

READING BOROUGH COUNCIL
REPORT BY HEAD OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	25th September 2014	AGENDA ITEM:	4
TITLE:	STRATEGIC RISK REGISTER		
LEAD COUNCILLOR:	COUNCILLOR STEVENS	PORTFOLIO:	FINANCE
SERVICE:	FINANCE	WARDS:	N/A
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1. EXECUTIVE SUMMARY

- 1.1 The primary purpose of this report is to update the Audit & Governance Committee on the Q2 status of the Council's 2014/15 Strategic Risk Register, in line with the requirements of the Council's risk management strategy.
- 1.2 The Council Management Team (CMT) maintains the Register on behalf of the Council, with the assistance of the Council's Chief Auditor.
- 1.3 The Register is reviewed on a quarterly basis and formally refreshed 6 monthly by CMT.
- 1.4 The Register is presented to the Council's Audit & Governance Committee a minimum of six monthly or quarterly in the case of any risks where the position has worsened or for residual red risks where the Audit & Governance Committee shows a particular interest. It was last presented to the Committee in April 14.
- 1.5 The following documents are appended:

Appendix 1 - the Council's Strategic Risk Register.

2. RECOMMENDED ACTION

- 2.1 The Audit & Governance Committee is requested to consider the Q2 status of the Council's 2014/15 Strategic Risk Register.

3. BACKGROUND

3.1 The revised Strategic Risk Register as at September 2014 (Q2) is reproduced at appendix 1. Arrows are used to indicate direction of change in any scores since the previous quarter.

3.2 The following key points should be noted to aid understanding:

↑↓ have been used to indicate movements in the net (residual) risk scores since the previous quarter, where a → is shown no change has occurred.

A "mitigation" column has been added for each risk so as to provide a summary of the mitigating (controls) actions in place to minimise risk.

3.3 Members are reminded that although guidance is provided to officers in relation to the scoring of risks, with a view to providing as much consistency as possible, it still remains very much a subjective process. The primary aim of this report is to identify those key vulnerabilities that the officers consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased. Furthermore, it is possible that the likelihood can be influenced by events outside of the Council's control e.g. the economic climate and its impact on financial planning, or severe weather etc.

3.4 Directorate level risk registers generally only contain risks whose impact would not be felt wider than the directorate to which they belong should they materialise and are managed within the directorate.

3.5 The Strategic Register is compiled from risks identified at directorate level, which have been escalated along with high-level generic risks, which require strategic management. Entries within the Register reflect the risks identified by the Council Management Team thereby strengthening their strategic perspective, management response and controls.

3.6 The inclusion of risks within any level of risk register does not necessarily mean there is a problem. On the contrary, it reflects the fact that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.

3.7 Each entry within the register is scored to provide an assessment of the residual level of risk. All risks have been scored based on an assessment of their impact and likelihood. These assessments are made at two points, before any actions are in place (inherent risk) and after identified controls are in place (residual risk).

3.8 Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

3.9 Plans are in place to mitigate the risks identified in the Strategic Risk Register.

4.0 CONTRIBUTION TO STRATEGIC AIMS

- 4.1 Risk management underpins all aspects of the council strategic aims.
- 4.2 The risks within the risk registers are directly linked to the projects and work streams that are in place to deliver the strategic aims.
- 4.3 Budget risks directly influence all strategic aims.

5.0 COMMUNITY ENGAGEMENT AND INFORMATION

- 5.1 Risk management is an internal management process that is open to scrutiny from councilors and the public at the councils Audit and Governance Committee meetings.

6.0 LEGAL IMPLICATIONS

- 6.1 Local Government Acts 1999 and 2000 established a requirement of performance improvement in modernised local government. Risk management is an important element in ensuring that service delivery objectives are achieved.

7.0 FINANCIAL IMPLICATIONS

- 7.1 There are none associated with the recommendations in this report. The work recommended will be met from existing budgets.

8.0 BACKGROUND PAPERS

- 8.1 Council's Risk Management Strategy.
- 9.2 Delivering Good Governance in Local Government - Framework, CIPFA/ Solace 2012.
- 9.3 The Accounts and Audit Regulations 2011

APPENDIX 1 - STRATEGIC RISK REGISTER - Q2 2014/15



The strategic risks are managed by the Corporate Management Team with directorate support. Strategic risks are those that can be described as presenting a:

- Significant Council wide risk
- Significant risk specific to one directorate which could impact upon the Council as a whole
- Significant risk to the Council as part of working with external organisations or its role within the community

