

**READING BOROUGH COUNCIL
INTERIM DIRECTOR OF FINANCE**

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	18 July 2017	AGENDA ITEM:	7
TITLE:	Corporate (Strategic) Risk Register		
LEAD COUNCILLOR:	COUNCILLOR STEVENS	PORTFOLIO:	FINANCE
SERVICE:	FINANCE	WARDS:	N/A
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1. EXECUTIVE SUMMARY

- 1.1 The primary purpose of this report is to update the status of the Council's 2017/18 Corporate Risk Register, in line with the requirements of the Council's risk management strategy.
- 1.2 The Register is presented to the Council's Audit & Governance Committee a minimum of six monthly or quarterly in the case of any risks where the position has worsened or for residual red risks where the Audit & Governance Committee shows a particular interest. It was last presented to the Committee in Jan 2017.
- 1.3 The following documents are appended:
- Appendix 1 - the Council's Corporate (Strategic) Risk Register.

2. RECOMMENDED ACTION

- 2.1 The committee are requested to consider the Council's strategic risks as at of Jun 17 (end of Q1).

2. KEY ISSUES

2.1 Risk management is a key part of corporate governance. Good risk management will help identify and deal with key corporate risks facing the Council in the pursuit of its goals and is a key part of good management, not simply a compliance exercise. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving the Council's outcomes.

2.2 The Corporate Risk Register in appendix 1 was developed to provide a concise, focused and high level overview of corporate risks that can be easily communicated to all staff, councilors and stakeholders. It should, however, always be supplemented by the more detailed directorate/service/project risk registers. Arrows are used to indicate direction of change in any scores since the previous quarter.

4.1 The following key points should be noted to aid understanding:

↑↓ have been used to indicate movements in the net (residual) risk scores since the previous quarter, where a ➔ is shown no change has occurred.

A "mitigation" column has been added for each risk so as to provide a summary of the mitigating (controls) actions in place to minimise risk.

4.2 Although guidance is provided in relation to the scoring of risks, with a view to providing as much consistency as possible, it still remains very much a subjective process. The primary aim of the Corporate Risk Register is to identify those key vulnerabilities that CMT consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased. Furthermore, it is possible that the likelihood can be influenced by events outside of the Council's control e.g. the economic climate and its impact on financial planning, or severe weather etc.

4.3 Directorate level risk registers generally only contain risks whose impact would not be felt wider than the directorate to which they belong should they materialise and are managed within the directorate.

4.4 The Corporate Register is compiled from risks identified at directorate level, which have been escalated along with high-level generic risks, which require strategic management. Entries within the Register reflect the risks identified by CMT thereby strengthening their strategic perspective, management response and controls.

- 4.5 The inclusion of risks within any level of risk register does not necessarily mean there is a problem. On the contrary, it reflects the fact that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.
- 4.6 Each entry within the register is scored to provide an assessment of the residual level of risk. All risks have been scored based on an assessment of their impact and likelihood. These assessments are made at two points, before any actions are in place (inherent risk) and after identified controls are in place (residual risk).
- 4.7 Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 Internal Audit aims to assist in the achievement of the strategic aims of the authority by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes contributing to the strategic aim of remaining financially sustainable.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 N/A

7. LEGAL IMPLICATIONS

- 7.1 Legislation dictates the objectives and purpose of the Internal Audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 7.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 7.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations, in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.
- 7.4 The Internal Audit Service works to best practice as set out in Public Sector Internal Audit Standards Issued by the Relevant Internal Audit Standard Setters. This includes the requirement to prepare and present regular reports to the Committee on the performance of the Internal Audit service.

