

**Managing Risk - Corporate Risks
November 2007**



Stage One					Stage Two				Stage Three			
Identified Risk Area	Risk Reference Number	Assessment of Risk (Assume NO controls in place) using risk matrix			Potential Mitigation Strategy Summary	Responsible Directors	Assessment of Residual Risk (With control Measures implemented)			Action Description	Action Owner	Target/Review Date
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Corporate spending pressures outweigh the level of resources available to meet them. Particular pressures prevalent in Adult Social Care, Childrens Social Care and ICT & Customer Service.	CR2	4	4	High	The Council's Medium Term Financial Strategy highlights the requirements for all Directorate budgets to be managed within a 1% overspend tolerance. Budgetary pressures continue for both adult and children social care services. Contingency funding has been set aside within the Council's budget plan to help mitigate this risk. A significant overspend on social care budgets is currently expected. The forecast outturn for ICT & Customer Services is now expected to be within budget for the year but there will be significant under and over spends within that position. Additional budget pressures include flood recovery costs and unbudgeted revenue costs of the Siemens contract. A new potential pressure is grant clawback on the ARCH programme.	ALL/SR	3	3	High	1. Budget management plan for A&CS agreed. 2. Budget management plan for C&YP agreed. 3. ICT base budget issues being examined by DC&CS with support from Financial Services. 4. Robust challenge of monthly budget monitoring reports from Directorates by Financial Services. 4. Robust challenge of Directorate budget management plans for the future through the Performance Improvement Cycle process. 5. Medium Term Financial Strategy being reviewed	GH SM JEJ DP DP DP	 Ongoing Complete Jan-08
Failure to maintain CPA "3 star" rating and move from improving adequately to improving strongly	CR4	4	4	High	The key threats to the direction of travel are now a failure to increase the proportion of satisfaction indicators that are improving year on year, data quality and adverse inspection results, recent governance/control issues and uneven annual service scores. The removal of the Council's current 'protected' corporate assessment score in 2008/09 will affect our star rating unless the national rules are changed or we achieve at least a score of 3/4 in each of the three 'first tier' services. The impact of the rules base approach to service scores could mean a drop in our star rating if any service dropped below a 2/4. Use of Resources Improvement Plan for 2006 has been implemented. Considerable work has taken place embedding a strong performance management framework including structured meetings between Chief Executive and Directors. Performance Improvement Managers have been appointed for all Directorates. Additional support is being given to the service planning for 2008 through a series of training modules.	ALL/CB SR CB/JJ	3	3	High	a) continue to respond positively to all corporate audits e.g. performance indicators and data quality. b) develop and implement robust improvement plans where audit results are poor. d) Direction of travel audit handled well. e) getting agreement for a standard approach prior to all future audits/inspections. f) redirect PIMs to the areas that need most support. g) Herefordshire connects provides corporate performance management solution - interim solution to be investigated. Use of Resources assessment for 2007 expected shortly. SR to lead on development of an improvement plan. Action plans resulting from internal audit reviews implemented to agreed timescales	a) TF b) relevant HoS/Director d) TG e) TG f) TG g) Herefordshire Connects Board/TG SR/ALL ALL	d) November 07 e) January 08 f) as required g) visits to other authorities from January 08 Ongoing November 07 - March 08

