

<b>6 December 2012</b>		<b>ITEM: 7</b>
<b>Standards and Audit Committee</b>		
<b>REVIEW OF THE STRATEGIC/CORPORATE RISK AND OPPORTUNITY REGISTER - QUARTER 3</b>		
<b>Report of:</b> Andy Owen, Performance and Risk Officer.		
<b>Wards and communities affected:</b> All.	<b>Key Decision:</b> Non-key.	
<b>Accountable Head of Service:</b> Clare Lambert, Regeneration and Sustainability Manager		
<b>Accountable Director:</b> Steve Cox, Assistant Chief Executive		
<b>This report is public</b>		
<i>If the report, or a part of this, has been classified as being either confidential or exempt by reference to the descriptions in Schedule 12A of the Local Government Act 1972, it is hereby marked as being not for publication. The press and public are likely to be excluded from the meeting during consideration of any confidential or exempt items of business to which the report relates.</i>		
<b>Date of notice given of exempt or confidential report:</b> Not applicable		
<b>Purpose of Report:</b> To provide Standards and Audit Committee with the Quarter 3 progress report on changes to the Strategic/Corporate Risk & Opportunity Register.		

## **EXECUTIVE SUMMARY**

Performance Leads, with some consultancy from the Corporate Performance Team has work with services during October to review and update the Strategic/Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the Quarter 3 progress report on changes to the Strategic/Corporate Risk and Opportunity Register.

- 1. RECOMMENDATIONS:**
  - 1.1 That Standards and Audit Committee consider the changes to items contained in the Quarter 3 Dashboard (Appendix 1).**
  - 1.2 That Standards and Audit Committee consider the ‘In Focus’ items and the management response arrangements for the issues (Appendix 2) identified by Performance Leads.**

## 2. INTRODUCTION AND BACKGROUND:

- 2.1 Risk and Opportunity Management (ROM) describes the planned and systematic approach used to identify, evaluate and manage the risks to and the opportunities for the achievement of the Council's objectives.
- 2.2 ROM is an important part of the Council's overall Performance Management Framework and makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit Regulations.
- 2.3 Performance Leads, with some consultancy from the Corporate Performance Team has worked with services during October to review and update the Strategic/Corporate Risk and Opportunity Register. The outcome of the exercise was reported to Performance Leads 1<sup>st</sup> November 2012 and Directors Board 13<sup>th</sup> November 2012.

## 3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 The outcome of the review is shown in Appendix 1 and 2.
- 3.2 Appendix 1 - Quarter 3 Dashboard:  
The dashboard provides a visual summary of the items contained in the register and the progress to manage the issues.
- 3.3 Appendix 2 - Risks and Opportunities In Focus report:  
This document includes the issues identified by Directors Board and Performance Leads that Standards and Audit Committee should focus on this quarter.

The rationale for items being in focus is based on the numeric value of the rating. Any risks/opportunities which are currently rated 100 or 90 automatically become in focus, and any which are currently rated 80 would be considered on a case by case basis for the in focus report.

A summary of the position for each in focus item is included below:

**Risks** - In priority (rating) and then reference number order.

### ICT Infrastructure - Risk 9

(Rating:90 Critical/High, DOT: Static)

Existing ICT Strategy and capital investment agreed by Cabinet October 2011. Oracle E-Business purchased to provide integrated applications and functionality for Financial Management, Business Intelligence reporting, HR, Payroll and Procurement. Outstanding ERP (Oracle) financial issues for reporting are being resolved and scheduled to be completed by end of December 2012. Implementation and resource plan for HR/Payroll revised. Parallel running and user acceptance testing incorporated in the plan to support implementation of HR/Payroll by April 2013.

ICT infrastructure and development is pivotal to the achievement of the transformation agenda. There is now greater understanding of the ICT relationship to transformation and Serco ICT are responding to the ICT transformation infrastructure needs. However there are concerns about the ability of ICT (Serco) to resource and deliver options and business solutions in the required timescales and to the required standard within the available time frame and budgets. Work commenced October 2012 to re purpose the Council's ICT Strategy to align it to transformation and business needs. The review of the existing ICT Strategy is due to be completed by the end of February 2013.

