KPMG

cutting through complexity

Local Authority Corporate Risk Register Analysis – Single Tier Authorities

Rotherham Metropolitan Borough Council

Local Authority Corporate Risk Register Analysis

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 some Corporate/Strategic risk register analysis. The exercise compared the corporate risk registers from a range of local authorities. The outcome highlights the most frequently featured risks across local authority risk registers.

We also considered the arrangements in place to maintain and review risk registers at the local authorities. Our analysis focused on the following key questions:

➢ Do local authorities use a specific software package to support risk management?
➢ How often are risk registers reviewed by the relevant officer group?
➢ How often are risk registers reviewed by the relevant member group?

Purpose

Organisations should use the comparative information to help:

➢ Consider whether there are potential risks that may have been omitted from your own risk register;
➢ Challenge how risk management is supported in terms of use of software; and
➢ Challenge how often risk registers are reviewed by relevant officers and members.

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Most frequently featured risks across all authority types
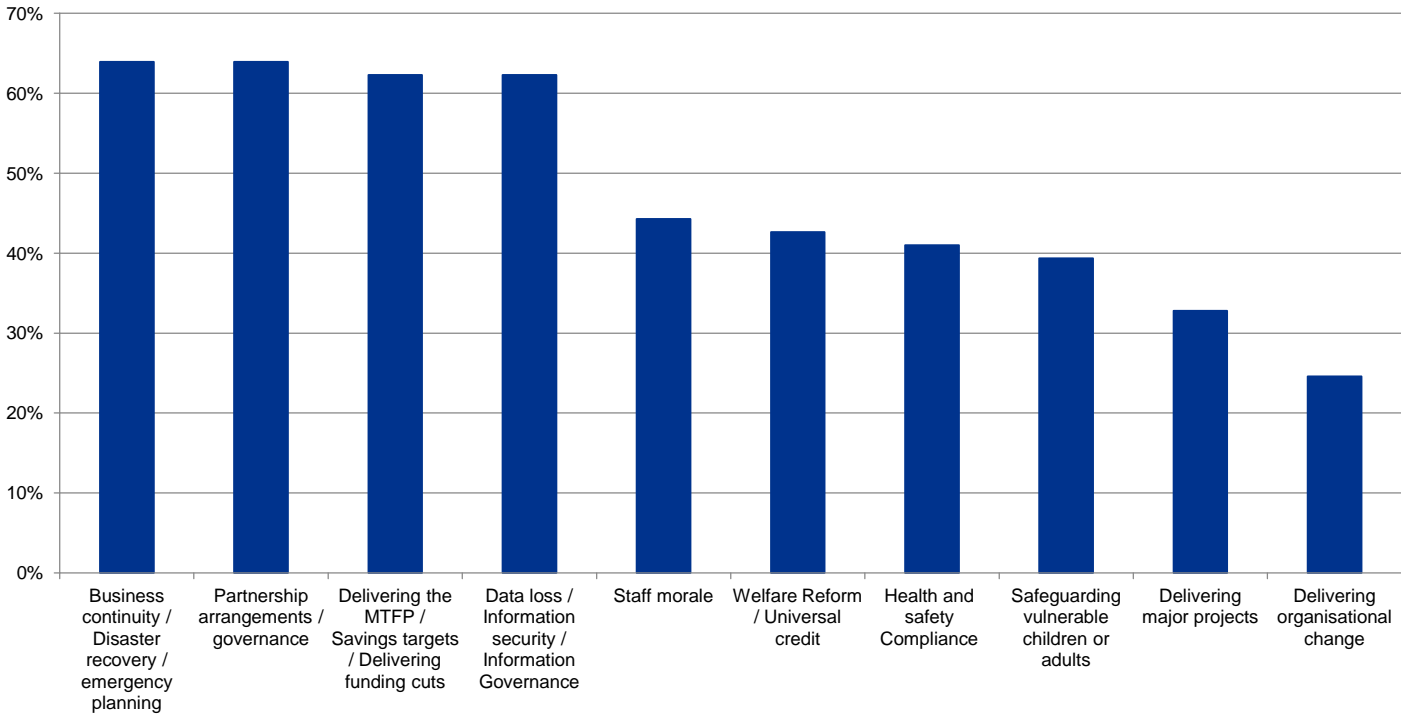
Given the concern over financial pressures affecting all local authorities, it is noticeable that only 62% of authorities surveyed included a specific risk relating to delivering the medium term financial plan/saving targets/delivering funding cuts. It was also noticeable that this was not the most frequently featured risk across the population in this exercise.

