

BABERGH DISTRICT COUNCIL

FROM: Head of Finance

REPORT NUMBER **F53**

**TO: **OVERVIEW & SCRUTINY
(STEWARDSHIP) COMMITTEE****

DATE OF MEETING 18 July 2006

**STRATEGIC RISKS – QUARTERLY MONITORING OF ACTION PLANS
QUARTERS ENDED 31 MARCH AND 30 JUNE 2006**

1. **SUMMARY**

This report gives the latest position on the Council’s Strategic Risk Management Action Plans.

2. **RECOMMENDATION**

2.1 That the Committee scrutinises the ‘Risk Management Action Plan Progress’ table attached at Appendix A to this report and determines whether any further action is required.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

3.1 There are no financial implications.

4. **KEY INFORMATION**

4.1 Embedding Risk Management is a key priority for the current year and it is likely that this will be a major area of focus for the Audit Commission in 2007, featuring strongly in the Use Of Resources Assessment and CPA. This report focuses on progress on the action plans in relation to strategic risks but more work is needed on:-

- Key business risks in each service area
- Ensuring evidence exists that risk management is fully applied:-
 - When policy decisions are made by Members
 - In Project Management

4.2 The Strategy Committee approved a new Risk Management Strategy and overall action plan on 15 September 2005 (Report E139). The report set out the need for strong arrangements for risk management if the Council is to achieve its corporate aims and priorities.

4.3 The Risk Management Strategy allocated specific responsibility for the scrutiny of risk management to this Committee. This includes monitoring the strategic risk management action plans on a quarterly basis to ensure that these are being actively managed.

4.4 The Risk Management Action Plans set out the keys risks to the Council achieving its objectives and details the actions that management have put in place to manage the risks. These were approved by this Committee on 22 November 2005 (Report E200) and subsequently by the Strategy Committee on 12 January 2006.

- 4.5 The Head of Finance agreed to amend the Risk Management Action Plans in respect of any issues that had been raised by Members that were not adequately reflected.
- 4.6 All of the Action Plans, both above and below the agreed risk tolerance level, with the amendments highlighted in bold, can be found on the Council's Website using the following hyperlink:<http://www.babergh-south-suffolk.gov.uk/Babergh/Home/About+us/How+we+work/Strategic+Risk+Register.htm>. These will be updated as necessary as part of the monitoring framework but given the length of these, they are not attached to this report.
- 4.7 Progress on the plans is set out in Appendix A of this report, which indicates:-
- Action taken since the plans were approved
 - Actions that are still outstanding or new actions that are required as a result of any changes to the risks that have arisen
- 4.8 Officers have been monitoring the Action Plans since they were approved in January 2006. In reviewing the position at the end of March 2006, which was not a full quarter, it was felt that further time was needed to present a clear picture to Members on progress.
- 4.9 Members are reminded that the risks have been rated according to their likelihood and impact in terms of their potential for affecting the ability of the Council to achieve its aims and priorities. The impact was measured as being negligible, marginal, critical or catastrophic. The likelihood was measured as being almost impossible, very low, low, significant, high or very high. The above the line risks are those that need to be actively managed, the below the line risks are those that have sufficient controls in place. The current risk classifications are summarised below:-

Likelihood	Impact	Risk	Corporate Priority
Risks Above The Council's Risk Tolerance Level			
High	Catastrophic	1. Change Management 2. Capacity – Staff Cannot Cope With Another Major Initiative	All, especially 4 All, especially 4
Significant	Catastrophic	5. CAST 9. CPA Inspection 12. Efficiency Agenda	4 4 All, especially 4
Significant	Critical	3. Leisure Services 6. Housing 7. Political 13 Capacity – Recruitment & Retention 16 Programme & Project Management 18 Waste Management Contract Renewal 22 Rural Infrastructure 28 Community Leadership Role of Members	1 2 5 4 All 3 3 5

