence of a significant event: <ul style="list-style-type: none"> <li>Loss of City Hall</li> <li>ICT failure</li> <li>Contractor collapse</li> <li>Severe weather events – storms, heatwaves, strong winds</li> <li>Flooding</li> <li>Sea level rise</li> <li>Fuel shortages</li> <li>Communications failure</li> <li>Pandemic</li> <li>Loss of power</li> </ul> <p>The council, businesses and members of the public in the city will also be at risk from the local effects of climate change in the medium to long term.</p>	<ol style="list-style-type: none"> <li>Service disruption and inability to deliver services</li> <li>Disruption of the delivery of goods and services to the council</li> <li>Increased requests for council resources and services</li> <li>Health and safety impact on staff and vulnerable residents</li> <li>Damage to council property and impact on tenants</li> <li>Reputation damage</li> <li>Years to recover</li> </ol>	EH-BRM&D	All	4	4	16 (R)	<ol style="list-style-type: none"> <li>The council is a member of the Norfolk Resilience Forum, which has produced a Norfolk Community Risk Register</li> <li>Business continuity team with access to resources; action plans have been used to deal with actual total City Hall IT failure; alternative site for customer contact team; disaster recovery plan and the use of Blackberries for communications.</li> <li>The council has a major emergency management strategy and emergency planning room established at City Hall. Approach has also been used to test business continuity in the event of the main works contractor changing.</li> <li>Flu pandemic plan.</li> <li>Adaptations to protect the council from the local effects of climate change and address the causes are covered by corporate strategies such as the environmental strategy, together with service plans.</li> <li>A new business continuity management policy and framework was approved by cabinet 25 June 2014.</li> <li>A business impact analysis for each service is signed off by the head of service and executive head of service.</li> <li>Business continuity steering group chaired by the EH-BRM&amp;D.</li> <li>Overall business continuity plan reviewed by CLT.</li> </ol>	4	3	12 (A)	The emergency planning manager will present a report on business continuity to CLT on 2 March 2016. <del>If agreed, there will be further actions arising from the report</del>	EH-BRM&D				G
C2	ICT strategy.  The council has transferred its ICT service to LGSS. The ICT Programme Board works alongside LGSS to keep up to date the ICT strategy for the council	ICT strategy fails to support the organisation moving forward and the blueprint for a new council	<ol style="list-style-type: none"> <li>Incoherent approach to ICT systems</li> <li>Systems not customer friendly</li> <li>Systems are not integrated with one another</li> <li>Drain on resources as staff work around the systems</li> <li>Lack of accuracy in key data</li> <li>Data are unreliable</li> <li>Key information not trusted</li> <li>Hinders management and service improvements</li> <li>Failure to deliver council priorities</li> </ol>	EH-BRM&D	All	3	4	12 (A)	<ol style="list-style-type: none"> <li>NCC has developed an ICT strategic direction document detailing the key areas where ICT is required to support business objectives and change.</li> <li>Management of the LGSS relationship will seek to ensure that NCC requirements are delivered.</li> <li>The council has an ICT Programme Board, attended by LGSS IT.</li> </ol>	2	4	8 (A)						

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C3	Information security	1. Sensitive and/or personal data is sent to the incorrect recipient or not kept securely, or is lost 2. Data is emailed to insecure email addresses. 3. Lap top or memory stick containing data is lost or stolen. 4. Information is sent to incorrect addresses. 5. External malicious attack (hacking) 6. Hard copy data is lost or stolen	1. Fine up to £0.5 million 2. Potential harm to data subjects through loss, release or corruption of personal data 3. Reputational risk	EH-BRM&D	5	5	4	20 (R)	1. Regularly remind all managers, employees and members of their responsibilities for the use of and security of data. 2. Prohibit using mobile devices to store or process sensitive or personal data unless device is encrypted. 3. Encrypt lap tops and data sticks when they are used to store or process sensitive or personal data. 4. Proper disposal of confidential waste. 5. Updated IT User Security policy issued April 2015 to all staff and other people who access the councils systems (e.g. partners, contractors etc.) 6. The council has achieved public sector network (PSN) & payment card industry (PCI) compliance 7. The council has an ICT programme board, attended by LGSS IT. 8. Corporate information assurance group 9. Annual security report from LGSS IT 10. Information risk policy and risk assessment 11. Business continuity and disaster recovery arrangements 12. Incident response plan and lessons learned	3	4	12 (A)					