As can be seen in the chart above there are four risks which are significantly more frequently occurring in the risk registers than other risks. These are:
➢ Business continuity/disaster recovery incidents/emergency planning;
➢ Partnership arrangements/governance concerns;
➢ Delivering the medium term financial plan/saving targets/delivering funding cuts; and
➢ Data loss/information security/information governance risks.

Given the very significant potential business impact and reputational issues, we can clearly see why risks relating to business continuity/disaster recovery incidents/emergency planning and data loss/information security/information governance feature highly in risk registers.

Many local authorities are looking at new ways to operate including in partnership with other organisations and hence many authorities report a risk relating to partnership governance arrangements. Finally it is interesting to note that staff morale was a risk on the corporate risk register of 44% of local authorities included in this exercise. We note that this risk has not featured as strongly in risk registers in the past.

Most frequently featured risks across single tier authorities

The chart below shows the eight most frequently identified risks at the single tier authorities included in the exercise.
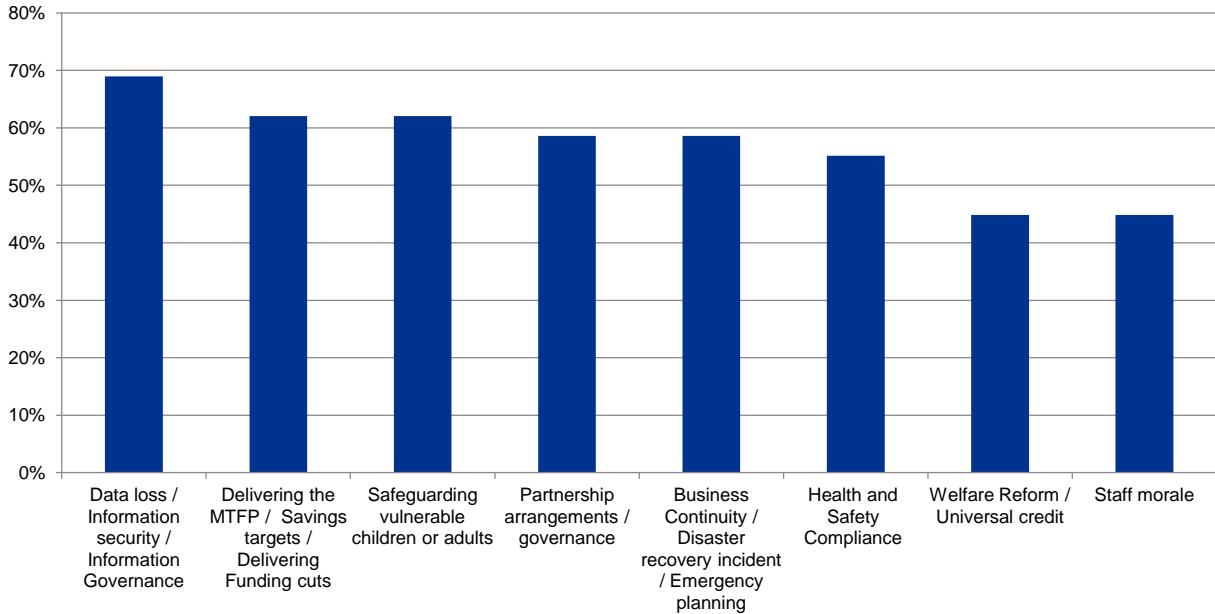
If you exclude the safeguarding risk, which is clearly not a relevant risk for all authorities (e.g. District Councils) the top four risks for single tier authorities are the same as the all authority type analysis and similar to that analysis it is noticeable that delivering the medium term financial plan/savings targets/delivering funding cuts was not the most frequently featured risk, and was a risk at only 62% of single tier authorities.