Risk ref no	STRATEGIC RISKS	Inherent risk <i>Risks are assessed on the basis that there are no controls in place, or on the basis that any existing controls are not operating effectively - the worst case scenario if the risk were to occur</i>			Mitigation	Residual risk <i>Controls in place should already be helping to minimise the likelihood or impact of the identified risks. Therefore, the identified risks are then re-assessed in light of the existing and proposed controls.</i>				
		Impact	L'hood	Score		Impact	L'hood	Score	DoT	Action Owner
1	Budget risk: Unable to deliver services within the resources available to the Council to meet obligations and service standards, including keeping the current year's budget within the approved budget framework	5	4	20	<ul style="list-style-type: none"> ▪ Continuous development of a budget strategy and budget options to reduce spending by approximately £25m over the next 3 years ▪ Reshaping the Council to ensure that future needs are met and opportunities taken whilst being realistic about what we can and can't do moving forward. (Reshape has delivered savings of £2m over the last 12 months) ▪ Monthly budget monitoring within services and directorates ultimately reports to Policy Committee and Audit & Governance Committee ▪ Directorates are required by the budget framework to bring forward mitigating measures where practical to address adverse budget variances 	4	4	16	↑	IW/AC
2	Customers service model does not deliver expected benefits to customers and efficiency savings (including the level of cultural and behavioural change needed to achieve channel shift)	4	3	12	<ul style="list-style-type: none"> ▪ Programme of work established to redesign business processes, implement new organisational structure and make best use of technology to deliver service improvement. ▪ Digital strategy agreed as framework for action to deliver channel shift whilst ensuring digital inclusion ▪ The Digital strategy incorporates web replacement, and successful full delivery requires engagement across all Council services and putting in place arrangements to migrate customers channel use to different options 	3	3	9	→	ZH

3	Creation and development of commissioning plans/framework) becoming disjointed and having conflicting priorities;	4	4	16	<ul style="list-style-type: none"> Develop commissioning strategy across areas of major budget spend Monitor staff capacity Establish a corporate governance framework Develop register of major contract/tender procurement dates To report progress/issues to CMT and Policy Committee 	3	2	6	→	AW
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Risk ref no	STRATEGIC RISKS	Inherent risk <i>Risks are assessed on the basis that there are no controls in place, or on the basis that any existing controls are not operating effectively - the worst case scenario if the risk were to occur</i>			Mitigating Actions	Residual risk <i>Controls in place should already be helping to minimise the likelihood or impact of the identified risks. Therefore, the identified risks are then re-assessed in light of the existing and proposed controls.</i>				
		Impact	L'hood	Score		Impact	L'hood	Score	DoT	Action Owner
4	ICT security - risk of loss of data by not preventing and minimising the impact of ICT security incidents, resulting in significant financial penalties levied by the Information Commissioners Office.	5	4	20	<ul style="list-style-type: none"> Corporate ICT Security Policy implemented with clear audit trail Information Governance procedures Data Protection policy Document retention policy Information risk Management Work BeCrypt Implementation Encrypted USB Stick Introduction Increased Secure Email roll-out Introduction of Protective Document Marking Policy Revision Security Briefings Staff Security Booklet Issue 	3	4	12	↑	CB
5	Failure to maintain the fabric and services of buildings resulting in injury to individuals and/or non compliance with relevant legislation or unavailability of asset.	5	5	25	<ul style="list-style-type: none"> The comprehensive review of assets has included a rolling program of condition surveys that has informed a prioritised program of works Asbestos - Management schemes for corporate buildings Legionella - Management schemes in place for each building. Full review being undertaken of management arrangements to ensure compliance with ACOP. a range of Business Continuity plans are in place to enable continuation of services from different buildings Installation & Maintenance of UPS units and generators. Fire risk assessments Commissioning detailed condition surveys. Further detailed analysis to be undertaken to prioritise condition works and procure. Possible budget / resource implications depending on urgency of works. Moving to Plaza West during the year will reduce risk in this area Progressing Corporate Property review and outstanding works will also reduce this risk 	4	4	16	↑	AB

