

**Report to** Audit committee  
10 July 2012

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

**Subject** Review of corporate risk register

Item  
**15**

---

### **Purpose**

To update members on the results of the review of key corporate risks and mitigation actions by the council's corporate leadership team.

### **Recommendations**

To note the changes to the register as a result of the review by the corporate leadership team.

### **Financial consequences**

The financial consequences of this report are none directly.

### **Risk management**

The report deals with the councils risk management processes.

### **Corporate and service priorities**

The report helps to achieve the corporate priority Value for money services

### **Contact Officers**

Steve Tinkler  
Steve Dowson

01604 367055  
01603 212575

### **Background Documents**

# Report

## Background

1. The previous version of the corporate risk register was presented to audit committee in January 2012.
2. At the meeting the deputy chief executive reported that the risk register would be fundamentally reviewed to take account of certain policy changes and the financial situation.
3. In April 2012 the corporate leadership team (CLT) reviewed all the risks and mitigating actions to take account of the significant changes that had occurred.
4. CLT asked that departmental management teams also be included in the review process in order to identify any missing areas before reporting back to CLT and audit committee.
5. The updated corporate risk register is attached at **annex 1**. Reasons for the main changes from the previous version are summarised in the following section.

## Changes to the Corporate Risk Register

6. For each risk in the previous version of the register, the following shows a brief summary of where the changes have been made (in same order as updated risk register):
  - CR01 public sector funding – further vulnerabilities and mitigations added, in particular regarding community infrastructure levy (CIL)
  - CR08 customer demand – no change
  - CR04 Homes & Communities Agency partnership – updated to reflect progress and latest position of the projects CR12 IT strategy – re-worded to take account of transfer of ICT to LGSS
  - CR05 delivery of the corporate plan and other key policies – likelihood reduced
  - CR10 business continuity – no change
  - CR12 IT strategy – likelihood reduced
  - CR17 contract management – expanded and title changed to ‘Relationship management with key service delivery partners and the management of works contracts.’ This reflects key partnerships now in place, eg NPS; LGSS. Likelihood increased
  - CR20 level of reserves – no change
  - CR21 safeguarding children and vulnerable adults – updated to take account of equalities duties
  - CR22 industrial action – likelihood reduced
  - NEW CR23 community right to challenge – included in the Localism Act. This means that community organisations (along with private contractors

if they choose) can challenge the council on the delivery of a service and in doing so trigger a procurement process, which will require resources to run the process

- NEW CR24 information security – with the risk of increased fines from the Information Commissioner and loss of reputation, it is vital that risks to data loss are identified and minimised
- CR17a failure of major contractor – updated to take account of risk of legal challenges to tender process
- CR11 delivery of joint core strategy – updated to reflect latest position, in particular regarding the legal challenge. Likelihood reduced
- CR19 fraud and corruption – no change
- NEW CR25 housing investment strategy - risk is the balance between the new standard for investment in the housing stock, managing the cash flow and right to buy. The council has taken on substantial debt to be repaid over 30 years.

7. The following risks have been removed:

- CR02 single status – now complete, so risk removed
- CR14 service standards – significant progress made, on review decided that this risk could be removed
- CR15 corporate governance - significant progress made, on review decided that this risk could be removed

8. Page 2 of the register, key corporate risks summary, has been updated to reflect the above changes.

9. Risks are again shown in 'risk score' order, highest risks first.

# **Norwich City Council**

## **Key corporate risks**

**Reviewed by audit committee January 2011**

**Updated by corporate leadership team June 2011**

**Approved by cabinet December 2011**

**Reviewed by audit committee January 2012**

**Updated by corporate leadership and departmental management teams April – June 2012**

## Key Corporate Risks Summary (next 2 – 3 years)

16 risks ranked, 2 red risks

		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
Likelihood / Probability	5 Very High				1	
	4 Likely			17a	8	
	3 Possible			19, 25	4, 5, 10, 12, 17, 20, 21, 22, 23, 24	
	2 Unlikely				11	
	1 Rare					


