

18 July 2013		ITEM 5
Standards and Audit Committee		
Review of the Strategic/Corporate Risk and Opportunity Register - 1st Quarter		
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 a public report.		
Purpose of Report: To provide Standards and Audit Committee with the 1 st quarter progress report on changes to the Strategic/Corporate Risk & Opportunity Register.		

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

Performance Board with some consultancy from the Corporate Performance Team has work with services during April to May to review and update the Strategic/Corporate Risk and Opportunity Register.

This report provides Standards and Audit Committee with the 1st quarter progress report on changes to the Strategic/Corporate Risk and Opportunity Register.

1. RECOMMENDATIONS:

- 1.1 That Standards and Audit Committee note the changes to items contained in the Quarter 1 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 April to May to review and update the Strategic/Corporate Risk and Opportunity Register. The outcome of the exercise was reported to Directors Board 11th June 2013 via Performance Board 30th May 2013.

3. ISSUES AND/OR OPTIONS:

- 3.1 The outcome of the review is shown in Appendix 1 and 2.
- 3.2 Appendix 1 - Quarter 1, 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 1, Risks and Opportunities In Focus report:
This document includes the items 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.

<p>Transformation Programme 2013/14 - Risk 8 Current and further key actions for the risk include:</p> <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 for Thurrock Online programme agreed and resources in place. - IT and Civic Offices Business cases to be presented to Transformation Board in May 2013. - Transformation Board (comprising of Cabinet Member and Directors) regularly monitoring progress against the business cases, programme and savings. Full assessment of costs (capital & revenue) and benefits/savings against those predicted being undertaken. - Additional resources/capacity to support change management being procured. <p>The evaluation of risk accounts for the potential impact of the timescales for the delivery of the transformation programmes. Full governance arrangements are now established and the boards are accountable for the allocation and delivery of the savings, with escalation to the Transformation Board if required.</p>	<p>(Rating: 100 Critical/Very High, DOT: Increased)</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------

ICT Infrastructure - Risk 4

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

Current and further key actions for the risk include:

- Implementation of Oracle ERP for Financial Management, HR/Payroll, Procurement and Business Intelligence reporting Apr 2013.
- ICT initiatives (e.g. flexible and mobile working) developed and delivered through the Corporate Transformation Programme.
- ICT Strategy reviewed to align it to transformation & business need. Report presented to Cabinet March 2013. Delivery plan developed and agreed by Corporate Information Systems and Development board (CISD).
- ICT initiatives identified along with funding and implementation. Development and delivery phases commencing and corporate governance procedures to be finalised to enable full implementation to proceed.

The risk will be managed through the implementation of the ICT Strategy and the ICT initiatives incorporated in the transformation programme.

Adult Social Care, Quality v Cost - Risk 9

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

Current and further key actions for the risk include:

- 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 in progress.
- Capacity increased through staff training, overtime and bank arrangements.
- New QA framework being implemented across the region which will enhance contract compliance assurance.
- Review of Business Continuity Plan for Adult Social Care ongoing. Emergency response arrangements developed.

The risk evaluates the impact of a combination of issues on the maintenance of care quality standards. The risk remains at the higher level due to the continued economic pressure on care providers, decreasing number of carers within the system due to ongoing poor employment conditions, acute and primary health pressures and increasing complexity (i.e. all the factors facing the sector). With the management response arrangements in place the Council can consider to slightly downgrade the risk next quarter. However it is recognised that this is a highly volatile sector and outside of a national settlement it is difficult for a single local authority to do much more to mitigate the immediate concerns.

Business Continuity - Risk 11

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

Current and further key actions for the risk include:

- Cabinet Report on Corporate Business Continuity Plan to be referred to Standards and Audit Committee for recommendations
- Service business continuity plans reviewed and signed off by Directors.
- Programme of testing drafted with first test scheduled for September 2013.

The Council has made some progress with the development of Service and Corporate BC plans but the risk will remain at the higher level until the programme of testing is implemented and the results evaluated.

Purfleet Regeneration Project - Risk 13b

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

Current and further key actions for the risk include:

- Approx 55% of the required land acquired to date.
- Outline planning application considered by Planning Committee Dec 2012
- Negotiations to acquire additional land ongoing and completion date revised to Sept 2013. Ability to acquire sites to be dictated by the availability of funds.
- OJEU Procurement for development partner ongoing with shortlisted parties. Negotiations to continue until agreement is reached, anticipated date for this is Q3/2013
- Site clearance/demolition presently programmed for Q2/2014.

The project remains on timetable but a number of key milestones approach within the

next quarter. Any programme slippage will impact the start of construction work and consequently delay delivery of outputs/outcomes. The recent completion of the outline planning process will provide momentum for completion of the key actions outlined

Children's Social Care - Risk 31

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

Current and further key actions for the risk include:

- Reviews and reductions to resource undertaken to achieve savings and ongoing monitoring of structures/resources.
- Early Offer of Help contracts in place
- Action to manage the increased safeguarding and related activity and associated service pressure/resource demands ongoing.
- All admissions of teenagers into the care system agreed in advance by placement panel
- External review of high cost placements to be undertaken in year.
- Undertake review to establish proportion of recent migration into Thurrock of families and subsequent entry in care systems (along with monitoring of transfer-in cases).

The risk evaluates the impact of increased demand and resource pressures on children's social care and quality of service and provision. The risk remains at the higher level due a range of ongoing factors (i.e. (increased complexity and volumes, ongoing activity to review high cost placements). With the management response arrangements in place the council continues to monitor the impact and consider the potential to slightly downgrade the risk next quarter. However, it remains the case that increasing incidences of larger families / sibling groups entering into Thurrock and the care system continue to place demands on the service.