8. FINANCIAL IMPLICATIONS

8.1 N/A

9. BACKGROUND PAPERS

9.1 Appendix 1 - the Council's Corporate (Strategic) Risk Register.

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
1	Failure to develop and keep within approved budget framework.	4	5	20	<p>2017/18 revenue budget and savings reviewed over the period March to July 2017 to improve robustness and challenge budget assumptions.</p> <p>2018/19 and 2019/20 budget assumptions and savings proposals developed over the period March to July 2017. Proposals for change assessed for confidence in deliverability and for resource requirements.</p> <p>Moving towards revised budgets for 2017 - 2020 that are realistic and deliverable. Key date is Policy Committee in July 2017 when the proposals will be considered.</p> <p>More robust monitoring arrangements are developed and will be used to carefully monitor the delivery of the savings proposals.</p> <p>Corporate Performance Delivery Group meeting fortnightly to review performance and delivery</p>	July 2017	4	4	16	➔	CX/Finance Director
2	Impact on staff resilience (stress and motivation) of organisational change & budget reductions.	4	5	20	<p>Ensure that managers are carrying out 1:1's, appraisal and team meetings at a local level</p> <p>Staff to again be reminded of HR guidance on stress management and about the Employee Assistance Programme.</p> <p>CMT to review and develop cultural and organisational change programme. This will need to be properly resourced and communicated</p>	Ongoing	4	4	16	➔	Head of Legal

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
3	Risk of breach of data protection legislation, resulting in loss of data, unlawful sharing of data leading to reputational damage and financial penalties.	5	4	20	<p>Ongoing corporate training programme for data protection, raising awareness with staff groups of the need to handle personal data securely and properly. Need to test application of training by officers</p> <p>Incident management procedures in place to mitigate loss or breach of data</p> <p>Need identified to update data protection suite of policies</p>	Ongoing	5	4	20	➔	Head of Legal/ Head of Customer Services
	Failure to achieve and maintain accreditation to connect to NHS networks, preventing data sharing, leading to failure to deliver efficiency savings within Adults and Children's services.				<p>Information governance officer appointed to assist with implementation of new policies and ongoing work advising officers. Information Asset Owners need to be identified and trained.</p> <p>Self-assessment against the proprietary information security standards for organisations that handle branded credit cards from the major card schemes is in progress.</p> <p>As part of the Health Interoperability Project to enable data sharing between GP's, A&E, Ambulance Service, NHS, and other Berkshire Local Authorities the Council is required to accredit to standards set out by the NHS in order to allow connection to the NHS network.</p>	Ongoing					
	Inadequate preparation for new GDPR (General Data Protection Regulation) in force in May 2018, which introduce sweeping (more onerous and significantly more involved) changes to how organisations must handle personal data.				<p>A programme of work has been identified and this will require engagement by all Services to take the action necessary to meet standards for Information Governance and Data Protection compliance across the whole Council.</p> <p>Creation and implementation of a programme and plan to assess new requirements under GDPR.</p>	Ongoing					

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner			
		IMP	LH	SCORE			IMP	LH	SCORE					
4	Property Risk - Failure to maintain the fabric and services of buildings resulting in injury to individuals and/or non-compliance with relevant legislation or unavailability of asset.	4	4	16	<p>A rolling program of condition surveys that has informed a prioritised program of works. July Policy Committee will receive a further report in relation to the work completed and revised programme for 17/18. Proactive planning monitored on a monthly basis by Land and Property Group.</p> <p>Training is in place in relation to FLASH responsibilities and annual audit of FLASH items in high risk properties.</p> <p>A number of Business Continuity plans have been updated and plans continue to be reviewed as services relocate and changes to buildings are made. .</p> <p>Review of staff accommodation and asset disposal proposals presented to July 2016 Policy Committee. Approval gained to rationalise estate and reduce the number of properties. Further feasibility work commenced in relation to Phase 2. Phase 1a work to complete in Spring 17</p> <p>Royal Berkshire Fire and Rescue Services has audited 90 per cent of the Council’s blocks of flats, including our high rise blocks, with communal areas and have not raised any significant issues. Formal fire risk assessments are carried out in our high rise blocks every other year by the Council using a qualified fire risk assessor - these will now be conducted annually for high rise blocks. A block inspector regularly checks all blocks and housing officers are on site most days to ensure constant monitoring. From this year every flat within the blocks will have their smoke alarm tested every year and tenants are encouraged to check them weekly. An independent external review of Housing fire safety measures and systems in high rise blocks is being commissioned. Work is underway to prepare for new regulation (issued in draft) in respect of mobility scooters and specialist</p>	Ongoing								
						Ongoing								
						Ongoing								
						Ongoing								
							4	2	8	➔	Director (DENS)			
						Ongoing								

