

16 July 2015		ITEM: 11
Standards and Audit Committee		
Refresh of the Strategic/Corporate Risk and Opportunity Register, In Quarter 1 Report		
Wards and communities affected: All	Key Decision: Non key	
Report of: Andy Owen, Corporate Risk Officer		
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: David Bull, Interim Chief Executive		
This report is a public report		

Executive Summary

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.

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 bi annual basis and provides details of how the key risks and opportunities facing the Authority are identified and managed.

The Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during March to May to refresh the Strategic/ Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the key risks and opportunities identified by the review and the revised Strategic/Corporate Risk and Opportunity Register.

1. Recommendation(s)

- 1.1 That Standards and Audit Committee note the items and details contained in the Dashboard (Appendix 1).**
- 1.2 That Standards and Audit Committee note the 'In Focus' report (Appendix 2), which includes the items identified by Corporate Risk Management, Performance Board and Directors Board that Standards and Audit Committee should focus on this quarter.**

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 makes a significant contribution to the sound Corporate Governance arrangements to meet the requirements set out in the Account and Audit Regulations and is an important part of the Council's overall Performance Management Framework.
- 2.3 In accordance with the ROM Policy Strategy and Framework regular reviews of the Strategic/Corporate Risk and Opportunity register were undertaken and reported to Directors Board and Standards & Audit Committee during 2014/15 (quarter reports to DB and bi annual reports to S&AC).
- 2.4 The annual review of the Council's ROM arrangements was carried out in the last quarter of 2014/15. As part of the review the ROM Policy, Strategy and Framework was updated and reported to Standards and Audit Committee 17th March 2015, via Directors Board 10th February 2015.
- 2.5 In the latter part of 2014/15 the Council worked with the community, partners and the voluntary sector to refresh the Community Priorities to better reflect the ambition and focus for the borough as well as the changing relationship between the Council and the community, and its role in place shaping and enabling community leadership. The refreshed Community Priorities were agreed by Council 28th January 2015.
- 2.6 This review (in quarter 1 report) is the first exercise under the updated ROM Framework. The Corporate Risk Officer has worked with Services, Department Management Teams, Performance Board and Directors Board during March to May to refresh the Strategic/Corporate Risk and Opportunity Register and bring it more in line with the Community Priorities.
- 2.7 The review has resulted in some changes to the register. 12 items have been refreshed, 11 new items added and 16 items removed.

3. Issues, Options and Analysis of Options

- 3.1 The outcome of the review is shown in the Dashboard (Appendix 1), In Focus report (Appendix 2) and the following tables.
- 3.2 Appendix 1 – Dashboard
The refreshed and new items are included in the dashboard table. The dashboard provides a summary of the items in the register mapped against the Council's priorities and outlines the progress to manage the items to planned targets and timeframes.
- 3.3 Appendix 2 – Risks and Opportunities In Focus report
This document includes the items identified by Corporate Risk Management, Performance Board and Directors 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 16 or 12 automatically become in focus, and any which are currently rated 9 or 8 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:

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

Delivery of MTFs 2016/17 to 2017/18 - Risk 9

(Rating: 16 Critical/Very Likely)

MTFS established. Balanced budget for 2015/16 agreed and forecast for the financial years 2016/17 through to 2018/19 reported to Cabinet February 2015. Approach for the delivery of savings/services for 2016/17 and beyond explored and discussed at Strategy Week in March 2015.

Adults Social Care, Cost & Quality Standards - Risk 1

(Rating: 12 Critical/Likely)

The risk evaluates the impact of a combination of issues on the maintenance of care quality standards. The risk is rated at the higher level due to the financial pressures on local authorities and the impact this will have (e.g. reduced teams for critical processes such as contract management, inability to uplift prices to counter competition for workers and inflationary pressures, etc). We have agreed to provide our residential providers for older people an uplift of 1% for 2015/16, with a possibility of a further 1% linked to performance. Whilst contingencies are and continue to be considered, the current Council financial situation is making finding a workable solution difficult. Hence the risk rating.

