

5 April 2011**ITEM No. 8****Audit Committee****STRATEGIC/CORPORATE RISK & OPPORTUNITY
MANAGEMENT REVIEW****Portfolio Holder:** Councillor Oliver Gerrish – Cabinet Member for Central Services**Report Author:** Andy Owen, Performance & Risk Officer**Accountable Head of Service:** Chris Stephenson, Corporate Performance
Manager (Policy, Performance & Partnerships)**Accountable Director:** Richard Waterhouse, Director of Transformation.**Purpose:** To report on the outcomes of the latest review with regard to strategic/
corporate risk and opportunity management.**Wards affected:** N/A**Key decision:** N/A

This report is a public report

EXECUTIVE SUMMARY

The Performance & Risk Officer (P&RO) supports Heads of Service and/or managers to undertake regular reviews to ensure that key issues are identified and managed.

This report outlines the outcomes of the latest exercise, which was carried out during February and March 2011. As a result of the exercise the following is revealed:

– **12 issues have been added:**

Five are high level risks and include: 49 Census 2011, 50 Primary School Standards, 51 Health Transition, 52 Budget Shortfall 2011/12 and 53 Emergency Planning & Response.

For 49, Census 2011 it is recognised that for the 2001 exercise, only 89% of people living in Thurrock returned a completed form and for every person not counted in the Census, Thurrock alone will lose an estimated £500 per person, per year. The Council has done a load of work (e.g. awareness raising, form completion events, etc) to address the issue and continues to provide support to the Office for National Statistics for the delivery of the exercise. The historical position and current situation have been considered for the evaluation of the risk, which has been rated as High likelihood and Critical impact.

At Directors Board 17th November 2010 it was requested that the remainder of the major regeneration projects are picked up by the review. The seven items have been captured by the process and include: 54 London Gateway, 55 Academy of Transport & Logistics, 56 Purfleet Pride, 57 Grays Community Hospital, 58 Lakeside Sub-Regional Centre, 59 Tilbury Port Expansion and 60 Tilbury Power Station.

The delivery timescales for these projects are scheduled for the medium term and this is reflected in the Likelihood ratings, which range from Very Low to Low. The impact ratings for the projects have been assessed as Major, as all contribute to the delivery of Council Priority 2, Encourage and Promote Job Creation and Economic Prosperity.

- **No risk has increased.**
- **One opportunity has decreased.**
This relates to 27 Thurrock Learning Campus and the development of Phase 2 of the site. The latest draft programme suggests that the development will be completed during 2014. This was reflected in the evaluation of the risk and the likelihood moved from Significant to Low.
- **Four risks have decreased.**
These include 6 Equal Value Claims, 38 Asset Management, 40 Deliver Savings & Efficiencies and 47 Community Leadership Capacity.
- **Two opportunities have increased.**
Both relate to key projects in the Council's Efficiency Programme. These are 44 Multi Functional Devices and 45 Managed Service for Temporary, Agency & Interim Resource.
- **Thirteen items remain static.**
These items include 5 Business Continuity/ Disaster Recovery, 9a School Building & School Place Planning, 20 Carbon Management Funding, 28 Royal Opera House, 35 Performance Management, 37 Procurement & Contract Management, 39 Low Carbon Business Programme, 41 Strategic Service Partnership, 42 ICT Infrastructure, 43 Change Management, 46a TTGDC to Become Absorbed Into the Council, 46b Capacity to Deliver the Regeneration Agenda and 48 International Financial Reporting Standards.
- **Three issues have been removed.**
These include 32a Budget Shortfall 2010/11, 32b Medium Term Financial Strategy and 33 Leadership.

1. RECOMMENDATIONS:

1.1 That Audit Committee:

- Following consultation with Heads of Service and Directors Board the Audit Committee are asked to note the outcomes of the latest review exercise with regard to strategic/ corporate risk and opportunity management.

2. INTRODUCTION & BACKGROUND:

- ### **2.1** The Corporate Risk/Opportunity Register is reviewed and reported to Audit Committee, via Directors Board on a quarterly basis.