Risks Below The Council's Risk Tolerance Level				
Low	Catastrophic	19	Significant Incident	All
Low	Critical	8	Local Plan	3
		10	Partnership	All, especially 4
		11	Financial	All, especially 4
		21	Management	All, especially 4
		23	University	5
		24	Regional	5
Low	Marginal	27	Consultation & Communication	4 & 5
		4	Population Profile	All
Very Low	Critical	14	Changes to the District	3 & 5
		20	Legal – New Legislation	All
		26	Major Local Developments	3

4.10 The Council's Corporate Priorities are as follows:-

- 1 Promote healthy living and reduce health inequalities
- 2 Increase the supply of housing that local people can afford to rent or buy
- 3 Maintain a safe, clean and sustainable environment
- 4 Give easy convenient access to quality services
- 5 Raise individual and community ambitions and encourage active citizenship

4.11 The Committee is asked to consider Appendix A, noting the action taken to date and actions outstanding / new actions required.

4.12 An annual review of the strategic risks will take place in September this year with David Forster from Zurich Municipal Risk Management facilitating a workshop for Management Team and Heads of Service. The objective of the workshop will be to amend, update and re-profile the risks as necessary and identify whether any new risks have emerged, such as the Local Government Review.

4.13 Work on identifying the key business risks in service areas is currently being undertaken and Members will be informed of the outcome of this work, along with the above later this year. In addition, strengthened arrangements to ensure Members are clearly advised on risks when making policy decisions and to ensure that Project Management fully embraces risk management are currently being considered.

5. APPENDIX

Appendix A – Risk Management Action Plan Progress.

6. BACKGROUND PAPERS REFERRED TO:

None.

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Risk Management Action Plans Progress

Risks Assessed as Likelihood High & Impact Catastrophic	
Risk Number 1. - Change Management – Lack of impetus to change means that key changes do not happen / are held back	
Responsible Officers – Helen Style and Jeanette Bray	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> Organisational review to redirect and focus resources on Corporate Plan priorities and customer needs. Members seminar in January 2006 covered the latest CAST position including OD. Strategy Committee / Council agreed way forward on project and BPR programme in March / April 2006. Organisational Development (OD) Plan prepared with £60,000 allocated to specific training needs. Ongoing Management Team discussions regarding CAST and OD Plan progress. 	<ul style="list-style-type: none"> Develop a clear vision of how Babergh will operate in 3-5 years to highlight the scale of change required. Develop the governance framework so that the changes can take place.
Risk Numbers 2 and 13. – Capacity:	
<ul style="list-style-type: none"> Staff cannot cope with another major initiative Problems with recruitment and retention mean key posts remain unfilled for significant periods of time 	
Responsible Officers – Pat Rockall, Helen Style, John Raine and Jeanette Bray	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> The re-organisation is freeing up staff resources to deal with key projects and priorities (as above). The external funding streams for e-Government and CAST were fully utilised by the deadline of 31 March 2006. Additional capacity was provided through the overlap appointment of the new Corporate Director. E-government projects that have been implemented are freeing up some resources. A project management training system has been procured and a pilot exercise is being introduced before roll-out to others. Timewise 2 is a way of streamlining the amount of time that senior officers allocate to projects. The Organisational Development Plan has been prepared, which addresses the issues arising from change management initiatives across the Council including leadership and development. 	<ul style="list-style-type: none"> Reprioritise through service planning/departmental management teams to ensure key priorities are adequately resourced. If necessary stop doing lower priority work/services having measured the impact on customers Use the Managers/Team Leaders Forums to: <ul style="list-style-type: none"> Gain commitment and impetus to the outcomes of the change agenda Deliver some aspects of the transformation programme Assist with corporate projects Develop a proactive process for identifying and recording savings resulting from e-government projects Management Team, Heads of Service and Human Resources to monitor developments and take appropriate action to ensure that Going Forward Together Initiative is working. Partnership working with other Councils being considered when staff vacancies arise. Nominated posts that signal opportunities of succession planning. Greater awareness of opportunities for secondments/graduate recruitment.

Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> The Organisational Development Plan has set out the importance of management development and graduate recruitment programmes and the need to consider skills groups carefully. 	<ul style="list-style-type: none"> Implementation of flexible working arrangements that make Babergh a more attractive employer.
Risks Assessed as Likelihood Significant and Impact Catastrophic	
Risk Number 5. – CAST – CAST fails to deliver	
Responsible Officers – Pat Rockall, Helen Style, Mike Hammond and John Raine	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> Council has approved a work programme, resources and funding for 2006/07 and a way forward known as “The Positioning Option”. Arrangements have been agreed to submit six-monthly reports to Strategy Committee to ensure that Members have an on-going understanding, commitment and control of the CAST programme. 	<ul style="list-style-type: none"> Detailed Governance arrangements for CAST are being put in place to detail steps for implementation of the Option/Front & Back Offices by January 2007 across high volume/public access services. Management Team and the Project Board maintain regular reviews of the project’s identified risks and issues to ensure: <ul style="list-style-type: none"> The nature of the risk is understood. The assessment of the implications is correct. The actions proposed are proportionate. The action plans are being progressed.
Risk Number 9. - CPA Inspection – The Council receives a disappointing CPA score	
Responsible Officers – Pat Rockall, Andrew Hunkin and Barry Hunter	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> Initial Use of Resources, and Direction of Travel assessments have been carried out by the Audit Commission. The results are published as part of the 2004/05 Annual Audit & Inspection Letter. The Council has implemented and monitored the first year of the CPA Improvement Plan. 	<ul style="list-style-type: none"> The Use of Resources, and Direction of Travel assessments scored well. However there is room for improvement and actions will be identified. Where appropriate these will be fed into the 2006/07 CPA Improvement Plan. Now that the Annual Audit & Inspection Letter has been received, the 2006/07 CPA Improvement Plan can be finalised. Continue to improve BVPI weak scores in terms of national comparators.
Risk Number 12. - Efficiency Agenda – Innovative solutions to efficiency savings are not identified	
Responsible Officers – Helen Style and Barry Hunter	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> 2006/07 Forward Look Efficiency Statement submitted which indicates overall efficiencies of 4.6% for the year, of which £245,000 is estimated as cashable. Member Procurement/Efficiency Champion (Humphrey Todd) agreed. VFM exercises on specific areas identified from 2005 Use of Resources Assessment – to be progressed during 2006/07. 	<ul style="list-style-type: none"> Efficiency framework needs to be embedded and regularly reviewed - Corporate Director and Head of Finance to review adequacy and effectiveness of corporate efficiency arrangements during 2006/07. Need for a longer term Efficiency and Value for Money Strategy to be considered. Service and Financial Planning process 2006/07 will need to rigorously examine efficiency opportunities. Rigorous targets for current/future years should be set.

Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> Savings and efficiencies from BPR and future programmes to be monitored through six-monthly reports to Council. 	<ul style="list-style-type: none"> Further procurement efficiencies including joint working and partnerships opportunities – MT, Heads of Service and Procurement Task Group. Targets for key staff to more clearly incorporate efficiency requirements. A responsible officer is to be allocated for each Bin the Task initiative, results to be published to promote the scheme. Arrangements to be put in place to ensure IEG projects deliver efficiencies where appropriate and that benefits realisation approach adopted. Training and awareness workshop for Members to be held in 2006/07.
Risks Assessed as Likelihood Significant and Impact Critical	
Risk Number 3 - Leisure Services – Leisure services face difficult challenges and effective action must be taken to manage and resolve these in the short to medium term	
Responsible Officers – Mike Hammond and Tim Mutum	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> The Council's leisure facilities transferred to the South Suffolk Leisure Trust on the 3rd April 2006. 	<ul style="list-style-type: none"> Members have agreed to go ahead with a feasibility study, including an options appraisal on the two potential sites; this will include capital costs, a capital asset management plan and revenue running costs.
Risk Number 6. – Housing – Council fails to meet housing needs	
Responsible Officers – Mike Hammond and Chris Foti	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> Greater Haven Gateway sub-regional group established, Housing Strategy developed and Members engaged. Housing Corporation has agreed funding allocation model until 2008. Officer group in place to progress the Stour House and Sandringham Court regeneration scheme. 	<ul style="list-style-type: none"> Continue the effective engagement with private developers for affordable housing. Promote sub regional housing development work including further development of sub-regional housing strategy. Monitor and report progress on the 700 new affordable homes target regularly Monitor progress of the Stour House and Sandringham Court regeneration scheme.
Risk Number 7. – Political – Breakdown of political consensus	
Responsible Officer – Pat Rockall	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> Regular liaison through Chairman of Strategy Committee and Chairman of Council. Regular proactive management of PLG agendas and issues. An annual programme of Members' Seminars. 	<ul style="list-style-type: none"> The key feature/scope for influence is the Political leaders Group (PLG), which is a conduit between Members and Senior Managers. Need all Members to acknowledge the role and purpose of the PLG and actively contributing to that group through their own political group.

Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
Risk Number 16. - Programme & Project Management – A major project fails due to ineffective programme and project management	
Responsible Officers – Helen Style and Carl Reeder	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> • Project boards have been set up. • A Programme Manager and Programme Co-ordinator have been recruited and will provide on-going support to programmes and projects. • Training programme for Programme Managers has been designed. • Main overview document for TimeWise 2 has been completed. • Internal restructure will assist in resourcing some key projects. 	<ul style="list-style-type: none"> • Timewise Methodology requires further development. • Need to start tracking non e-Government Projects. Ensure all projects use TimeWise Methodology to run projects. • More training for Management Team and Heads of Service on managing programmes of projects. Ensure training is taken up by all programme managers. • Educate Heads of Services and others responsible for managing a group of projects on their roles and responsibilities. • Management Team to review high impact, high probability risks on programmes and projects on a regular basis. • Ensure sufficient staff resources to manage and coordinate programme and project management through the organisational review.
Risk Number 18 - Waste Management Contract Renewal – There is an unsatisfactory outcome of the waste management contract renewal	
Responsible Officers – Mike Hammond and Malcolm Firth	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
<ul style="list-style-type: none"> • Joint Officer Steering Group meeting regularly to consider and progress the joint procurement options. • Discussions with potential contractors held. • Contingency arrangements being assessed in the event of joint contract failing to materialise. • Strategy Committee agreed Outline Business Case on 5 June 2006 	<ul style="list-style-type: none"> • Take forward business case and detailed procurement work to tender evaluation stage and report back to Members later in the year • Review depot provision and determine whether: <ul style="list-style-type: none"> - Existing facilities are adequate. - There should be a joint depot. - Suitable land is available. - Planning permission and licences could be a problem. • Appoint valuer and agent to seek depot locations if required.
Risk Number 22 - Rural Infrastructure – Rural infrastructure continues to decline	
Responsible Officers – Mike Hammond, Rich Cooke	
Action Taken – January 2006 – June 2006	Action Outstanding/Further Action required
	<ul style="list-style-type: none"> • Give consideration to: <ul style="list-style-type: none"> - Success stories and lessons that can be learnt. - What other partners / agencies can do to help. - How the LSP's can strengthen their community links. - Employment of Community Development Officers to support rural communities. • Integrate the Suffolk rural strategy into Babergh's corporate plan and priorities.

Risk Number 28 - Community Leadership Role of Members - Some Members are parochial in their role	
Responsible Officer – Pat Rockall	
Action Taken – January 2006 – June 2006	Actions Outstanding / New Action Required
	<ul style="list-style-type: none"> • Senior Managers to ensure that information is available for Members. • Members to be made aware of information sources and how to access them. • Members to ensure that they access relevant information and attend training. • Staff resources to be deployed to assist Members with their Community Leadership role.

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