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The inability to provide critical services due to the failure of the ICT networks	CR5	3	4	High	Substantial capital investment has been made in ICT network and disaster recovery arrangements. Extensive ICT specific service continuity plans have been developed. Workshops held for all directorates and service continuity plans have been prepared and due for testing during the year in business critical systems and services. Monthly checks made to ensure amendments are made to all plans. The Council is reviewing the Community Network Contract with Siemens to ensure it provides value for money.	ALL/CB	3	3	High			
Corporate Capacity to deliver a range of changes the Council has embarked upon.	CR7	4	3	High	Programme Management, Clear Leadership and Senior Management Restructuring. Capacity issues identified within CPA inspection and were part of Improvement Plan. A minimum of 20% of corporate directors' time will be spent on corporate issues. Discussed by CMB as part of 2007 PIC and adjustments proposed for the budget. New CMB /SMT joint working has also been launched.	CB	4	2	Medium			
Achievement of LPSA 2 targets and hence the Performance Reward Grant (PRG). Failure to manage future PRG will have a significant and detrimental impact on the Council's ability to invest in future performance gains in services.	CR8	3	3	High	Herefordshire Partnership Manager and the Head of Policy & Performance now meet regularly with the assigned project manager and have agreed responsibilities for chasing progress and ensuring action. In addition performance indicators are received every 2 months, in line with the Council's performance management arrangements, enabling proactive management through this management group.	JEJ	3	2	Medium	a) redistribution of some LPSA2 funding undertaken (b) Challenge meetings held with all LPSA2 lead officers	JW/TG	a) BCG convened in August, thereafter meeting at least monthly (b) HCPB convened and meeting monthly
Delivery of Local Area Agreement	CR9	3	2	Medium	Financial and performance management process in place and working. Herefordshire Partnership Performance Management Group (PMG) to monitor PI's and LAA Single Pot and agree detailed actions.	JJ	3	2	Medium	a) PMG in place (b) Action undertaken on basis of performance reviews	JW	Ongoing - PMG to meet at least 6 times/year
Failure to recruit and retain staff where there are national skills shortages and including the impact of Job Evaluation. Ensuring consistent treatment of Equal Pay Claims.	CR11	3	3	High	Succession planning as part of management development provision	ALL/GC	2	2	Low			
					Utilise SRDs / implement career development posts and conclude job evaluation. 94% SRDs completed by the end of May. HR to support Directorates deliver to identified training needs, to work to Investor in People standard.							
					Focused recruitment activity to support identified shortages e.g. Social Work (Childrens) and more recently difficulties in recruiting to Asset Management & Property Services posts, plus development of a workforce plan, and work to implement national data sets. Actions to address ICT shortages are in place, and progressing in Building Control.					Looking at traineeships in building control, overseas recruitment for social workers. Council's establishment to be reviewed quarterly.		Mar-08
					Promote professional development support through training agreements and payment of professional fees. Develop secondment opportunities internally and with partners. Implement Market Forces Supplement. Improving leadership and management through revised management development provision.					Market Forces Supplement in place. Numbers in receipt of MFS included in quarterly directorate performance reports.		
					Implement software to review new pay structure to ensure that it is equality proofed.					Equal pay software implemented and initial review in progress. Review completed by end of Jan '08.		Jan-08
Lack of development in the Adult's Workforce Strategy					Pride in Herefordshire approach to be implemented.	GH				Awards ceremony arranged	GI Cheesman	
					Adult Strategy being developed first phase focusing on Learning Disabilities					Initial focus on learning disability	GC	