Failure to Implement the Care Act - Risk 2

(Rating: 12 Critical/Likely)

Programme management of this major legislative change would, in any normal year, be the major focus for the directorate. However we are currently having to programme manage and deliver a number of complex and wide ranging programmes of work; the care act, better care fund s75, short term service efficiency and improvement projects and long term cultural change and transformation. Thurrock is a very low spending authority per capita on adult social care and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary. The risks associated with the implementation of the Care Act are as yet unquantified which is one of the reasons this risk will remain high risk – even post-implementation.

Health and Social Care Transformation - Risk 3

(Rating: 12 Critical/Likely)

Programme management of this major legislative change would, in any normal year, become the major focus for the directorate. However we are currently having to programme manage and deliver a number complex and wide ranging programmes of work; the care act, whole system redesign including health and social care integration, short term service efficiency and improvement projects. Thurrock is a very low spending authority per capita on adult social care and also faces significant reductions to funding via the national austerity programme. Risks of non-delivery of any, or all, of these important programmes are exacerbated by these factors. Mitigation in the form of securing resources in the short term to provide adequate programme management, delivery and specialist expertise where required is necessary.

Welfare Reforms - Risk 4

(Rating: 12 Critical/Likely)

The impact of the changes was being monitored by the Welfare Reform Group and Universal Credit Strategy Group which has now been combined into one group The Welfare Reform Strategy Group. In terms of the specific areas:

- The Essential Living Fund has had a lower take-up than expected (largely because it is cashless) and the arrangements with Southend are working well. The scheme will continue as per Cabinet approval in December for 2015/16; as such the Council will contribute £331,425 towards the running of the scheme, it is likely that no less than £266,925 will be available to eligible applicants during the fiscal year.
- The social sector size criteria have affected nearly 1,000 people. Discretionary Housing Payment has been used to minimise the impact; Housing Benefit arrears have been lower than expected; around 65 households have moved. The risk is over maintaining this position;

- The benefit cap only affected a very small number of people and has had minimal impact;
- The move from Disability Living Allowance to Personal Independent Plan is being monitored and numbers will grow as people switch at their review point. Delays remain the biggest problem. However, the DWP states that waiting times have now been reduced to 6 weeks.
- Localised Council Tax Support – again arrears are lower than expected but it is causing financial hardship for significant numbers of people, the long-term impact of which is hard to assess at this stage; The 2015/16 scheme has now been approved by full Council as at January and will remain the same as the last 2 years.
- Universal Credit – the process of its rolling out in Thurrock began in March 2015. At this stage it affects new claimants from single jobseekers such as people entitled to Job Seekers Allowance, and includes; Housing Costs and Tax Credits. The roll-out to all other categories of people including couples and families with children is continuing in a phased process in all chosen pilot areas, but is expected to be completed by 2016/2017.
- Universal Credit has faced significant delays because of IT and other implementation problems. There are opportunities to see if we can get joined up professional Benefits, Money and Employment advice and support services between the Council and the Job Centre Plus/Dept of Works & Pensions. The start of this has been to join up Housing Assessments and DWP assessments on the ground floor of the Civic Offices. This went live at the end of January 2015.
- A Delivery Partnership Agreement (DPA) was signed by Thurrock Council and the DWP, taking effect from the 16th of March 2015.

Delivery of MTFs 2015/16 - Risk 8

(Rating: 12 Critical/Likely)

The 2015/16 budget has been set. Challenges such as savings targets from contracts and the impact of movements in business rates identified and to be monitored and reported to Directors Board and Cabinet on a regular basis.

Purfleet Regeneration - Risk 10

(Rating: 12 Critical/Likely)

The Council appointed the 'Purfleet Centre Regeneration Limited' consortium as its development partner for the Purfleet Centre project in March 2014. Since that point the Council has been working with PCRL to secure the funding needed for the scheme and develop more detailed proposals with a view to seeking planning consent later in 2015. The programme has slipped as efforts to secure the funding have continued. Whilst significant progress has been made over the past quarter and a preferred funding partner has now been identified it is not considered appropriate to downgrade the risk rating until such time as the various agreements are completed and the deal confirmed.