					<p>housing. RBFRS will undertake additional checks in high rise blocks. Internally the service will QA fire risk assessments against best practice.</p> <p>Corporate and wider public buildings are being checked for high risk cladding.</p>						
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Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
5	Safeguarding (children). Risk of death or injury to children, through inappropriate care or attention.	5	4	20	<p>Monthly audit activity undertaken by all managers to ensure practise on cases to safeguard children is of a high standard</p> <p>Policies, procedures and processes refreshed and implement into day to day practise and available for social workers on electronic system</p> <p>Weekly and monthly monitoring of performance data by team to ensure compliance to safeguarding activity and national and local key performance indicators</p> <p>Monthly audit of supervision sessions between a manager and social worker to ensure robust oversight of cases</p> <p>Ensure all cases are allocated to suitably qualified and experienced social workers who are registered with the HCPC</p> <p>Escalation process in place across the partnership to enable appropriate challenge of Children's Social Care Services where disagreements are evident on case work</p> <p>Performance appraisals in place to ensure all social care staff understand their roles and responsibilities, and to identify support and training needs to improve safeguarding practise</p> <p>Implement robust quality assurance framework across Children's Services</p> <p>Ensure all new staff receive robust induction</p> <p>Implement robust performance management framework through all levels of the service</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Complete</p> <p>Ongoing</p> <p>Ongoing</p> <p>Complete</p> <p>Complete</p> <p>Ongoing</p> <p>Complete</p> <p>Ongoing</p>	5	3	15	➔	Director (DCEEHS)

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
6	Health & Safety Training has not been completed by staff and managers leading to a risk of injury and litigation.	4	4	16	<p>Managers address training needs as part of appraisal process and through 1to1s. Annual H&S audits require managers to review teams' health and safety training,</p> <p>Audit of Health and Safety training to identify gaps</p> <p>A plan to ensure that all H&S training records will be recorded on iTrent will be developed (presently only those that are co-ordinated through L&WD are recorded) in 2017. Level 1 training is already mandatory and forms part of induction for new staff. An approach will be developed Net Consent/Learning Pool as a tool to ensure appropriate and refresher H&S training is embedded in the organisation (refresher/knowledge check training to be developed to be implemented by March 2018).</p> <p>Discussions with Learning and Development Team to agree a system to monitor training and refreshers. Options include using Net consent and Itrent to record training undertaken and when refresher is required.</p> <p>Approved Corporate Health and Safety Strategy.</p>	<p>Complete</p> <p>Ongoing</p> <p>Mar 18</p> <p>Ongoing</p> <p>Complete</p>	4	3	12	➔	CMT
7	Failure to close the gap in school attainment for pupil premium groups	4	5	20	<p>School Partnership adviser meetings termly with headteachers and governors</p> <p>Categorisation process established within the school improvement team function</p> <p>Use of subject specific advisers to improve the quality of teaching in key skills</p> <p>Early Years adviser and Early Years team work with schools and providers to ensure a positive start to a child's education</p> <p>Reading First Partnership - local support for Reading schools to support the improvement of a schools' overall effectiveness</p>	Ongoing	3	4	12	➔	Director (DCEEHS)

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
8	There was a lack of robust process governing CHC application locally meaning that individuals might not be given the appropriate funding for their care	5	4	20	<p>Concerns have been raised with LGA and NHSE.</p> <p>Scrutiny task and Finish group due to ACE committee report in June 2017</p> <p>Internal Audit engaged</p> <p>Workshops have agreed an improvement action plan, which has been developed between RBC and CCGs. Improvements to processes across both organisations is in situ and will be review regularly with a report going to ACE committee in June 2017.</p>	Jun 17	4	3	12	↓	Director DACHS
9	Safeguarding (Adults) - Risk of death or injury to young people or adults through inappropriate care or attention.	5	4	20	<p>PAN Berkshire P&P were launched on 1st April 2016. Local Guidance and further procedures/pathways are being developed. Local Procedures reviewed and relaunched.</p> <p>Safeguarding team continues to deliver training at L1. Workshops for all sectors of social care staff, learning lunches and attend team meetings.</p> <p>Levels 2 & 3 face to face safeguarding training has been re commissioned with training dates throughout the year.</p> <p>20% of Safeguarding cases are audited each month using an audit tool agreed by the Safeguarding Adults Board.</p> <p>Further ongoing work identified for Mental Health Services regarding reporting through the statutory safeguarding process as well as the trusts internal service. (DATEX).</p>	<p>Complete</p> <p>Ongoing</p> <p>Complete</p> <p>Complete</p> <p>Ongoing</p>	5	2	10	→	Director (DACHS)