Details of Risk						Inherent Risk			Key Controls	Residual Risk			Actions					
Risk No.	Risk Description	Caused by	Effect	Owner	Corporate Priorities	Likelihood	Impact	Score and RAG		Likelihood	Impact	Score and RAG	Actions	Owner	Target Date	Revised Target Date	Action Status RAG	
C4	Failure of major contractor or legal challenge following an unsuccessful tender bid	<p>1. The council has a number of key contractors who may be vulnerable to market and economy factors.</p> <p>2. In addition the number of legal challenges (and therefore injunctions preventing a contract award) is increasing due to the financial pressures and reducing workload</p> <p>3. Key contractor goes into administration or an injunction is issued preventing the award of a new contract</p>	<p>1. Customer and staff complaints</p> <p>2. Services not delivered</p> <p>3. Contingency plans have to be invoked</p> <p>4. Cost and time to retender contract</p> <p>5. Cost and time to defend legal challenge</p> <p>6. Additional unforeseen costs impact delivery of balanced outturn and reserve levels</p>	EH-BRM&D	5	4	3	12 (A)	<p>1. Monitor major contractors for warning signs and make any necessary contingency plans. Recently put into practice and contingency plans tested.</p> <p>2. Ensure a robust procurement process is followed in accordance with the appropriate procurement regulations, NCC processes and best practice.</p> <p>3. NPS JV extended to include works division. This arrangement enables the JV to carry out work that was previously contracted to private sector. This approach is in line with the Council's operating model. This provides enhanced security over the supplier and increased direct control by the council.</p> <p>4. Contingency budget and allowance for failures within the calculation of prudent minimum balance of reserves</p> <p>5. More use of shared services reduces size and scope of contracts with private sector providers (eg ICT)</p> <p>6. Increased use of framework contracts increases resilience against contractor failure.</p>	3	3	9 (A)						
C5	Fraud and corruption	<p>1. Poor internal controls lead to fraudulent acts against the council, resulting in losses.</p> <p>2. Bribery Act 2010 came into force 1 July 2011 – lack of guidance or policies - council fails to prevent bribery</p> <p>3. Failure in internal control.</p> <p>4. Discovery of fraudulent acts.</p> <p>5. Allegations received.</p> <p>6. Member of staff or councillor breaks the law.</p>	<p>1. Loss of income or assets</p> <p>2. Adverse public opinion</p> <p>3. Effect on use of resources</p> <p>4. Increased costs of external audit</p> <p>5. Cost of investigation and rectifying weaknesses</p> <p>6. Prison</p>	CFO	5	3	3	9 (A)	<p>1. Internal audit</p> <p>2. Anti-fraud and corruption policy,</p> <p>3. Payment Card Industry security assessment to protect card payments,</p> <p>4. National Fraud Initiative,</p> <p>5. Whistleblowing policy</p> <p>6. Review and update as necessary policies and procedures.</p> <p>7. Assess risk of bribery, train staff and monitor and review procedures.</p> <p>8. Robust procurement procedures, e-tendering portal and governance by the procurement team</p> <p>9. Delegation procedures</p>	2	3	6 (A)	Review needed of anti-fraud, whistleblowing and anti-bribery policies,	Chief finance officer	Sep-15	Mar-16	G	

Details of Risk						Inherent Risk			Key Controls	Residual Risk			Actions				
Risk No.	Risk Description	Caused by	Effect	Owner	Corporate Priorities	Likelihood	Impact	Score and RAG		Likelihood	Impact	Score and RAG	Actions	Owner	Target Date	Revised Target Date	Action Status RAG
<b>LEARNING AND GROWTH</b>																	
D1	Industrial action	1. Changes to pension regulations and pay restraint and changes to terms and conditions could lead to industrial action by employees 2. National negotiating framework - failure to agree. 3. Ballot of union members. 4. Implementation of changes to the LGPS. 5. Implementation of government interventions on pay	1. Loss of key services 2. Public safety 3. Loss of income 4. Reputation	EH-BRM&D	All	3	4	12 (A)	2 stages – managing the threat of industrial action and responding to industrial action 1. Identify and agree with UNISON exemptions from strike action 2. Identify and implement business continuity/contingency plans to maintain essential services and ensure statutory duties are met 3. CLT agree and implement strategy for response to strike action ie assessing the scale of the action, communications, response depending on nature of the action, wider industrial relations implications, deductions from pay etc 4. National and regional guidance 5. Statutory immunities – Trade Union Labour Relations (Consolidation) Act 6. Well embedded business continuity and industrial action plans	3	2	6 (A)					

**Council Priorities 2015-2020:**

1. To make Norwich a safe, clean and low-carbon city
2. To make Norwich a prosperous and vibrant city
3. To make Norwich a fair city
4. To make Norwich a healthy city with good housing
5. To provide value for money services

**Key to risk owners (above):**

CEO	Chief executive officer
EH-N	Interim executive head of neighbourhoods
EH-BRM&D	Executive head of business relationship management & democracy
EH-CC&C	Executive head of customers, communications & culture
EH-R&D	Executive head of regeneration & development
CFO	Chief finance officer (s151)

## Norwich City Council

### Summary of Residual Scores for Corporate Risks (one red, 15 amber) as at June 2016

Impact	Very High	5					
	High	4		A3, A4, C2	A2, B4, C3		B1
	Medium	3		B3, C5,	A6, C4	B2, C1	A8
	Low	2			A1, D1		
	Negligible	1					
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
<b>Likelihood</b>							

**Red scores** – in excess of the council’s risk appetite (risk score 16 to 25) – action needed to redress, quarterly monitoring. In exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to CLT and cabinet.

**Amber scores** – likely to cause the council some difficulties (risk score 5 to 15) – quarterly monitoring

**Green scores** (risk score 1 to 4) – monitor as necessary