



Local Authority Corporate Risk Register Analysis

**Police & Crime Commissioner
for Nottinghamshire and
Nottinghamshire Chief
Constable**

April 2016

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Background

Risk management is a critical management tool to manage, assess and prioritise risks therefore enabling resources to be applied to minimise, monitor and control the probability and/or the impact of negative events.

An important component of the risk management process is the corporate risk register, which identifies those risks which are critical for management to minimise, monitor and control.

KPMG has used its extensive audit client base to undertake Corporate/Strategic risk register analysis. The exercise compared the corporate risk registers from a range of local authorities covering:

- Police bodies;
- Fire and Rescue Services;
- Single Tier Councils;
- County Councils; and
- District Councils.

The outcome highlights the most frequently featured risks across local authority risk registers and changes from 2014 when a similar exercise was carried out.

We also considered the arrangements in place to maintain and review risk registers at the local authorities and fire and police bodies.

Finally, we considered the degree to which risk registers are used as an integrated management and assurance tool, which is especially important given other parts of the Public Sector are increasingly using tools such as Board Assurance Frameworks and Assurance Mapping.

Purpose

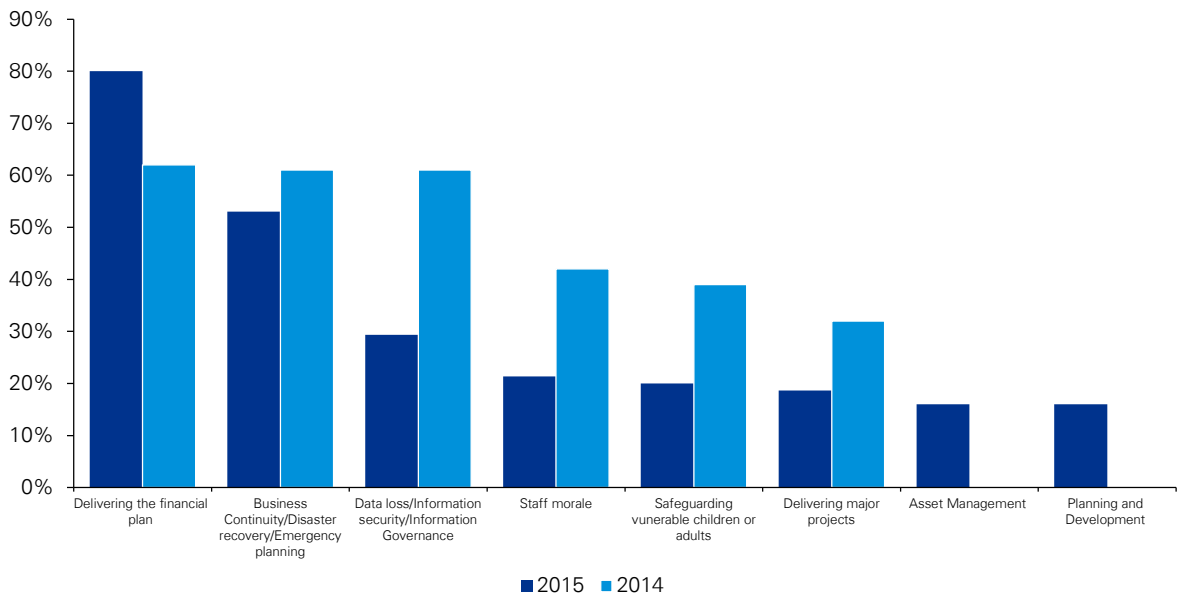
Organisations should use the comparative information to help consider:

- Whether there are potential risks that may have been omitted from their own risk register;
- Whether potential risks are given sufficient priority;
- The mechanics of the risk management process at their organisations; and
- How managing risks and providing assurance can be developed further.

Our aim is that our clients, both Members and Officers, find this paper useful when considering what risks to include or not include in their risk registers and helping to keep those registers live and up to date. We hope that it will also help our clients, such as yourselves, to take a fresh look at their risk registers and facilitate a healthy and robust challenge as a result of being able to compare and contrast between yourselves and other similar organisations. Officers may wish to review their own risk registers in light of the comparative information contained here and Members may in turn wish to seek assurance from Officers that the contents of this report have been duly considered.

Local authority corporate risk register analysis (cont.)

Most frequently featured risks across all authority types



The top three residual risks occurring most frequently are:

- Delivering the medium term financial plan/saving targets/delivering funding cuts;
- Business continuity/disaster recovery incidents/emergency planning; and
- Data loss/information security/information governance risks.

A much higher number of bodies (80% compared to 62% in 2014) identified **Delivering the medium term financial plan/saving targets/delivering funding cuts** as a risk, although this is still not as high as might be expected given the significant reduction in grants seen in recent years and on-going financial pressures.