No.	Top Corporate Risks
<b>Very High Likelihood – Major impact</b>	
CR01	Public sector funding
<b>Likely – Major impact</b>	
CR08	Customer demand



**Council Priorities 2012-15****City Council Priorities****1. To make Norwich a safe and clean city****2. To make Norwich a prosperous city****3. To make Norwich a city with decent housing for all****4. To make Norwich a city of character and culture****5. To provide value for money services**

## Key Corporate Risks


Likelihood scored on a scale: 1 rare; 2 unlikely; 3 possible; 4 likely; 5 very high



Impact scored on a scale: 1 insignificant; 2 minor; 3 moderate; 5 major; 7 catastrophic

Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
CR01	All	5	5		25	Public sector funding	<p>A major reduction in public sector funding, including consequences of changes in funding arrangements for other bodies.</p> <p>Impact on balancing the budget – significant change and financial savings required.</p> <p>New policies and regulations place a major financial burden on the Council e.g. RSG and HRA restructuring.</p> <p>Change in direction of government policy.</p> <p>Under-utilisation of assets.</p> <p>Failure to agree with GNDP partners CIL funding arrangements for investment in core infrastructure required to deliver homes and jobs.</p> <p>CIL income is below expectations.</p> <p>Collapse in world recycling markets leading to loss of income</p> <p>Low economic growth or recession reduces income</p>	<p>Further economic decline.</p> <p>Change in national government policy as a result of the economic position. Unable to make saving within the required timescales</p> <p>Other triggers: Residual liability re land at Bowthorpe. Bethel St Police Station – market value payment. Triennial pensions review. VAT partial exemption. Variable energy prices. Increasing voids due to market and economy factors. Loss of major tenant. GNDP board decision or cabinet decision on CIL investment arrangements.</p>	<ul style="list-style-type: none"> <li>• Inability to raise capital receipts</li> <li>• Decline in income streams (eg rents from investment properties) – insufficient funds to maintain current service levels</li> <li>• Erosion of reserves</li> <li>• Major financial problems</li> <li>• Reputation damage</li> <li>• Possible industrial action</li> <li>• Poor inspection results</li> <li>• Changes become “knee jerk”</li> <li>• Govt intervention</li> <li>• Further savings required</li> <li>• Council loses critical mass in key areas</li> <li>• Service failures</li> <li>• Potential disproportionate impact on the poorest and most vulnerable members of society</li> <li>• Damage/costs across void portfolio</li> <li>• Essential infrastructure to deliver growth in the GNDP area is delayed.</li> </ul>	S151 Officer

Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
	<b>Action/controls and other mitigation</b>						<b>Responsibility for Action</b>		<b>Review Frequency</b>	
	Medium Term Financial Strategy incl. reserves policy, financial reporting to CLT & Cabinet, transformation projects regularly monitored, MTFS is regularly reviewed and updated. Weekly review by CLT of government announcements to assess implications and response required. GNDP 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.						CLT and S151 Officer		Monthly or more frequently if needed	
CR08	All	4	5		20	Customer demand	Customer demand exceeds our capacity to deliver services as they are currently configured.	Excessive customer demand in key areas, particularly in relation to the need to cut services, or changes to policies eg council tax benefits	<ul style="list-style-type: none"> <li>• Unable to cope with demand</li> <li>• Complaints</li> <li>• Reputation damage</li> </ul>	Deputy chief executive
	<b>Action/controls and other mitigation</b>						<b>Responsibility for Action</b>		<b>Review Frequency</b>	
	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. Data capture, consultation, survey and service planning.						Head of Service where relevant and Customer Contact		Continuous	
CR04	3	3	5		15	Norwich and Homes & Communities Agency Strategic Partnership (NAHCASP) Three elements: 1) Development of land at Bowthorpe for mixed tenure (amber) 2) Other	<p>Reputation</p> <p>Change of rules by the government – tighter deadline for bidding for affordable housing grant</p> <p>Bowthorpe - need for master plan and detailed plan for phase one. Outline application submitted April 2012.</p> <p>Need to establish a future investment programme using</p>	<p>Material breach of contract</p> <p>Deadlines missed</p> <p>Failure to obtain planning approval</p> <p>Failure to establish</p>	<ul style="list-style-type: none"> <li>• Projects halted or delayed</li> <li>• Adverse public opinion</li> <li>• Increase in local unemployment</li> <li>• Funding for some projects may not be obtained</li> <li>• Funding may have to be returned</li> <li>• Core infrastructure and affordable homes may not be delivered</li> </ul>	Deputy chief executive




Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
						affordable housing and regeneration schemes (amber) 3. South city centre masterplan work (green)	funds from Bowthorpe development  Need to establish deliverable development proposals and funding.	investment programme  Failure to establish investment programme		
<b>Action/controls and other mitigation</b>							<b>Responsibility for Action</b>		<b>Review Frequency</b>	
Contract. Strategic Board includes Members and HCA. Officer Implementation Board. Annual Business Plan. Project managers for individual projects. Regular financial and budget reports. Two audit reports gave good assurance on controls. New outline planning application submitted in April 2012 to provide development framework for phased delivery of the site. Consultants appointed for south city centre masterplan work.							Head of city development		Monthly highlight reports	
CR05	All	3 (was 4)	5		15 (was 20)	Delivery of the corporate plan and other key policies and strategies within the council's strategic framework, including environmental strategy and neighbourhood strategy	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 objectives, e.g. customer experience strategy, equalities policy etc The new localism act and other key pieces of legislation are 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 significant savings the council will need to make to meet the government funding reductions, there is a risk	Corporate priorities.	<ul style="list-style-type: none"> <li>• Key priorities for the City are not delivered</li> <li>• Projects halted or delayed</li> <li>• Adverse public opinion</li> <li>• Projects / work completed to a lower quality</li> <li>• Negative impact on outcomes for customers</li> <li>• Negative performance ratings for the council</li> <li>• Continual over-stretching of capacity</li> <li>• Inconsistent approach taken across council</li> <li>• Full benefits not realised</li> <li>• Benefits of cross working not gained</li> <li>• Lack of corporate working</li> <li>• Staff confusion over policies and process</li> <li>• Failure to take the opportunity to make the</li> </ul>	Executive head of strategy, people and democracy


Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
							that these changes will reduce the capacity of the council to deliver on its corporate priorities.		lives of Norwich citizens better	
<b>Action/controls and other mitigation</b>							<b>Responsibility for Action</b>		<b>Review Frequency</b>	
Regular review of Corporate Plan, Medium Term Financial Strategy and other key policies and strategies, effective performance and programme management, corporate planning and service planning aligned with budget setting to ensure resources are in place to deliver priorities. Effective preparation for changes in legislation.							Cabinet and CLT		Continuous process	
CR10	All	3	5		15	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. The council may also be at risk from the local effects of climate change in the medium to long term.	Occurrence of a significant event  (I.T failure, contractor collapse, weather event, fuel shortages, communications failure, pandemic)	<ul style="list-style-type: none"> <li>• Service disruption</li> <li>• Reputation damage</li> <li>• Years to recover</li> <li>• Poor inspection reports</li> </ul>	Deputy chief executive
<b>Action/controls and other mitigation</b>							<b>Responsibility for Action</b>		<b>Review Frequency</b>	
Flu pandemic plan, Norfolk Resilience Forum and Business Continuity Team. 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. 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. Adaptations to protect the council from the local effects of climate change are covered by corporate strategies and service plans.							Public Health & Enforcement Manager co-ordinates general business, Service Improvement Manager co-ordinates the IT list of key officers. Heads of service responsible for works contracts.		All documents have review dates after valuable lessons learned. Business continuity plans for works contracts reviewed as necessary.	
CR12	All	3 (was 4)	5		15 (was 20)	IT Strategy	the council has transferred its ICT service to LGSS and it will rely on LGSS to develop an ICT strategy for the council.	IT strategy fails to support the organisation moving forward and the Lean blueprint for a new council.	<ul style="list-style-type: none"> <li>• Incoherent approach to IT systems</li> <li>• Systems not customer friendly</li> <li>• Systems are not integrated with one and other</li> <li>• Drain on resources as staff work around the systems</li> <li>• Lack of accuracy in key data</li> </ul>	Ex Head of Service – Business development

Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
									<ul style="list-style-type: none"> <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> </ul>	
<b>Action/controls and other mitigation</b>							<b>Responsibility for Action</b>		<b>Review Frequency</b>	
Governance arrangements with LGSS are being designed and will the design and achievement of strategy, plans and service level agreements.							Head of Procurement & Service Improvement for governance arrangements in contract and chairing Corporate Information Assurance Group		Bi-annual review of overall governance arrangements	
CR17	5	3 (was 2)	5	↑	15 (was 10)	<p>Relationship management with key service delivery partners and the management of works 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 – eg with NORSE, BIFFA, and Anglia BP, – which require strong, consistent procurement and client management.</p>	<p>Partnerships not managed effectively and key service outcomes not achieved.</p> <p>Contracts not managed effectively, and key service outcomes not achieved.</p>		<ul style="list-style-type: none"> <li>The council doesn't get value for money</li> <li>Benefits of partner and contract arrangements not realised</li> <li>Constant negotiation around the service delivery agreement</li> <li>Specification not adhered to</li> <li>Services not provided at an acceptable level</li> <li>Customer and staff complaints</li> </ul>	Deputy Chief Executive and Ex Head of service – Business development
<b>Action/controls and other mitigation</b>							<b>Responsibility for Action</b>		<b>Review Frequency</b>	
<p>New 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>The council has adopted a new operating model and is reviewing training requirements and staffing structures to reflect this change. Contract management training has been completed for staff delivering environmental works contracts.</p>							Extended CLT.		Monthly and quarterly reviews undertaken.	

Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
CR20	All	3	5	↔	15	Level of reserves	The council has a legal duty to ensure it has a prudent level of reserves to conduct its business. Government policy. Economic climate	Reserves fall below acceptable levels	<ul style="list-style-type: none"> <li>Government intervention</li> <li>Impact on reputation of the council</li> </ul>	S151 Officer
	<b>Action/controls and other mitigation</b>						<b>Responsibility for Action</b>		<b>Review Frequency</b>	
	Medium term financial strategy						Head of Finance		Quarterly	
CR21	1	3	5	↔	15	Safeguarding children, vulnerable adults and equalities duties.	Safeguarding and equalities duties and responsibilities not embedded throughout the council and its contractors/commissioned services/partner. Short term works contracts mean that there is an ongoing requirement to ensure contractors comply with the council's safeguarding children and adults duties and those relating to equalities. Change in council service delivery model with an increase in the number of partnership arrangements will require new arrangements for the delivery of safeguarding and equalities duties. Impact of cuts on care services and benefit funding.	<p>Critical incident</p> <p>Change in contractor/ commissioned service/partner.</p> <p>Change in contractor/ commissioned service/partner</p> <p>Reduced service provision</p>	<ul style="list-style-type: none"> <li>Vulnerable adults and children at greater risk of exclusion or harm</li> <li>Individuals from a community of identity dealt with inappropriately and at risk of exclusion</li> <li>Risk of judicial review on accessibility of services</li> </ul>	Deputy Chief Executive
	<b>Action/controls and other mitigation</b>						<b>Responsibility for Action</b>		<b>Review Frequency</b>	
	Safeguarding children policy and procedures in place and reviewed annually through safeguarding group. Safeguarding compliance self assessment improvement plan being implemented Safeguarding vulnerable adult policy and procedures being prepared. Safeguarding duties included in new contracts and programme to ensure duties are embedded is in progress with new contractors. Equalities duties is overseen by corporate equalities group.						Safeguarding children - Head of local neighbourhood services Safeguarding vulnerable adults - Tenancy support manager Equalities – Head of policy and programme management		Quarterly	

Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
CR22	All	3  (was 4)	5		15  (was 20)	Industrial action	Changes to pension regulations and pay restraint and changes to terms and conditions could lead to industrial action by employees	National negotiating framework - failure to agree. Ballot of union members. Implementation of changes to the LGPS. Implementation of government interventions on pay	<ul style="list-style-type: none"><li>• Loss of key services</li><li>• Public safety</li><li>• Loss of income</li><li>• Reputation</li></ul>	Executive head of strategy, people and democracy
Action/controls and other mitigation							Responsibility for Action		Review Frequency	
2 stages – managing the threat of industrial action and responding to industrial action Identify and agree with UNISON exemptions from strike action Identify and implement business continuity/contingency plans to maintain essential services and ensure statutory duties are met 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 National and regional guidance Statutory immunities – Trade Union Labour Relations (Consolidation) Act							Head of HR		Monitor and review in line with national consultation and negotiations	
CR23	All	3	5	NEW	15	Community right to challenge	The Localism Act includes the community right to challenge. This means that community organisations (along with private contractors if they choose) can challenge the council on the delivery of a service and in doing so trigger a procurement process	Community organisation, in the specified window	Procurement process triggered and resources will be required to run this process.	
Action/controls and other mitigation							Responsibility for Action		Review Frequency	
Keep services under review to ensure they are delivering value for money							Heads of service			



Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership			
							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. There has been a successful Legal challenge to the JCS . This will require a review of the development strategy for Broadland. The City Council can adopt the strategy and this will enable work to continue on the identification of potential development sites and development management policies.	development strategy for Broadland.	strategy for the Greater Norwich area will not be delivered.				
							<b>Action/controls and other mitigation</b>		<b>Responsibility for Action</b>		<b>Review Frequency</b>		
							Ensuring that strategies being prepared with GNDP colleagues are as robust as possible and firmly grounded in reliable evidence. Inter-authority working based on consensus decision-making ensures all parties are in agreement with the proposed policy framework. All policy work is supported by comprehensive evidence in accordance with government guidelines.		Head of Planning		Quarterly - DMT		
CR19	5	3	3		9	Fraud and corruption	Poor internal controls lead to fraudulent acts against the council, resulting in losses. Bribery Act 2010 came into force 1 July 2011 – lack of guidance or policies	Failure in internal control. Discovery of fraudulent acts. Allegations received. Member of staff or councillor breaks the law. Council fails to prevent bribery	<ul style="list-style-type: none"><li>• Loss of income or assets</li><li>• Adverse public opinion</li><li>• Effect on use of resources</li><li>• Increased costs of external audit</li><li>• Cost of investigation and rectifying weaknesses</li><li>• Prison</li></ul>	S151 Officer			
							<b>Action/controls and other mitigation</b>		<b>Responsibility for Action</b>		<b>Review Frequency</b>		
							Internal audit, fraud and corruption policy, Payment Card Industry security assessment to protect card payments, National Fraud Initiative, fraud team, whistleblowing policy and prosecution policy. Review and update as necessary policies and procedures. Assess risk of bribery, train staff and monitor and review procedures.		S151 Officer		Quarterly		

Risk No	Council Priority	Likelihood	Impact	Change	Risk Score	Short name	Vulnerability	Trigger	Consequence	Ownership
CR25	3	3	3	NEW	9	Housing investment Strategy	<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 will 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. Should the cost of works increase and/or the level of income reduce, then it may be necessary to review the housing investment strategy.</p> <p>In addition, below inflation/rpi increases in rents will impact on income.</p>	<p>Reduction in rental income (arising from a high level of council house sales, increasing debt or other factors).</p> <p>Significant increase in the cost of delivering improvement works.</p> <p>Annual rent setting process</p>	<ul style="list-style-type: none"> <li>Failure to deliver the Norwich Standard within the expected timescale</li> <li>Lack of resources to support a new build programme.</li> <li>Increased tenant dissatisfaction</li> </ul>	Head of Property Services Head of housing and S151 officer.
<b>Action/controls and other mitigation</b>							<b>Responsibility for Action</b>		<b>Review Frequency</b>	
Regular review of HRA Business Plan and housing investment plan to reflect financial position of the HRA. The main control will be the timescale for delivering the Norwich standard to all properties together with the delivery of any agreed new build programme.							Cabinet and CLT		Quarterly review of HRA BP by CLT. Annually as part of the budget setting process	