

Audit & Governance Committee

27 September 2012

Report of the Assistant Director CBSS (Finance, Asset Management & Procurement)

Key Corporate Risk Monitor Two 2012/13

Summary

1. The purpose of this paper is to present to Audit & Governance Committee (A&G) an update on the key corporate risks, and to highlight in more detail any emerging risk issues with a view to members considering any further information they would wish to receive.

Background

2. High and Critical Key Corporate Risks (KCRs) were previously reported to A&G four times a year and at least twice a year to Corporate Management Team (CMT), as part of the council's overall governance arrangements and formed the key focus of the risk monitor papers. This information is now distributed to members along with this report to ensure that they continue to have this valuable information. However, this risk monitor will in future provide members with an overview of progress on some of the key risks, noting any changes, and where relevant we will cover one or more risk areas in some further detail. This will seek to provide assurance that the authority understands and is effectively managing its key risks. The KCRs along with directorate level risks continue to be regularly reviewed at Directorate Management Teams (DMTs).

Monitor Two

3. The two critical KCR's have not changed since Monitor 1 2012/13 and the up to date risk owner's comments are set out below:

KCR0019 Safeguarding

Safeguarding (Eoin Rush)

“In common with every other local authority this risk remains a constant. The controls in place are regularly reviewed and updated in line with emerging national guidance. Measures to review and strengthen the controls in place to manage this risk in the next quarter include, review of social care structure in light of Munro, Social Work Reform Board recommendations and the development of a City wide Integrated Family Service., The service will also be responding to the findings of the Ofsted safeguarding and looked after children inspection conducted in March 2012”

KCR 0022 Financial Pressures

Reduction in Revenue Budgets (Ian Floyd)

“The requirement to respond to the public sector spending reductions/deal with demographic cost pressures, presents a financial challenge the scale of which the Council has never experienced. Reductions of some £40m from 2011-14 are required, and further savings will be needed in the future. Whilst long term financial planning provides a key control, critical to the organisation being able to manage this risk effectively lies in identifying and achieving the savings identified in service reviews and through making difficult choices in the way services are delivered. Achievement of the savings will also require both a full commitment across the organisation and a robust approach to the ongoing monitoring of the savings programme.”

4. The number of high KCR's has increased since the last monitor, there are now 19. This is due to the inclusion of some new high level risks around the Community Stadium project. The risk owners comments can be found below:

KCR 0016 - Capital Programme

Community Stadium (Tim Atkins)

“Since the last KCR Cabinet report the Community Stadium project has passed through some significant milestones; mainly in May 2012 been granted outline planning permission to build a minimum 6,000 all seater stadium on the grounds of the existing Huntington athletics facility. This has led the project to enter into a new phase of work looking towards developing the detail around the build, design and operation of the stadium and the surrounding facilities (Community Hub, Leisure Facilities). To help with this work a full review of the projects risks has been undertaken with the removal of several risks that solely related to gaining planning permission and associated matters. These have been replaced with the key risks that represent the now current and future challenges of the project.”

5. Full information in relation to the high and critical risks can be found in the KCR report that was distributed for information purposes separately to this monitor.

Risk Focus

6. The move to West Offices and all it entails represents a massive logistical challenge. The risk owner looks at the risks around the project in more detail below:

Moving On Up - Accommodation Programme

7. The accommodation programme is a complex portfolio of projects that are designed to deliver a new innovative building, West Offices, and support and to transition the organisation into an environment conducive to leading edge delivery of service and partnership working optimised for customer service. A programme of this complexity presents a number of challenges in terms of risk management as there are key pieces of work on the critical path of each project and many interdependencies.

8. The principle risks lay around the delivery of the build project. This is designed to reduce the accommodation portfolio from a number of buildings to two, West Offices and Hazel Court, the quality and timeliness of the construction and commissioning work, the disposal of our current portfolio, readiness the business for the move and ensuring that the operational objectives are met.
9. The build timetable can be affected in many ways, from resource availability to weather, and this could have a significant financial and reputational impact on the council. Between our staff in property services and specialists involved with our contractor the rate, cost and quality of the build work is monitored. Our property exit brings about risks involving timing of exit and level of dilapidations work required. If there are problems in these areas again there can be huge financial consequences as it may result in having to retain properties longer than necessary. Along with Property Services ensuring the buildings are ready for handover and sale a detailed migration plan has been developed to ensure that once West Offices is ready staff and partners can move in and as moves happen our existing property estate can be released.
10. To ensure the principles of working, or smart working, in the future the organisation needs to adopt new work styles and processes. To achieve this the business and partners need readying for the transition. The consequence of this not being done is that the building isn't used to its maximum efficiency and there are issues with managing the space and working in the space. To mitigate this policies have been developed to support these styles of working and change management resource has been assigned to the project to ensure that managers and staff are supported and managed through the transition and properly induced into the buildings and that operational objectives in terms of service delivery to the customer are achieved.
11. The risks and subsequent issues, if they arise, are managed through the monthly accommodation programme board and regular weekly meetings with the project leads and the

operational directorate project. At these sessions risks and issues are identified, discussed, scored and reviewed and mitigations and action plans are developed. This is always done within the context of providing best value for the council.

New Developments

12. Given the transformation programmes taking place within the authority driven by the funding cuts announced in the 2010 spending review there are significant challenges arising both strategically and operationally, the effective management of risk and opportunity has never been more crucial.
13. With this in mind, we need to ensure that the risks held within the council's risk register "Magique" that are not regularly reported upon ie those that are medium, low or very low are accurate and up to date to ensure the authority has a full view of its risks.
14. In July, we began to write to all the risk owners, attaching the risks that were currently in the system and asking them to review and update them should it be required. This has achieved a positive response with many risk owners responding with amendments or requesting deletion as the risk is no longer valid.
15. There is still some substantial work to do where the risk owners have not responded or where the previous risk owner has now left the authority and responsibility has not yet been allocated elsewhere. Where the risk is clearly no longer valid we will delete these from the system and notify the risk owner and if they are incomplete we will notify them of a notice period after which the risk will be deleted. This is on the basis that if the information is incomplete it does not provide any useful management information.

Directorate Risks

16. The risks in respect of CBSS are attached to this paper at Annex A. The Director of Customer and Business Support

Services is in attendance to answer any queries you have in respect of the risks contained within the annex.

17. The timetable for risk reports from the other council directorates is set out below:

<u>A&G Committee Date</u>	<u>Directorate</u>
12 December 2012	Community & Neighbourhoods/City & Environmental Services
13 February 2013	Adults, Children and Education

Options

18. Not applicable.

Council Plan 2011 - 2015

19. The effective consideration and management of risk within all of the council's business processes helps support achieving 'a confident collaborative organisation' and aid the successful delivery of the five priorities.

Implications

- (a) **Financial** - There are no implications
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Risk Management

20. In compliance with the council's Risk Management Strategy, there are no risks directly associated with the recommendations of this report. The activity resulting from this report will contribute to improving the council's internal control environment.

Recommendations

21. A&G are asked to:

- (a) Consider the risks relating to the Accommodation Programme at paragraphs 7 to 11.

Reason

To provide assurance that the authority is effectively understanding and managing its key risks.

- (b) Approve the directorate risk reporting agenda set out at paragraph 17.

Reason

To ensure that directorates bring forward updated risk reports providing assurance that risk is being properly managed through 2012/13.

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Report Approved

Date 18 September 2012

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Key Corporate Risk Monitor One 2012/13.

Annexes

Annex A CBSS Risk Report