Welfare Reform - Risk 20

(Rating: 80 Critical/Significant, DOT: Increased)

Current and further key actions for the risk include:

- Local Council Tax Support Scheme (LCTSS), the Essential Living Fund, which is hosted by Southend Borough Council and the Housing Benefit limitation for Council tenants all went live 1st April 2013. Director of Finance & Corporate Governance meeting weekly with the Portfolio holder for Central Services to monitor progress.
- Welfare Reform Group continues to meet monthly to monitor/review the impact of the reforms on residents and Council services.

The evaluation of risk considers the potential impact on Council services of the wider Welfare Reform changes being introduced over the next six months, although it is difficult to assess the true impact at this stage.

Delivery of MTFS 2013/14 to 2014/15 - Risk 29

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

Current and further key 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.
- Austerity measures for 2013/14 re-confirmed.
- Strategy week to be carried out the first week of June and will form the basis for Star Chamber budget exercise during summer 2013.
- Analysis of business rates retention undertaken by LG Futures. Potential of pooling with other local authorities to be examined and considered by Directors Board.
- Transformation savings currently below forecast and Transformation Board to agree actions in June to achieve savings target for 2013/14.
- Asset sales to support the capital programme identified by the council's property disposal group and recommendations presented to Cabinet.

The risk rating of critical/significant remains in place because of (i) the shortfall of capital receipts to date against what is planned in the MTFS; and (ii) the under-delivery of transformation savings compared to forecast. Both these issues will be addressed by DB over the next month.

Delivery of MTFS 2015/16 to 2016/17 - Risk 30

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

Current and further key actions for the risk include:

- MTFF for the planning period 2013/14 to 2016/17 in progress and discussions commenced to consider the future shape of the organisation post 2015.
- Strategy week to be carried out first week of June and will form the basis for Star Chamber budget exercise during summer 2013. This will include a forecast of the

council's financial position post April 2015.

The risk rating of critical/significant remains in place because of continuing uncertainties about public sector funding over the planning period. The Chancellor will be setting out his revised forecast to 2018 later this month, after which the implications for the Council's MTFS will be assessed.

Capacity for Change - Risk 1

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

- Sickness absence monitored by Corporate HR, Equalities & Cultural Change board (CHRECC) and sickness absence data reported to Cabinet, via Directors board and Performance Board.
- Monthly management information (MI) issued to Leadership Group and monitored by Directorate Management Teams.
- Fortnightly meetings between HR, OD, Serco HR and Trade Unions on change agenda
- Thurrock Manager and Insight regularly featuring change items and updates.
- Change resource being commissioned to support Transformation Programme.
- Leadership visioning undertaken in April/May and outcomes to be discussed during Strategy Week (1st week in June).
- Workforce Plan under development and linked to future visioning.

The current evaluation of risk takes into consideration the potential impact of increased sickness absence and the implementation of staff reductions. To mitigate impact, effective change management is a core component of the transformation programme and projects and an overall schedule of change initiatives have been developed to minimise peaks of demand.

Sickness Absence - Risk 5

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

- Monthly management information (MI) presented to all Heads of Service.
- Promoting positive attendance training undertaken for people managers.
- Nurse contact centre provided through DHS.
- Occupational health (OH) referrals and support for all stress related sickness cases.
- Sickness absence monitored by Corporate HR, Equalities & Cultural Change board (CHRECC) and sickness absence data reported to Cabinet, via Directors board and Performance Board.
- Review of stress related absence undertaken, action plan implemented and monitored.
- Managing absence policy under review to improve process and understanding.
- Initial programme of Stress Management training completed and evaluation undertaken. Action plan to be considered by Corporate HR, Equalities & Cultural Change board (CHRECC) in May.
- Stress Risk Assessment sessions planned for May 2013.

Sickness absence management and a healthy workforce remains a priority for all managers. In additions to the actions above a schedule of 'case reviews' is underway, along with increased monitoring of triggers and actions taken and a further programme of training and development for managers and staff. Performance monitoring is now embedded in manager's actions plans through standard objectives.

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

London Gateway - Opportunity 17

(Rating: 90 Exceptional/High, DOT: Increased)

Current and further key actions for the opportunity include:

- Construction of port and dredging of channel by DP World progressing to programme. First berth completed Q4/2012. 3 main cranes delivered March 2013. Straddle cranes delivered and container storage for berth 1 completed March 2013.
- Construction of administration building and workshops progressing.
- Construction of Stanford junction improvements on A13 commenced Oct 2012 and is on programme.
- Council's resolved to promote Local Development Order (LDO) in order to expedite development of logistics park. Specialist technical and legal advice secured. Consultation on Habitat Regulation Assessment screening commenced 25/04/13.
- Resolution of Council to consult on LDO Q2/2013 and determination of LDO Q3/2013.

3.4 The whole register has been filed on the J:\THURROCK\EXCHANGE file under ROM\ROM Q1 Review_ SC R&O Register

- 3.5 A copy of the register was also made available via the Members Library and additional copies 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 Board, 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 review was reported to Directors Board 11th June 2013 via Performance Board 30th May 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, Deputy Head of Legal & Deputy Monitoring Officer
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:

Strategic/Corporate Risk and Opportunity Register Quarter 1. The document can be accessed via the J:\THURROCK\EXCHANGE file under ROM\ ROM Q1 Review_SC R&O Register

APPENDICES TO THIS REPORT:

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

Report Author Contact Details:

Name: Andy Owen, Performance & Risk Officer
Telephone: 01375 652174
E-mail: aowen@thurrock.gov.uk