2.2 For the latest review the Performance & Risk Officer worked with Heads of Service and/or managers to review the Corporate Risk/Opportunity Register. The issues under the existing profile were reviewed and updated to reflect developments. Some new issues were identified and captured by the process. At Directors Board 17th November 2010 it was requested that the remainder of the major regeneration projects are captured by the process and these are included in the review.

2.3 The new issues identified were assessed against the following criteria to decide if the items are to appear on the Corporate Risk/Opportunity Register or the appropriate Service Risk/Opportunity Register:

Strategic/Corporate Risks and Opportunities:

- Strategic level issues that are likely to have an impact on the medium to long term goals and tend to link to the Council’s priorities and strategic objectives.
- Corporate issues that are likely to impact upon more than one service or cut across the delivery of all services and the achievement of priorities or objectives.

Service Risks and Opportunities:

- Service level issues that are likely to have an impact on short term goals and tend to link to service level objectives and plans.

2.4 The outcomes of the review exercise are shown in Appendix 1 and 2.

2.4.1 Appendix 1 – Risk and Opportunity Matrix

- Page 1 shows the risk profile as at Oct/Nov 2010 and outlines the higher and lower level risks/opportunities.
- Page 2 outlines the changes and developments to the risk and opportunity profile following the latest review, and shows the current key issues facing the Authority.

2.4.2 Appendix 2 – Corporate Risk and Opportunity Register

- Provides a summary of the key issues evaluated at higher level and the progress/developments to manage the issues.

2.5 As a result of the recent restructure following the Star Chamber process to reduce budgets the Senior Risk Management Officer post was removed.

2.6 Risk Management will need to be remodelled in both the new Performance and Risk Framework and individual manager’s responsibility across the Council.

3. ISSUES AND/OR OPTIONS:

3.1 Following the refresh exercise there has been some significant change to the risk/opportunity profile. A summary of the changes are included below:

- Twelve issues have been added.
- No risk has increased.
- One opportunity decreased.
- Four risks have decreased.
- Two opportunities increased.
- Thirteen items remain static.
- Three risks have been removed.

CONSULTATION

- 4.1 The Performance & Risk Officer has engaged and involved Heads of Service and/or managers to review the Corporate Risk Register.
- 4.2 The outcome of the review exercise was reported to Directors Board 23rd March 2011.

5. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 5.1 The risk and opportunity management process would highlight any potential issues, which might prevent or help the Council achieve its objectives and allow more focused attention to be given to them.

6. IMPLICATIONS

6.1 Financial

Implications verified by: Meinir Hall
Telephone and email: (01375) 652147 mhall@thurrock.gov.uk

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.

6.2 Legal

Implications verified by: David Lawson
Telephone and email: (01375) 652087 dlawson@thurrock.gov.uk

An enhancement of 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

6.3 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. The committee should note that effective risk and opportunity management reduces the likelihood of breaching our statutory equality duties.

There are certain equality risks that may arise from the identified strategic risk and opportunity register. Failure to plan effectively may lead to the school building stock not being fit for purpose to meet modern educational needs. In addition with a rapidly changing population, failure to develop and implement an effective and co-ordinated strategy may lead to a shortfall between supply and demands across the borough.

The procurement and contract management (risk) is also important from an equality perspective. The Equality Act 2010 places a duty on public bodies to prevent discrimination in all aspects of service provision, including procurement. It provides a clear and positive legal duty to eliminate discrimination and ensure equality of opportunity. The Committee should note that where an external supplier carries out a function, the Council remains responsible for meeting the statutory duty set out in the Act. In this instance there is a risk that the council could breach its statutory equality duty unless effective procurement arrangements are in place.

6.4 **Other implications**

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

7. **CONCLUSION**

- 7.1 The ongoing arrangements for the identification, management, review and reporting of risks and opportunities demonstrates that risk and opportunity management continues to be embedded within the Council.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

- Risk/Opportunity Scenarios and Management Action Plans
- Risk and Opportunity Management Framework.
- Performance Management Framework.

APPENDICES TO THIS REPORT:

- Risk and Opportunity Matrix / Profile - Appendix 1
- Corporate Risk and Opportunity Register - Appendix 2

Report Author Contact Details:

Name: Andy Owen, Performance & Risk Officer

Telephone: (01375) 652174

E-mail: aowen@thurrock.gov.uk