Risks in relation to **Business continuity and disaster recovery** were identified in 53% of risk registers (compared to 61% in 2014) and **Data loss/information security and information governance** were identified in 29% of risk registers (compared to 61% in 2014). So whilst these risks remain high in terms of frequently occurring risks – It is noticeable that both risks occur less often than in prior years. This fall is a surprise but may be as a result of investments in arrangements reducing the residual risks across the sector.

The risk that no longer features in the above analysis is **Partnership arrangements/governance**, which is surprising given the emergence and growth of initiatives such as the Better Care Fund.

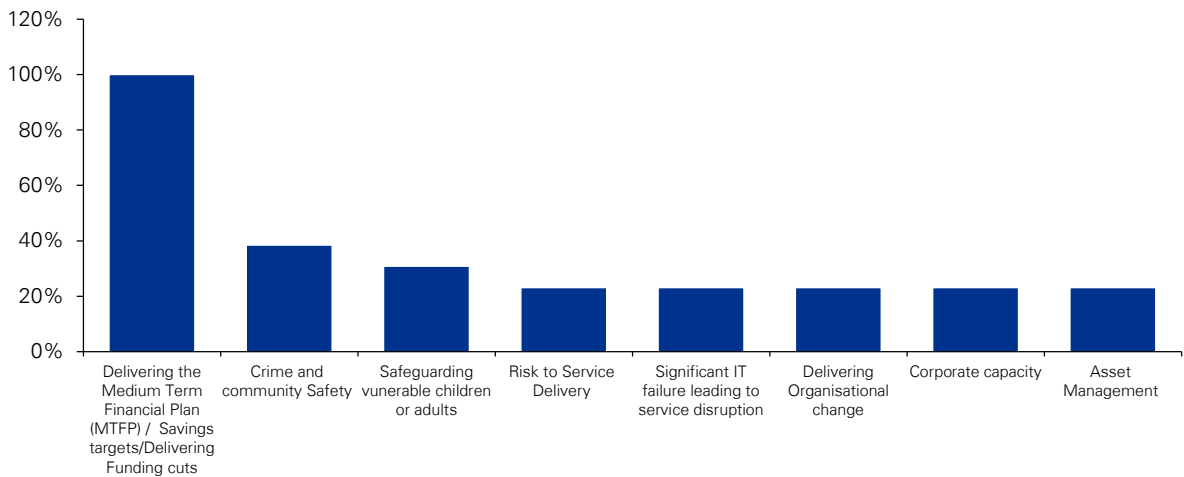
Compared to the same analysis last year, the following risks are new for 2015:

- Asset management; and
- Planning and development issues.

Local authority corporate risk register analysis (cont.)

Most frequently featured risks across Police and Crime Commissioners (PCC) and Chief Constables (CC)

The chart below shows the eight most frequently identified risks at PCC and CCs included in the exercise.

