

6 March 2013		ITEM: 6
Standards and Audit Committee		
Quarter 4 Refresh of the Strategic/Corporate Risk and Opportunity Register.		
Report of: Andy Owen, Performance and Risk Officer.		
Wards and communities affected: All.	Key Decision: Non-key.	
Accountable Head of Service: Steve Cox, Assistant Chief Executive		
Accountable Director: Steve Cox, Assistant Chief Executive		
This report is public		
Purpose of Report: To provide Standards and Audit Committee with the Quarter 4 report of changes to the Strategic/Corporate Risk & Opportunity Register.		

EXECUTIVE SUMMARY

Performance Board, with some consultancy from the Corporate Performance Team has work with services during January and February to review and refresh the Strategic/Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the Quarter 4 report on changes to the Strategic/Corporate Risk and Opportunity Register.

1. RECOMMENDATIONS:

- 1.1 That Standards and Audit Committee note the changes to the items contained in the Quarter 4 Dashboard (Appendix 1).**
- 1.2 That Standards and Audit Committee note the ‘In Focus’ items and the management response arrangements for the issues identified by Directors Board and Performance Board (Appendix 2).**

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 Board, with some consultancy from the Corporate Performance Team has worked with services during January and February to review and refresh the Strategic/Corporate Risk and Opportunity Register. The outcome

of the exercise was reported to Performance Board 4th February 2013 and Directors Board 12th February 2013

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 4 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 - Quarter 4 Risks and Opportunities In Focus report:
This document includes the issues identified by Directors Board and Performance Board 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 4	(Rating:90 Critical/High, DOT: Static)
Current and further actions for the risk include:	
<ul style="list-style-type: none"> - Implementation of Oracle ERP for Financial Management, HR/Payroll, Procurement and Business Intelligence reporting scheduled to be completed Apr 2013. - ICT initiatives (e.g. flexible and mobile working) developed and delivered through the Corporate transformation programme. - ICT Strategy review commenced Oct 2012 to align it to transformation & business need. - Individual service transformation projects (e.g. Housing) to be undertaken in 2013/14 to support and drive ICT change in line with business requirements. 	
Transformation Programme 2013/14 - Risk 8	(Rating: 90 Critical/High, DOT: Static)
Current and further actions for the risk include:	
<ul style="list-style-type: none"> - 2013/14 transformation savings identified and agreed by Cabinet/O&S - Oct/Nov 2012. - Five programme themes identified and programme management established. - Business cases to realise 2013-14 savings to be developed by February 2013. - Following agreement of business cases in Feb 2013 the Transformation Board (comprising of Cabinet Member and Directors) to regularly monitor progress against the programme, business cases and savings. 	

Adult Social Care, Quality v Cost - Risk 9	(Rating:90 Critical/High, DOT: Static)
Current and further actions for the risk include:	
<ul style="list-style-type: none"> - Contract management and monitoring in place for externally provided services. - Regular meetings with Care Quality Commission to discuss issues. - Reviews of out of borough placements, high cost placements and those with complex needs undertaken or ongoing. - Provision of 2% inflationary increase for providers established. - Staff availability increased through use of overtime and bank arrangements. - Minimum quality standards across services to be implemented from April 2013. - Budget/growth strategy to be incorporated in Market Provision Statement - April 2013. - Review of Business Continuity Plan for Adult Social Care and development of arrangements to deal with potential emergency situations from Dec 2012. 	
Business Continuity - Risk 11	(Rating:90 Critical/High, DOT: Static)

Current and further actions for the risk include:

- Corporate Business Plan and service specific plans established Oct 2011.
- Resources for coordinating business continuity across the Council reviewed Nov 2011.
- Service BC Plans reviewed during Jun 2012 to Jan 2013 and approx 97% updated.
- Work to review the validity of service BC Plans to be undertaken by March 2013.
- Programme of testing of department BC arrangements to be carried out by Sept 2013.
- Review of Corporate BC planning arrangements to commence from March 2013.

Purfleet Regeneration Project - Risk 13b (Rating: 90 Critical/High, DOT: Static)

Current and further actions for the risk include:

- Approx 55% of the required land acquired to date.
- Cabinet Nov 2011 agreed to commence compulsory purchase order (CPO) process.
- Negotiations with remaining owners ongoing.
- OJEU Procurement for development partner ongoing with shortlisted parties.
- Outline planning application considered by Planning Committee Dec 2012.
- Process to acquire any outstanding land not obtained through negotiation (e.g. second resolution CPO arrangements) to be considered by Cabinet by June 2013.
- Project implementation to follow confirmation of a CPO with site clearance/demolition programmed to begin in Q2 2014.

Children's Social Care - Risk 31 (Rating: 90 Critical/High, DOT: Static)

Current and further actions for the risk include:

- Reviews and reductions to resource undertaken to achieve savings.
- Development of Early Offer of Help Strategy from July 2011 and phased implementation commenced from Apr 2012. Procurement of contracts for the EOoH services in progress
- Ongoing management review and reporting of services from Feb 2012.
- Analysis into increased safeguarding and related activity and associated service pressure/resource demands undertaken Dec 2012. Action to manage position identified.

Delivery of MTFs 2013/14 to 2014/15 - Risk 29 (Rating: 80 Critical/Significant , DOT: Not Applicable)

Current and further actions for the risk include:

- Medium Term Financial Strategy (MTFS) and Forecast (MTFF) developed.
- MTFF to be reported to Directors Board monthly with quarter reports to Cabinet. Monitoring/reporting to cover key areas like the HRA Financing Model, Business Rates Retention, Cost Pressures, Asset Management Strategy and Transformation.
- Value for Money comparator tools and Benchmarking with other local authorities to be undertaken to ensure that the budget correctly reflects the true costs of demographic change and increase in costs.