Against a background of the significant reputational and business impact of safeguarding cases which several local authorities have had in the recent past it is also noticeable that safeguarding vulnerable children or adults, was only identified in 62% of single tier authorities.

Welfare reform was reported as a risk at 45% of authorities in this group, in fact it was a risk in 89% of authorities that still had a Housing Revenue Account included in this exercise. This therefore appears to be a significant risk facing most local authorities with social housing stock. To add further weight to this assessment, it was also a risk at 86% of district councils we included in a separate assessment which still retained social housing stock. We note you have recognised this as a red risk on your risk register.

From reviewing your corporate risk register we note there is no risks concerning business continuity, information security, partnership governance, health and safety and staff morale which are risks areas that have been identified at many other local authorities. We also note your risk register considers local issues such as the risks regarding Digital Region Limited.
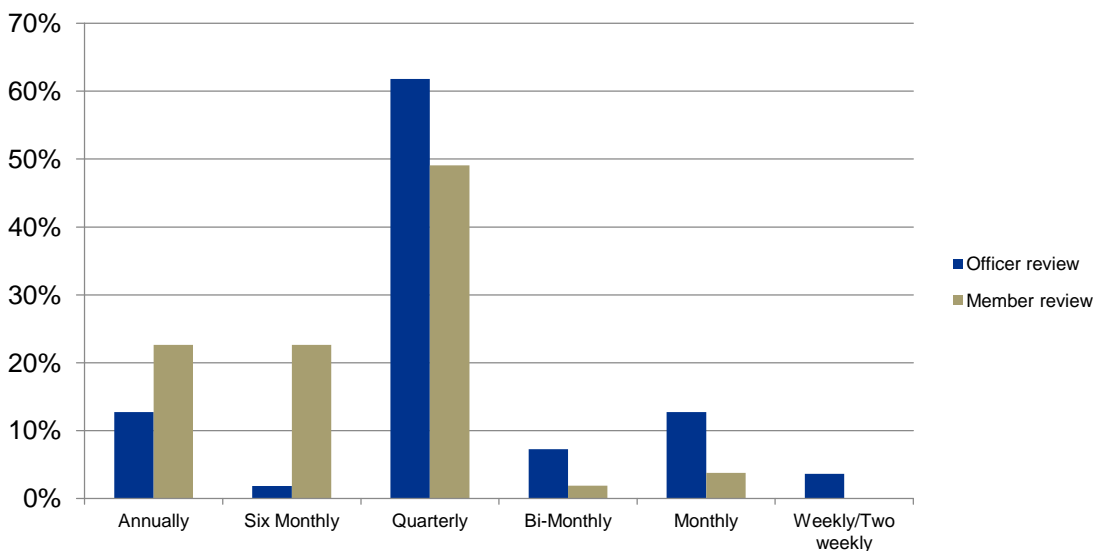
Software used to support risk management

The chart below shows that 78% of authorities do not use specific risk management software. Of the authorities that do use specific software the most commonly used packages are Covalent and JCAD. We note you use JCAD as your risk management software.

- ■ No specific software
- ■ Covalent
- ■ JCAD
- ■ Other
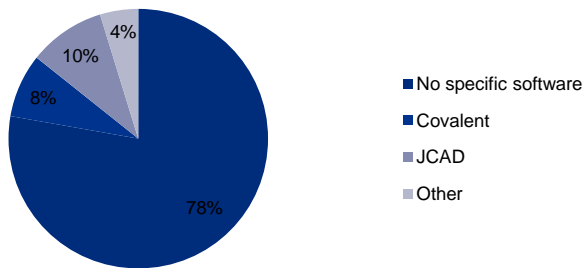
How often are risk register reviewed by relevant officer and member groups

The chart below shows how often the relevant officer and senior member groups review the corporate risk register. Both officer and member reviews most commonly take place on a quarterly basis. On average for the authorities included in the exercise, the senior officer review took place 6 times a year and member review took place 3 times a year. We note your risk register is reviewed inline with the average for the authorities included in the survey.

- ■ Officer review
- ■ Member review