**Adult Social Care, Quality v Cost - Risk 14**

(Rating:90 Critical/High, DOT: Deteriorated)

Regular contract compliance and unannounced visits of externally provided services undertaken and ongoing. Performance against contract specifications monitored through compliance testing, Quarterly information sharing meetings with CQC to share concerns ongoing. Quarterly meetings with care providers ongoing. Homecare Reablement Service and Rapid Response/Admission Avoidance Team launched as an alternative care provision. Reviews of high cost out of borough placements continue to be a priority. Review of high cost placements in residential care homes ongoing and some cost savings achieved to date. Regional work on the fair price and the contract standards workbook is continuing. Elizabeth Gardens extra care housing development scheduled to open in early 2013.

Key factors impacting on the risk this quarter include:

- Significant failing of current provider
- A contract award process which will create a transitional period for 90 days for home care provision.
- Continued pressures on the hospital accident and emergency department. Periods of 'black alert also common place prior to seasonal increases associated with winter pressures, adding to system pressures.
- Evidence of decreasing number of carers within the system due to ongoing poor employment conditions and all providers recruiting from the 'same pool'
- Issues in providing temporary care staff through local framework agreement.
- Continued economic pressure on care providers.

Additional actions taken this quarter in response to increased risk include;

- Provision of a 2% inflationary increase in providers
- Implementation of a 'step-up to care' training programme for non-care staff to act in emergency
- Instigated the business continuity plan for adult social care to ensure this is up to date and sufficient in light of risk.
- Increased staff availability through the use of over-time and bank arrangements.
- All providers reviewed service users and priority ranked to assist support prioritization in the event of lack of carers.
- Alerted CQC of the potential for Thurrock to take emergency action given the current conditions.

**Business Continuity - Risk 16**

(Rating:90 Critical/High, DOT: Static)

Corporate business continuity plan and service specific plans developed 2010/11. All heads of service reminded at the beginning of the year to review and update BC Plans. Following departure of the Business Continuity Officer a review of the service has been undertaken and an officer identified to take forward business continuity work. BC Team is currently working with services to review/update business continuity plans. Review of arrangements for coordinating business continuity across the Council to be reviewed by the end of the calendar year.

**Purfleet Regeneration Project - Risk 27b**

(Rating: 90 Critical/High, DOT: Static)

Approx 50% of the required land obtained to date. Negotiations are advanced to acquire another 5% of the schemes land area to the Councils ownership and work is ongoing to acquire the rest of the land. Re-procurement for development partner and governance arrangements approved by Cabinet 13<sup>th</sup> June 2012. New OJEU process commenced. Shortlist of three bidders is scheduled to be in place during October and negotiations to continue with identified partners. Invertebrate surveys complete and Environment Statement to be updated and advertised accordingly. Planning application to be considered by Planning Committee Nov - Dec 2012.

**Children's Social Care - Risk 35**

(Rating: 90 Critical/High, DOT: Static)

Both the Children's safeguarding and children looked after provision was rated as good under the OfSTED inspection. The inspection also identified areas for improvement and recommendations based on these. The service has developed an action plan to address these and this is monitored on a regular basis by senior management.

Internal quality assurance audits continue to be undertaken. Analysis of the 2011/12 national safeguarding and children in need data in progress to consider the demands in Thurrock compared to national and statistical nearest neighbours. All teams continue to regularly monitor caseload allocation in terms of volume and complexity.

Service has undertaken further analysis into increased safeguarding and related activity and the associated service pressures and resource demands arising from this and actions/steps identified to support proactive demand management and explore the scope for additional activity to assist return children to care of their own families.

Early Offer of Help Services agreement to proceed given at Cabinet. Tender evaluation process underway. Completion target date end of December.

**Medium Term Financial Strategy 2013/14 - Risk 41**

(Rating:90 Critical/High, DOT: Not Applicable)

Star Chamber meetings completed July/August 2012 to determine growth and savings across all services and MTFs updated to reflect the position. Updated MTFs reported to October Cabinet and included provisional growth and savings bids for the next three financial years. Currently it has not been possible to produce a balanced budget position for the planning period. The Cabinet report showed a gap of £3.6M in the General Fund for 2013/14 and further net savings required over the planning period of at least £12M. As a result further consultation and scrutiny will be required to ensure that the council is able to fulfil its statutory requirement to set its 2013/14 budget position by February 2013. Further consultation and scrutiny on the budget planned for November 2012.