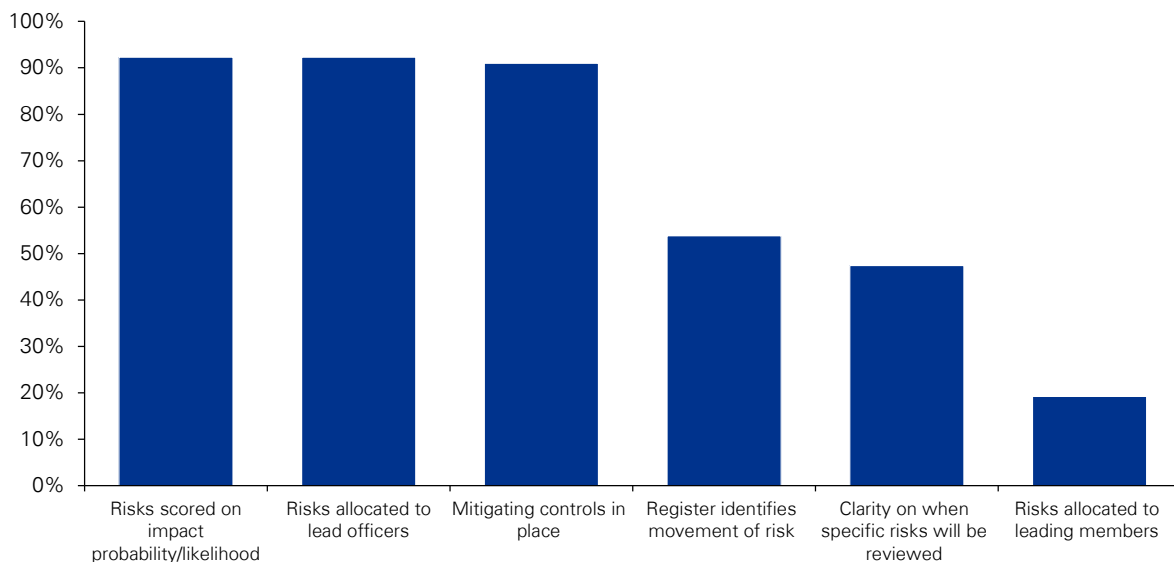


Whilst we see **Delivery of the Medium Term Financial Plan** as the frequent common risk in both the cross authority analysis and police bodies analysis, the specialist nature of police focuses risks towards **Crime and community Safety**. **Safeguarding vulnerable children and adults** was seen as a significant risk in 30% of risk registers against a background of the significant reputational and business impact of safeguarding cases.

Given the difficulties reported by many PCCs and CCs in **Service Delivery** this was only noted in 23% of registers. We also noted that Staff morale was a less prevalent risk in police risk registers compared to the all authorities analysis but that **Corporate Capacity and Delivering Organisational change** was more of a concern.

Local authority corporate risk register analysis (cont.)

Survey Responses on Risk Register Reporting and Responsibilities



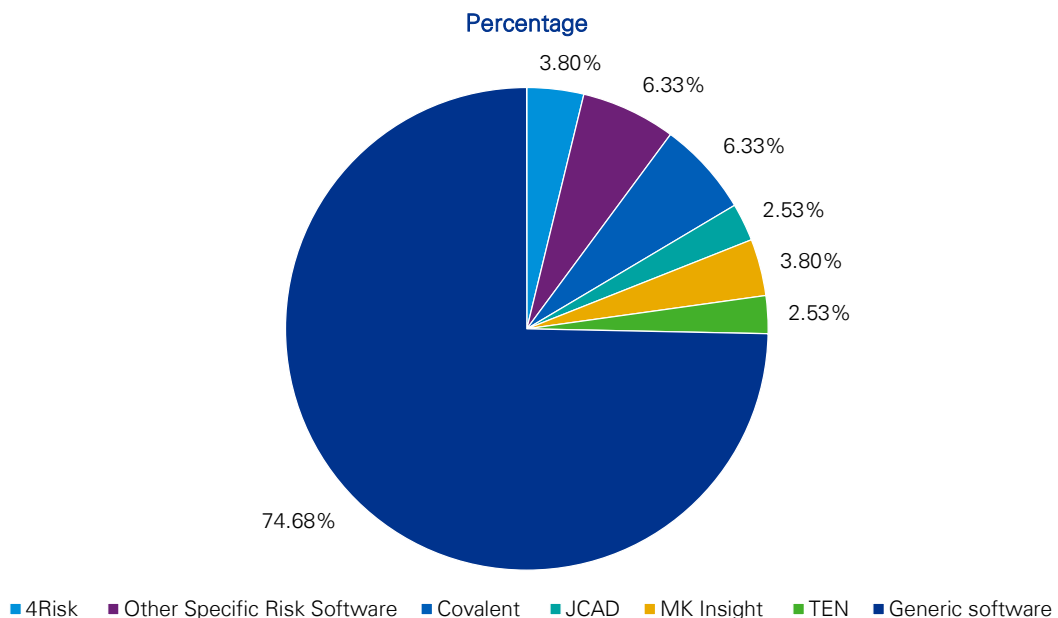
The chart above analyses the risk registers reviewed across all authorities. As expected, a high level of registers score risks on impact, probability and the controls in place and risks are allocated to lead officers.

However, less risk registers clarify when a risk is to be reviewed, which could result in the risk not being dealt with appropriately and provides less assurance. Further to this, risks do not appear to be regularly/widely allocated to lead members, which could reduce the scrutiny of these risks.

Local authority corporate risk register analysis (cont.)

Software used to support risk management

The chart below shows that 75% of authorities do not use specific risk management software, often preferring to use spreadsheet systems to record the risks. These systems are potentially less robust compared to specific software. Of the authorities that do use specific software, the most commonly used packages are Covalent, 4risk and MK Insight.



Moving forward

It is noted that in the wider Public Sector many bodies are now using Board Assurance Frameworks/Assurance Mapping. Assurance mapping is the process where risk reports set out the controls and assurances in place to confirm that risks are being addressed. Setting out the assurances can give lead Officers and Members confirmation that assurance is in place and that the quality of the assurance is sufficient against the risk.

Our work has identified limited use of such tools in the local authority sector.

- Risks were linked to strategic objectives in 57% of reports;
- Assurances were reported in 53% of the reports; and
- Effectiveness of controls were reported in 49% of the reports.

These are important elements of assurance mapping processes and our work suggests there is significant scope for local authorities to develop in this area.



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