Delivery of MTFs 2015/16 to 2016/17 - Risk 30 (Rating: 80 Critical/Significant , DOT: Not Applicable)

Current and further actions for the risk include:

- MTFF for the planning period 2013/14 to 2016/17 in progress.
- Council to move away from setting a one year balanced budget and looking at balancing both 2013/14 and 2014/15 in time for the budget Council meeting Feb 2013.
- Review of the Council's approach to service delivery scheduled for March 2013 to determine the future shape of the organization post 2015.
- The Transformation Board is to consider the shape of the Council post 2015.
- Project and associated work streams to be developed when the future shape of the organization post 2015 determined.

Statutory Equality Requirements - Risk 25 (Rating: 80 Substantial/Very High , DOT: Deteriorated)

Current and further actions for the risk include:

- Corporate Equality Framework and Single Equality Scheme established.
- Progress against the Single Equality Scheme for the Annual Equality Report collated from Heads of Service and draft completed.
- Annual Equality Report and plan to improve compliance to full Council Mar 2013.
- Implementation of actions of the Single Equality Scheme by Heads of Service/ Lead Officers scheduled from April 2013.
- Regular reporting of progress against the corporate equality plans by the Corporate Diversity team from Jun 2013 (e.g. quarter reports to Directors Board via CHRECC)

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

Asset Management - Opportunity 19a

(Rating: 80 Exceptional / Significant, DOT: Static)

Current and further actions for the opportunity include:

- Cross party Member Working Party (including Leader) established by Cabinet to oversee individual property disposal decisions.
- The contract exchange on £0.79m sales for 2012/13 was achieved by Dec 2012 and a further £2.15M (approx) sales have been identified and have Cabinet approval.
- Commercial discussions ongoing with Serco/Europa on the potential transfer back to Council of the outsourced property management service.
- Asset management service to be restructured following the potential transfer back to the Council of the outsourced property management service. .

3.4 The whole register has been filed on the J:\THURROCK\EXCHANGE file under ROM\ROM Q4 Refresh_SC R&O Register

A copy of the register was also made available via the Members Library and additional copies made available on request from the report author.

3.5 The review/refresh has resulted in some changes to the risk/opportunity register. Some items have been removed and a number of new items added.

3.6 The new items are contained in the Dashboard table - Appendix 1, the Risk & Opportunities In Focus report - Appendix 2 (where appropriate) and the whole Risk/Opportunity Register (available on the J:\THURROCK\EXCHANGE\ROM\ ROM Q4 Refresh_SC R&O Register).

3.7 The removed items are summarised in the table below

Removed Risks and Opportunities - In alphabetical order

<p>Business Rates Retention – Opportunity Implications and financial benefits of new arrangements identified and incorporated in the MTFS. Opportunity realised.</p>
<p>Delivery of MTFS 2012/13 – Risk Work on 2012/13 coming to an end. Corporate Plan and MTFS refreshed for 2013-16. See two new risks for the Delivery of MTFS 2013/14 & 2014/15 (Corporate Risk 29) and the Delivery of MTFS 2015/16 & 2016/17 (Corporate Risk 30).</p>
<p>Delivery of Transformation Programme 2012/13 – Risk Programme and savings delivered. Business cases for the delivery of 2013/14 targets under development. New risk for the Transformation Programme 2013/14 identified. See Corporate Risk 8 - Transformation Programme for details.</p>
<p>ERP / Oracle, Phase 1 - Opportunity & Risk Phase 1 implemented and opportunity realised. Improvements to financial reporting identified and work ongoing to improve financial reports. Residual risk to be managed at Departmental level by Corporate Finance.</p>
<p>Grays Community Hospital - Opportunity SW Essex NHS axed plans for hospital Dec 2012. Opportunity removed from register.</p>
<p>Morrison Housing Repairs Contract – Risk Morrison contract ended January 2013 and item removed from register. New contract with Mears from the 1st February 2013. See Corporate Risk 26 - Housing Responsive Repairs Service for details.</p>
<p>Primary School Standards – Risk Target date of December 2012 and target rating for risk achieved (residual rating Substantial/Significant in the Dec 2012 Q3 review). Residual risk to be managed at Department level.</p>
<p>SSP Savings (2012/13) – Risk Risk focussed on the Council failing to reshape the partnership with Vertex/Serco to transform service delivery and achieve savings. £600K savings identified and to be</p>

delivered for 2012/13. Risk realised and removed. New risk for SSP Savings 2013/14 identified for the balance of savings. See Corporate Risk 6 - SSP Savings for details.

Tilbury Port Expansion – Opportunity

The site is now allocated in the LDF for employment purpose and outline planning permission has been granted. The only matters remaining are of detail (design etc). Opportunity removed from register.

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 Board, with some consultancy from the Corporate Performance Team has engaged with services to refresh the Strategic/Corporate Risk and Opportunity Register.
- 5.2 The outcome of the exercise was reported to Performance Board 4th February 2013 and Directors Board 12th February 2013.

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, Corporate Diversity Manager.
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 4. The document can be accessed via the J:\THURROCK\EXCHANGE file under ROM\ ROM Q4 Refresh_SC R&O Register

APPENDICES TO THIS REPORT:

- Appendix 1 - Quarter 4 Dashboard
- Appendix 2 – Quarter 4 Risks and Opportunities In Focus report

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