**Transformation Programme 2013/14 - Risk 42**

(Rating: 90 Critical/High, DOT: Not Applicable)

Opportunities to deliver 2013/14 Transformation savings have been identified and agreed through Cabinet and O&S process in October / November 2012. 5 Programme themes identified. Each theme managed under the stewardship of a Programme Manager tasked with accountability to ensure programme and associated projects realise efficiencies. Business cases to realise 2013-14 savings are under development and will be considered in January / February 2013 for go decisions.

**Capacity for Change - Risk 6**

(Rating: 80 Substantial/Very High, DOT: Static)

Staff survey relating to communications, change, leadership, job security, staff well being, training and development completed. Staff survey action plan developed and reported to and reviewed by Human Resources, Equality & Cultural Change Board (CHRECC). Increase in stress absence identified through monthly monitoring of sickness. Stress absence report and action plan developed and reported to/monitored by CHRECC. Revised arrangements implemented to manage the transformation programme, including transformation board and capacity for change/change readiness analysis embedded into project plans. Dedicated communications resource identified for change and transformation. Dedicated change and communications lead appointed for the transformation programme. Staff engagement forums and change champions established and being aligned to Transformation. Change and inclusion champions receiving facilitation training to aid communication and engagement across the Council.

**Health Transition - Risk 24**

(Rating:80 Substantial/Very High, DOT: Deteriorated)

Public Health Transition board established. Four working streams set up by the board and public health transition plan developed to manage the transfer. Interim arrangement to share a Director of Public Health with Southend Borough Council (SBC) agreed. Discussions ongoing with the Primary Care Trust (PCT) and Clinical commissioning Group (CCG) regarding the development of Commissioning Support Services (CSS) and any alternative for the commissioning functions.

Work to identify the value and quantity of public Health contracts that will be passed to the Council undertaken and potential shortfall identified (i.e. difference in what the Council will receive compared to what will need to be paid out). Same position faced by Essex County Council (ECC) and SBC. The Council along with the other two authorities has raised the issue with the Department of Health and is awaiting confirmation of the financial settlement for Public Health. All providers of Public Health have been placed on notice pending confirmation of the financial settlement. Risk level raised due to the uncertainty of the extent to which funding will cover contractual obligations.

**Morrison Housing Repairs Contract - Risk 18** (Rating: 80 Critical/Significant, DOT: Static)

Regular operational meetings to report and monitor performance. Resource and call demand evaluation of repairs line undertaken and more flexible use of resource introduced in October 2012, showing improvements in call handling times for responsive repairs. Agreement reached to adhere to contractual framework for audit of invoices and test of Schedule of Rates (SOR) application by contractor October 2012. Audits completed on all invoices up to August 2012, formal notification on deductions made to contractor. Regular analysis of variations and budget based on schedule of rates from September 2012. Independent customer satisfaction survey in place and contractual targets agreed through the partnership but targets not being met. Accounts for 2011/12 financial year settled and rectification plan now in place from October 2012 to March 2013.

**Opportunities** - In priority (rating) and then reference number order.

**Enterprise Resource Planning - Opportunity 26a** (Rating: 100 Exceptional/Very High, DOT: Static)

Capital funding agreed Sept 2011. ERP steering group, project team and project plan established to manage the delivery of the project. Following the departure of the Director of Transformation ERP governance and programme management structure reviewed and Director of Finance and Corporate Governance appointed the lead for the project.

Issues encountered with the delivery of Phase 1 - Finance upgrade, Procurement and Business intelligence and not fully completed to timeframe. Whole programme reassessed and re-budgeted to ensure delivery of agreed specification. Number of Phase 1 issues resolved. Outstanding items are being resolved and due to be completed by the end of December 2012. Fixes are also being developed in order to carry on with business as usual.