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Lack of development in the Children's Workforce Strategy					Children's draft workforce strategy agreed in principle and implementation plans being developed	SM				Action plans lead officer in place	Shaun McLurg	
Approach to Diversity: Risk of not achieving level and not improving Standard	CR12	3	2	Medium	Long term development plan produced. EIA action plans to be incorporated into Service Plans and monitored through the performance management process. The approach needs improving for 2007/08	JEJ	3	2	Medium	a) increased/improved training provision focussed on critical services. B) improved service planning guidance and adherence to this. c) corporate focus in contracts and consultation requirements. D) external assessment during 2007/08	a) CT b)TG/all HoS c) CT / DH / MHR d) CT	a) from June 2007 b) October 07 - March 08 c) July 07 - March 08 d) by March 08
Review of Accommodation Strategy.	CR13	4	4	High	An Accommodation Strategy Group has been established to review future options for the new Council to consider in Autumn 2007. Cabinet are considering officer recommendations.	SR	3	2	Medium	Future options for consideration by Council have been developed by the Accommodation Strategy Group.	SR	Jan-08
					An emerging risk is the move towards flexible working. An initial observation/data analysis study has been commissioned to identify potential flexible working solutions.	MH	3	3	High			
Timetable for the establishment of a Public Services Trust for Herefordshire	CR15	3	2	Medium	A Project Manager appointed. Steering group and work streams established.	CB	3	2	Medium			
Failure of Waste Management Contract leading to failure to meet diversion targets and the potential for the Authority to be paying £150 per tonne extra on our missed target tonnages. Failure of the contract would also lead to the loss of PFI credits	CR16	4	3	High	*Ongoing commitment from Herefordshire and Worcestershire (H&W) to retaining the existing contract. The incorporation of subcontractors into the existing contract as a variation should enable adequate waste to be diverted to ensure the authority does not become subject to penalties under the Landfill Allowance Trading Scheme (LATS).	MH	4	2	Medium	"H&W have an agreement to Trade LATS between the two authorities at "no cost" to offset risks - this risk needs to be formalised. The failure of negotiations with ReEnergy means that the issue of MWM identifying and introducing a new sub-contractor will need to be monitored to ensure early warning can be given of likely timescales for the negotiations and implementation of a varied contract. Because of the timescales involved in delivering a variation to the Contract it will be necessary to offset our risks of LATS penalties by maximising our recycling performance, through Waste Collection, to deliver increased diversion from landfill. In addition the two authorities are now also negotiating a contract to secure capacity at an Energy from Waste Plant to ensure we collectively meet our diversion targets. The Contracts are both "out of County" and are designed to deliver the minimum quantity of waste to meet or LATS target and to minimise the amount of waste being transported out of the Counties. In addition further work is being undertaken to secure appropriate diversion technology to secure the longer term viability of the Contract."	MH	
Reduction in the Use of Resources overall assessment	CR17	4	2	Medium	Adverse opinion on Value for Money in Annual Governance letter, due to the financial governance issues in ICT & Customer Services highlighted in the Section 151 Officer report dated 20.09.07 and the Crookall report, will impact on the 2007 Use of Resources score for Internal Control and Value for Money.	SR	3	4	High	Directorate Management Teams to review progress implementing actions arising from internal audit reviews on a monthly basis.	ALL	Ongoing
Benefits CPA Score 2007	CR18	2	2	Low	The BFI Performance Measures have been monitored closely. We have regained a 3 score.	SR	2	1	Low	The BFI has confirmed the self assessment in November 2007. This is now a 'good' service.	SR	Completed for 2007