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
10	Impact of the Better Care Fund on health and social care economy, including the Council's savings plans and overall integration agenda	4	4	16	<p>Full assurance on 16/17 BCF plan was provided by NHSE on 1st July 2016. Section 75 agreements are in place and accepted by CCG Boards and Health and Wellbeing Board. RBC and CCG partners have business cases and project plans with individual risk logs which are closely monitored through Reading Integration Boards and quarterly reports to Delivery Group and HWB. This is in line with peer review recommendations.</p> <p>Currently still awaiting the guidance for 17/18, and no deadlines available from NHSE, assumed to be end of March17 To the best of our knowledge there is government commitment to continue to 2020, but BCF now funds essential services so reductions or withdrawal would be critical impact</p> <p>In line with the integration agenda further reviews are being conducted throughout the year to identify further possibilities of efficiencies. This is conducted through joint commissioning plans and internal Programme structures.</p>	Complete Expected June 17	5	3	15	➔	Director (DACHS)
11	Risk of failure to fully comply with Procurement regulation and legislation, leading to reputational and financial damage	4	4	16	<p>Corporate Procurement Board has accountability for the oversight and quality assurance function delivered by Corporate Procurement team</p> <p>This incorporates compliance with Transparency requirements.</p> <p>CPT also engaged on contract review and re negotiation</p>	1/4ly report to CMT from CPB	4	3	12	NEW	Corp Proc Board

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
12	Successful cyber-attack leading to either a) data theft, loss or hijack, b) disruption of network or applications; or c) reputational damage.	4	5	20	<ul style="list-style-type: none"> Staff undertake mandatory Cyber Security and Cyber Crime training available on Learning Pool Security awareness events to continue across council briefing Senior Management, staff and Councillors. All ICT partners connected to the Councils Networks adhere to the 10 Cyber Security Principles set by CSEG Northgate confirm all critical patches are applied in 14 days. Services review Business Continuity Plans for manual process delivery in the event of a major incident occurring Northgate/the Council put in place Incident Response Plans for likely, foreseeable events (Ransomware, Ddos, Hacking, Infection via Connected Partner Networks etc). DMARC and DKIM standards to eliminate Email Phishing is escalated as a priority for implementation. Northgate to provide solution to further protect sensitive data held on servers in internet facing DMZ by masking IP addresses. Need for additional security related investment reviewed to keep pace with changing threat landscape (e.g. Continuous Third Party Penetration Test Scanning, Network Access Control). 	Ongoing Ongoing Ongoing Ongoing As part of annual reviews Sept 17 Mar 18 Mar 18	3	4	12	NEW	Head of Customer Services
13	Insufficient funds identified for council change programme	5	4	20	Resource requirements to deliver the savings proposals are being developed in parallel, with sums bid for within the budget setting process. Sources of funding (e.g. capital receipts) being assessed Resources will be debated alongside the proposals at the Policy Committee in July 2017	Sept 2017	4	3	12	NEW	Head of Customer Services

Ref No.	Risk Description	Inherent Risk			Mitigation required	Due Date	Residual Risk			DoT	Risk Owner
		IMP	LH	SCORE			IMP	LH	SCORE		
14	Governance policies/instructions are not followed leading to weaknesses in internal controls. This produces a heightened risk of fraud, corruption &/or poor value for money with the consequent negative reputational impact.	5	4	20	<p>Follow up on Audit Recommendations to ensure that they are all dealt with fully so that systems, processes and compliance are improved</p> <p>Employee code of conduct to be refreshed and relaunched Declarations, gifts/hospitalities procedures & processes to be reviewed/updated & relaunched.</p> <p>The current induction programme for new members of staff to include guidance to certain key governance policies (including the Code of Conduct);</p> <p>Staff code of conduct to be issued with contracts of employment</p> <p>anti-fraud and an anti-money laundering policy corruption statement</p> <p>Local Code of Corporate Governance for RBC to be updated to conform to CIPFA/SOLACE guidelines.</p> <p>Strategic risk register to be kept up to date and reviewed promptly.</p> <p>Roll out of net consent for policy management.</p>	March 2018	4	3	12	NEW	Monitoring Officer