Lessons learned exercise of Phase 1 undertaken and used to inform the revised plan for Phase 2, HR/Payroll. New technical delivery team commissioned and additional expertise being brought in for Oracle Learning Management (OLM) & Oracle People Management (OPM). System testing incorporated in plan along with parallel running of existing systems to limit the potential of any significant disruption to HR/Payroll function during the process of change.

**Asset Management - Opportunity 5** (Rating: 80 Exceptional / Significant, DOT: Static)

Asset Management Delivery Plan (AMDP) developed February 2012 and agreed by Cabinet. Skeleton Corporate Asset Management Team established with the introduction of Property staff from the Development Corporation in April 2012.

Short list of assets for disposal from low performing and surplus operational assets and soft market testing exercise undertaken to shape future joint venture partnership opportunities for the principal sites. October 2012 Cabinet agreed to asset sales of approximately £1M and requested that the Member Working Group work towards the procurement of joint venture solution for larger sites to recommend to Cabinet.

Business case for Phase 1 of the Ockendon Community hub developed. Development of the Phase 1 Pathfinder Community Hub through the repurposing of Belhus Library agreed by Directors Board. Development to include the closure of Belhus Library and the re provision and eventual closure of the Culver Centre in the longer term.

Pathfinder phase of Civic Office transformation (4<sup>th</sup> Floor) agreed for completion in February 2013.

The whole register has been filed on the J:\THURROCK\EXCHANGE file under ROM\ROM Q3 Report S\_C R&O Register

A copy of the register has been made available via the Members Library and further copies can be made available on request from the report author.

**4. REASONS FOR RECOMMENDATION:**

- 4.1 One of the functions of the Standards and Audit Committee under the Terms of Reference of the Constitution is to provide independent assurance that the Authority's risk management arrangements are adequate and effective
- 4.2 To enable the Standards and Audit Committee to consider the effectiveness of the Council's risk and opportunity management arrangements the report is presented on a quarterly basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

**5. CONSULTATION (including Overview and Scrutiny, if applicable)**

- 5.1 Performance Leads, with some consultancy from the Corporate Performance Team has engaged with services to review and update the Strategic/Corporate Risk and Opportunity Register.
- 5.2 The outcome of the exercise was reported to Performance Leads 1<sup>st</sup> November 2012 and Directors Board 13<sup>th</sup> November 2012.

**6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

- 6.1 Risk and Opportunity Management is recognised as a good management practice and how successful the Council is in managing the risks and opportunities it faces will have a major impact on the achievement of the Council's priorities and objectives.

**7. IMPLICATIONS**

**7.1 Financial**

Implications verified by: Michael Jones, Management Accountant  
 Telephone and email: 01375 652772  
 mxjones@thurrock.gov.uk

Effective risk and opportunity management provides robust means to identify and manage the financial risks and opportunities facing the Council.

Some of the detailed risks/opportunities pose significant financial challenges to the Council. In order to manage some of these issues consideration will need to be given to the appropriate funding, which will need to be considered as part of the appropriate budget process. The financial implications of the identified risks/opportunities are referred to in the risk, opportunity and management action plan documentation.

## 7.2 **Legal**

Implications verified by: David Lawson, Principal Solicitor  
 Telephone and email: 01375 652087  
 dlawson@thurrock.gov.uk

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduced the likelihood of legal claims or regulatory challenges against the Council

## 7.3 **Diversity and Equality**

Implications verified by: Samson DeAlyn  
 Telephone and email: 01375 652472  
 sdealyn@thurrock.gov.uk

Risk and opportunity management describes the planned and systematic approach used to identify, evaluate and manage the risks and the opportunities for the achievement of objectives. Effective risk and opportunity management reduces the likelihood of breaching our statutory equality duties

## 7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

Risk and opportunity management contributes towards the Council meeting the requirements of Corporate Governance and the Account & Audit Regulations.

### **BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):**

- Strategic/Corporate Risk and Opportunity Register, Quarter 3. The document can be accessed via the J:\THURROCK\EXCHANGE file under ROM\ROM Q3 Report S\_C R&O Register

### **APPENDICES TO THIS REPORT:**

- Appendix 1 - Quarter 3 Dashboard
- Appendix 2 - Risks and Opportunities In Focus report

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