5a	Failure to maintain the fabric of the structure, communal areas and services related to council's housing stock resulting in injury to individuals and or noncompliance with Legislation	5	5	25	<ul style="list-style-type: none"> Asset Management plan covering next 5 years in detail and funding requirements for 30 years. 7 yearly external Planned Maintenance cycle to both individual tenanted / leasehold properties and communal area. 7 yearly communal decs program Rolling stock survey revisiting all properties every 5 years Fire risk assessments undertaken by both surveyors and neighbourhood officers alternate years Compliance with Annual Gas Service NICEIC registered and reviewed Suitable training programme for trade and professional staff covering all key areas. Ongoing review of Asbestos Database and management process Ongoing review of Legionella and programme of works to remove risks Periodic review by external consultants on operating procedures and processes, APSE, HQN, H&S. Recruitment of Asbestos officer 	4	2	8	↓	
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		Impact	L'hood	Score		Impact	L'hood	Score	DoT	Action Owner
6a	CHILDREN- Risk of death or injury to children, through inappropriate care or attention.	5	3	15	<ul style="list-style-type: none"> Monitoring of practice at all levels, escalation process in place Monitor staff capacity Regular external audit and challenge Regular internal themed audits Deliver OFSTED action plan 	5	2	10	→	AW
6b	ADULTS - Risk of death or injury to young people or adults through inappropriate care or attention.	5	3	15	<ul style="list-style-type: none"> Monitoring of practice at all levels, escalation process in place Monitor staff capacity Regular external audit and challenge Review governance mechanisms of quality group on commissioned services 	5	2	10	→	AW
7	Failure to manage unexpected growth which leads to increased demand upon services- In particular looked after children.	4	4	16	<ul style="list-style-type: none"> Analysing and refreshing forecasts to maintain level of understanding Develop capacity/demand modelling in children's services Regular financial and service monitoring 	3	2	6	→	AW

8	DELETED SEPT 14 Targeting of resources to meet Public Health priorities	4	3	12	<ul style="list-style-type: none"> Berkshire-wide Transition Board/finance and contracts sub-group advising on key contract issues with representation from Reading Workshop took place to review the published 2013-16 Health and Wellbeing Strategy, action/delivery reviewed and outcomes will be fed through the HWB Board to ensure agreed targeting of resource. Regularly review press coverage and ensure that the PH communication strategy is fit for purpose <p>The Council's use of Public Health Grant may be subject to external scrutiny and arrangements are being put in place to ensure all usage meets the grant criteria</p>	3	3	9	→	IW
9	Failure to manage demand for school places via availability & funding for additional requirements	5	4	20	<ul style="list-style-type: none"> ACE and Policy Committee agreement to support national government funding with local finance. Programme underway to deliver 2500 more permanent school places 	3	3	9	→	AW
10	Failure to implement new ways of working (linked risk in resources register)	4	3	12	<ul style="list-style-type: none"> There is a cross party Civic Board overseeing this project to which detailed reports are made A communication strategy is being developed There are two reserves to help manage the phase in of the change in capital costs over time and the dual running costs. Directorate Move Champions have been identified and are actively engaged in working on the planned move to the new building including the adoption of the flexible work style model and reducing paper storage in advance of the move. 	3	2	6	→	IW

Risk ref no	STRATEGIC RISKS	Inherent risk <i>Risks are assessed on the basis that there are no controls in place, or on the basis that any existing controls are not operating effectively - the worst case scenario if the risk were to occur</i>			Mitigating Actions	Residual risk <i>Controls in place should already be helping to minimise the likelihood or impact of the identified risks. Therefore, the identified risks are then re-assessed in light of the existing and proposed controls.</i>				
		Impact	L'hood	Score		Impact	L'hood	Score	DoT	Action Owner
11	In face of major budget cuts in all funding areas which will significantly increase risk that young people disappear off the radar which in turn may impact on crime and other statistics.	4	5	20	<ul style="list-style-type: none"> Work with schools/colleges on accurately identifying numbers and profile of young people concerned Develop 14-19 inclusion strategy Work with partners to develop range of training/employment opportunities City Deal should help mitigate the risk 	3	3	9	→	AW

12	Failure to close the gap in school attainment	4	5	20	<ul style="list-style-type: none"> Refresh 'narrowing the gap strategy' Monitoring of attainment levels of BME pupils and pupils in receipt of free school meals Challenge permanent exclusions from underachieving groups Develop and share good practice at school/cluster level Work on strategic relationship with schools to ensure that these vulnerable pupils are recognised as a priority <p>Monitor use of pupil premium</p>	3	4	12	→	AW
13	DELETED JULY 14 Lack of understanding of Disaster Recovery contingencies by service managers causes Business Continuity plans to fail	3	3	9	Prioritise work on disaster recovery and business continuity planning for key service areas and provide support and training for managers	2	3	6	No Q2 score	ZH
14	Ensuring that staff comply with corporate policies and procedures and that they are appropriate to support people in their day-to-day work	4	4	16	<ul style="list-style-type: none"> Review of all policies and procedures now completed Proposals to streamline policies and procedures to be brought forward New corporate approach to be introduced New training to be introduced 	3	4	12	↑	IW
15	Failure of providers around children and adult safeguarding - Closure, poor performance, change of ownership or bankruptcy of private or third sector providers necessitates mitigating action by Adult Social Care and other services/partners to ensure ongoing service provision for all service users	4	5	20	<ul style="list-style-type: none"> Review contingency plans at local and sub-regional level Ensure sufficient capacity available to develop and monitor 'improvement plans' by provider Liaison with CQC and MONITOR on understanding/knowledge of quality issues at local level Develop market position statement 	4	3	12	→	AW