CSC, Service Standards & Inspection Outcome - Risk 16

(Rating: 12 Critical/Likely)

The risk evaluates the impact of increased demand and resource pressures on children's social care quality of service and provision. This risk remains from the previous year as inspection has not yet taken place. The pressures outlined throughout the 2014/15 year remain acute. They include increased volumes, increased complexity and ongoing activity to review high cost placements. The implementation of the early help service model and the Thurrock multi-agency safeguarding hub (MASH) has been successful although as anticipated it has led to an increase in the volume of works to children's social care, this is ongoing. The service continues to maximize the external investment and opportunities presented through the Troubled Families Programme and continuously measures impact of the MASH. Ongoing savings to be made across Children's Services including from the Children's Social Care budget will be risk assessed to mitigate the impact on front line services.

CSC, Safeguarding and Protecting C&YP - Risk 17

(Rating: 12 Critical/Likely)

The nature of the work in terms of safeguarding and supporting children at risk of harm means that this will always be a high risk area although through the application of the Southend, Essex & Thurrock (SET) Child Protection procedures the department actively works to mitigate this risk and reduce the likelihood. The introduction of the Multi Agency Safeguarding Hub and Early Offer of Help has supported earlier identification of risk through a multi-agency approach enabling the department to work to intervene at an earlier stage and reduce the risk of harm in some cases. The impact for individual children and families, particularly in cases of child death is significant and whilst actions to reduce the likelihood are implemented the impact will remain as critical. There is also a critical impact score in terms of reputational damage should a child death or serious injury occur.

Business Continuity Planning - Risk 18

(Rating: 12 Critical/Likely)

The Council has recently undergone some significant change and reshaping (e.g. restructures, office moves, remote working, closing of Culver Centre, etc) and a total refresh of business continuity arrangements needed to update plans. As of 31st March 2015 Business Continuity will no longer be the responsibility of the Emergency Planning Team and will sit with service managers, this will mean no central coordination of Business Continuity. It is also important to highlight that Business Continuity is a Statutory Duty for Local Authorities under the Civil Contingencies Act 2004. Business Continuity Planning and Disaster Recovery Support Group to be established to coordinate a review of Business Continuity Plans across the Council.

Opportunity - In priority (rating) and then reference number (numeric) order.**Gloriana Thurrock Ltd - Opportunity 20**

(Rating: 16 Exceptional/Very Likely)

The opportunities flow directly from the Company's objectives which are to build high quality housing in support of Thurrock's Vision and growth targets. If Gloriana can deliver high quality housing within the financial parameters set in the Business Case approved by Cabinet then much needed affordable housing will be provided for the Borough and a financial return will flow to the Council. The Business Case presented to Cabinet in March included a governance and scheme gateway process to enable the effective management of the opportunities and risks flowing from the project. A general risk register and a specific risk register for the first site, St Chad's in Tilbury, showed that some risks had already been mitigated or mitigation/management actions were already in place. Scheme development risks would remain as key risks to be managed and mitigated in future together with demand risk in relation to letting/selling the properties.

South East Local Enterprise Partnership - Opportunity 11

(Rating: 12 Exceptional/Likely)

The Council successfully secured around £92.5m through round one of the Local Growth Fund in support of the A13 widening, Stanford-le-Hope/London Gateway access improvements, cycling initiatives and sustainable travel. Further funds have been secured for Purfleet (£5m) in round two. Further details of future rounds are awaited.

- 3.4 A number of items have been replaced or removed from the register as a result of the refresh exercise. The items along with the rationale for their replacement or removal are summarised in the following table:

Risk - In alphabetical order**Asset Management**

Risk managed to target rating/date and removed from the register. Ongoing monitoring/reporting of any financial implications linked to the Asset Management disposal target to be undertaken via the review arrangements for the MTFS (see risks 8 & 9). However a new risk around asset/property maintenance liabilities has been identified (see risk 12, Property Owners Liability).

Carbon Management

Risk managed to target rating/date and removed from register. Ongoing monitoring/review of the position and Carbon Reduction Commitment to be managed at service level.