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The inability of the Council to provide critical services and an effective emergency response due to non-IT related failures (Loss of accommodation, staff or resources)	CR19	4	3	High	Service continuity plans are in place to mitigate the effects of major incidents on the delivery of essential services. A monthly review of Service impact assessments and continuity plans ensures the plans meet the changing requirements of the Council. Annual update of Council emergency response plans in support of the emergency services and the Council's arrangements to assist recovery and return to normality of the community and environment following an emergency. Bi-annual exercising of the Emergency Response Team. Annual exercising of emergency response plans.	ALL/CB	2	2	Low	A major review of service continuity plans to be undertaken in 07/08 to ensure compliance with BS 25999.	ALL	Ongoing
CRB process not carried out to an appropriate and reliable level	CR27	4	3	High	Officers agreed areas of concern and an action plan to be drawn up to redress the issues as quickly as possible.	SM	4	2	Medium	Action plan to be developed that will address the 7 areas of concern as raised by the Director of C&YP. Appropriate financial support to be allocated so that the recommendations of the plan can be actioned speedily and readily. Report to Members.	SM	
Deliverable benefits from Herefordshire Connects not realised	CR28	4	3	High	The MTFMS highlights the investment and expected savings in the short and long term whilst minimising service cuts to balance the budget. Benefit realisation framework in place and being managed through Benefits and Commercials Group (BCG), IPG and Programme Board. The Herefordshire Connects programme is in 'strategic' pause. Savings are being utilised to balance Directorate budgets.	JEJ	3	3	High	a) BCG in place and meeting regularly, benefits envisaged to be assessed at each meeting; (b) Programme Board receive regular exception reports; c) Actual investment and savings monitored against the MTFMS.	a) DP b) AK c) DP	Monthly , next review January 2008
Both Data Centres are in leased accommodation, are near capacity, plus there are environment issues such as power and fire suppression that need to be addressed. Loss of data centres will affect delivery of all services. This is linked with accommodation strategy CR13	CR29	4	4	High	Decisions required form accommodation strategy to establish where future data centres should be located. Project to be established to relocate data centres to these locations. Investment required, server virtualisation will reduce risk in part.	JJ / SR	4	4	High	To be completed by risk owner		
Legacy systems out of support with vendors, and on old hardware. Compounded by CR28 Benefits from Connects eg Cedar	CR30	4	4	High	Establish which systems are deemed critical and make good the systems. Any expenditure may need to be deducted from connects benefits.	JJ/SR	1	1	Low	To be completed by risk owner		
Disaster Recovery and Business continuity does not fully support critical systems	CR31	4	4	High	Immediately establish some recovery process for each system. Then in conjunction with Data Centre relocation CR29 implement DR to support systems to agreed recovery parameters and Business Continuity	JJ/SR	1	1	Low	To be completed by risk owner		
Currently the council's websites use the Star internet feed which is becoming increasingly unreliable. The TOM target is to move the internet feed to the 16 Mbytes pipe as soon as possible however feedback from Networks is that this is already reaching capacity usage at peak times from School traffic which already uses this feed. In addition the MLE/VLE hosted externally will place additional demands on this bandwidth but the level of additional traffic is not known	CR32	4	4	High	Siemens are currently working on an alternative supplier to BT, whose costs are very high, and they hope to significantly reduce the costs provided so far. These costs will also take into consideration any cancellation charges as the BT circuits were procured on a 3 year rental basis. Also, these costs will be based on the service being provided to the 2 current data centres; if Internet feeds are required at any new data centres it would require a "B" end shift(s). In reality, this will be a new circuit and no provider will provide costs for doing this until the final destinations are known and the route/fibre capacity etc checked out. The technology used by BT the current feeds can only be incremented up to a total bearer bandwidth of 34Mb which gives 32Mb of usable bandwidth (limitation of ATM (Asynchronous Transfer Mode) over SDH (Synchronous Digital Hierarchy)). As mentioned above Siemens are looking at other technology options that can provide bandwidths from 30Mb up to 120Mb for HC to consider. Another option is to retain the existing 16Mb feeds for corporate and install totally new ISP Internet feed for schools.	ALL	4	4	High	To be completed by risk owner		

Signed: _____

Position: _____

Date: _____

Key to Assessment of Risk Scores

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Impact Rating	Score	Description/Examples
Catastrophic	4	One or more fatalities Service disruption for more than 5 days Adverse national publicity Financial loss up to 75% of budget Litigation almost certain and difficult to defend Breaches of law punishable with imprisonment
Critical	3	Extensive, permanent injuries, long term sick Service disruption 3 - 5 days Adverse local publicity Major injury to individual/several people Litigation is expected Financial loss up to 50% of budget Breaches of law punishable by fines only
Significant	2	Severe injury to individual/several people Service disruption 2 - 3 days Needs careful public relations Financial loss of up to 25% of budget Higher potential for complaint, litigation possible Breaches of regulations/standards
Negligible	1	No injuries beyond first aid level No significant disruption of service capability Unlikely to cause any adverse publicity Financial loss of up to 10% of budget Unlikely to cause complaint/litigation Breaches of local procedures/standards

Likelihood Rating	Score	Description
Very Likely	4	Is expected to occur in most circumstances i.e. there is a more than 75% chance of occurrence.
Likely	3	Will probably occur in most circumstances, i.e. there is a 40 - 75% chance of occurrence.
Unlikely	2	May occur in exceptional circumstances i.e. there is a 10 - 40% chance of occurrence.
Very Unlikely	1	Is never likely to occur i.e. a less than 20% chance of occurrence.