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16	Impact of the Reshaping the Council proposals on service delivery and capacity within the Council	4	4	16	<ul style="list-style-type: none"> Any proposals from the Reshaping that could result in policy changes will result in options being presented to the respective committee. Each proposed change will be subject to a 'Service Review' process which will consider, challenge and moderate proposals and be clear about impacts on services, citizens and staff. These Reviews will be considered by the respective DMT's and CMT. Consultation will be held for each Service Review to ensure that the proposals are robust so that staff and Trade Unions can provide suggestions. Each proposed change as part of the Service Review will complete an Equality Impact Assessment to be clear on potential impacts, what can be mitigated and also be clear about what cannot be mitigated. Delivery of the proposed Reshape proposals are monitored via highlight reports to monthly CMT performance meetings to outline progress against the timetable, any key issues that need to be addressed and next steps. A training needs analysis has begun to assess any potential skills shortages, single points of reliance and also staff that could be deployed in other areas of the organisation if required. The training needs analysis will inform a new Learning & Development Menu and Workforce Development Plan to ensure that training and support is available to all staff but also particularly staff whose roles have changed or are going to change to minimise potential risks. Business continuity arrangements will continue to be updated that will take account of any proposals about the council's structure. 	3	3	9	↓	IW
17	Changes in the way children with special needs (SEN) are identified and catered for will see parents given new rights to buy help for children and fewer children labelled as having SEN in the biggest change to the system for 30 years.	5	3	15	<ul style="list-style-type: none"> Develop further the Special Educational Needs (SEN) Strategy to enable special schools to meet the needs of children and young people with higher levels of need. Establish better controls on spend through Schools Forum Complete external review of existing system Develop accurate benchmark information with 'good' authorities Ensure that the voice of the child and parents are captured and used in design of new system Refresh SEN strategy 	3	2	6	↓	AW
18	Impact of the Care Act on adult social care services including increased numbers of assessments, additional duties to carers, deferred payment system and risk of the new system being underfunded by Government	5	3	15	<ul style="list-style-type: none"> Establish governance through programme Board Establish clear work-streams and programme leads Regular reporting to CMT on progress Complete financial modelling work Ensure health partners are aware of the challenges that the Care Act poses and the impact on their services Regular reporting of Care Bill work stream to CMT & ACE 	4	2	8	→	AW

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		Impact	L'hood	Score		Impact	L'hood	Score	DoT	Action Owner
19	Impact on staff resilience (stress and motivation) of Reshaping and change generally.	4	5	20	<ul style="list-style-type: none"> Issue guidance to staff on how workload and other concerns can be directed; Messages from leadership to staff giving key messages of empathy and support - cultivate a culture of openness and upward challenge; Work with unions and other stakeholders to identify key themes, concerns and where they are located; 'Take the Temperature' through staff surveys and focus groups Ensure that managers are carrying out 1:1's, appraisal and team meetings at a local level; Ensure that managers know how to measure stress and carry out surveys of staff; Senior managers to model behaviours and to drive forward an operational culture of involvement and participation in change programmes. 	3	3	9	➔	CB
20	Impact of the Better Care Fund on health and social care economy, including the Council's savings plans and overall integration agenda	4	4	16	<ul style="list-style-type: none"> Ensure bid is as resilient as possible Work with health partners to deliver targets established in the plan Risk sharing agreement on how to understand impact of not meeting payment by results targets Encourage neighbouring local authorities to develop shared principles around the integration agenda Maintain sufficient capacity within the Council to deliver system change 	3	2	6	NEW	AW
21	Increasing number of people becoming homeless and placing additional pressure on the Council to provide temporary accommodation.	4	4	16	<ul style="list-style-type: none"> The 14-15 budget included an additional budget allowance of £88k. Temporary accommodation: One building has been refurbished and brought back into use and is fully occupied (14 family units); works on another are not expected to be completed until early next year, so will not have much impact on numbers needing B&B this financial year. Proactive housing advice service seeks to prevent homelessness through negotiation and intervention at individual case level However, in spite of mitigations, based on current projections the level of demand presenting is likely to exceed the increased budget, due to the number of placements and the increasing cost of rooms being charged by providers. A strategy to try to mitigate impact and source cost effective solutions to meet the demand for emergency accommodation and ease pressure on the B&B budget will be developed through September/October. This includes an independent review of the DGS (deposit guarantee) scheme and further landlord consultation 	3	3	9	NEW	AB