Failure to Implement the Care Act

Part 1 of the Act came into operation as of 1st April 2015. Systems and processes reviewed and changes implemented. Risk managed to target date/rating and removed from the register. However the focus of the Council's work on the Care Act for 2015/16 will be monitoring how well the Part 1 changes are embedded and understanding the true costs of the charges (e.g. increase in demand and preparing for the implementation of Part 2 of the Act). See new risk 2, Failure to Implement the Care Act.

Coalhouse Fort Project

Risk managed to target rating/date. Risk removed and ongoing monitoring/review of the project to be undertaken at department level.

Communications/Poor Reputation

Now that the Communications team has filled its vacancies, this particular risk has been managed down to a level which can be monitored at service level. Item to be removed from the register. New risk identified with regard to Reputation and Profile (see risk 15).

Community Engagement

Risk managed to target rating/date and removed from the register. New item identified which combines Community Hubs and Community Engagement, see opportunity 13.

Data Security & Encryption

Risk managed to target rating/date and removed from the register. Ongoing monitoring/review of the position to be undertaken at service level.

Delivery of MTFS 2014/15

Risk managed to target rating within the target date and item removed from the register. New risk identified for the Delivery of MTFS 2015/16 (see risk 8).

Delivery of MTFS 2015/16 to 2017/18

Risk to the delivery of the MTFS remains. Documentation refreshed. Current item replaced by risk for the Delivery of the MTFS 2015/16 and risk for the Delivery of MTFS 2016/17 to 2018/19 (see risks 8 & 9).

Equalities

Risk to be removed from the register. Ongoing management/review of risk to be undertaken at service level and position to be monitored for the Annual Equality Report.

Low Carbon Business Programme

Programme finished, risk managed and removed from the register. Any residual risk based on the outcome of future audits will be monitored at service level.

Political Balance/No Overall Control

Risk managed within target timeframe and item removed from the register. Ongoing monitoring/review to be undertaken at department level.

Road/Transport Infrastructure

Risk managed to target rating/date and item removed from register. Ongoing monitoring of infrastructure delivery and traffic management risk to be undertaken at service level.

Opportunity - In alphabetical order**Business Rate (NNDR) Pooling**

Opportunity realised and removed from the register. Ongoing review to be undertaken at department level. New item identified see opportunity 14, Business/NNDR Growth.

Community Hubs

Item removed from the register and replaced by a new refreshed opportunity which brings together Community Hubs and Community Engagement (see opportunity 13).

Digital Programme/IT Connects

Opportunity focussed on phase 1 of the programme. Item and management action plan refreshed and replaced by new opportunity which focuses on phase 1 and 2 of the programme. See risk 7, Digital Council Programme.

3.5 The whole register has been filed on the J:\THURROCK\EXCHANGE file under ROM\ROM Q1 Refresh_SC R&O 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 bi annual 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 The Corporate Risk Officer has engaged with Services, Department Management Teams, Performance Board and Directors Board to refresh the Strategic/Corporate Risk and Opportunity Register.
- 5.2 The revised Strategic/Corporate Risk and Opportunity Register (In Quarter 1 Report) was presented to Directors Board 12th May 2015 via Performance Board 6th May 2015.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 ROM 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**

Effective risk and opportunity management and the processes underpinning it will provide a more robust means to identify, manage and reduce the likelihood of financial claims and/or loss faced by the Council.

7.2 Legal

**Implications verified by: David Lawson
Deputy Head of Legal and Governance – Deputy
Monitoring Officer**

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

7.3 Diversity and Equality

**Implications verified by: Natalie Warren
Community Development and Equalities
Manager**

The management of risk and opportunities provides an effective mechanism for monitoring key equality and human right risks associated with a range of service and business activities undertaken by the Council. It also provides a method for reducing the likelihood of breaching our statutory equality duties.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

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

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Strategic/Corporate Risk and Opportunity Register, April 2015 (In Quarter 1 report). The document can be accessed via the J:\THURROCK\EXCHANGE file under ROM\ROM Q1 Refresh_SC R&O Register

9. **Appendices to the report**

- Appendix 1 - Dashboard
- Appendix 2 - In Focus report

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