

**BABERGH DISTRICT COUNCIL**

**FROM:** Director of Finance

**REPORT NUMBER:** **J22**

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

**DATE OF MEETING:** 19 May 2009

**RISK MANAGEMENT – QUARTERLY MONITORING REPORT**

1. **PURPOSE OF REPORT**

- 1.1 To provide Members with an update on the management of the significant business risks facing the Council and to update Members on further risk management actions, including those relating to partnerships.

2. **RECOMMENDATIONS**

- 2.1 That the latest position on managing each of the Council's Significant Business Risk's including the reassessment of Risk's 8 and 10, and as set out in the final column of Appendix A be noted.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

- 3.1 None directly. Officers will take actions within existing budgets and resources. Member approval will be sought for any actions that require additional resources.

4. **RISK MANAGEMENT**

- 4.1 This report is most closely linked with the Council's Significant Business Risk No.7. Financial, Performance and Risk Management. Key risks are set out below:
- 4.2

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness or Impact</b>	<b>Mitigation Measures</b>
If robust risk management arrangements are not in place, this could affect the achievement of the Council's strategic aims and priorities, key projects, the delivery of services and its reputation.	Low	Critical	Further actions continue to be taken as part of the Management Action Plans. Risks continually re-assessed.

## 5. **KEY INFORMATION**

### **Managing Significant Business Risks**

- 5.1 The Strategy Committee approved the 10 Significant Business Risks, which will impact on achieving the Council's corporate aims and priorities, in September 2008 (Paper H87). Risk Management action plans have been drawn up by officers in relation to each significant risk and progress made in managing the risks is to be monitored by this Committee on a quarterly basis. Progress was last reported to this Committee in January 2009 (Paper H176).
- 5.2 The likelihood and impact of the risks (i.e. the risk score) is also reviewed as part of the quarterly monitoring arrangements in terms of national or local developments, issues and/or events since the score for each risk was previously determined. The risk score could also be affected by the extent of actions taken and whether the likelihood or impact of the risks has altered.
- 5.3 Appendix A provides Members with progress made against the Management Action Plans as reported in January 2009 and an additional column headed 'Further Progress', which shows the position. Members are asked to focus on this.

Since the last progress reports, it has been concluded that two risks have changed:-

- Efficiencies (Risk 8) has been reassessed in view of the economic downturn and the higher level of efficiency savings now required. It is suggested that the risk rating for this is revised to B2 – Likelihood High and Impact Critical (previously C2 - Likelihood Significant and Impact Critical).
  - Local Response to National Issues (Risk 10) has been reassessed in view of the volatility and uncertainty in the financial and job markets. It is suggested that the risk rating for this is also revised to B2 – Likelihood High and Impact Critical (previously C2 - Likelihood Significant and Impact Critical).
- 5.4 Subject to factors outside of Babergh's control, e.g. Local Government Review, all the risks are being adequately managed and satisfactory progress is being made in implementing actions to reduce the likelihood and impact of the risks. Appendix A sets out the Management Action Plans as at the end of March 2009. Risk 10 – Local Response to National Issues, also reflects the Council's current monitoring arrangements with regard to Mexican-Swine Flu and the regular updates provided to Members and staff. In response to the flu alert the Council is updating its own business continuity preparations in readiness.

### **Proposed further Development of Risk Management**

- 5.5 The Council received a score of 3 for Risk Management in the Audit Commission's Use of Resources Assessment for 2007/08, which is defined as 'consistently above minimum requirements – performing well' (that was an improvement on the previous assessment of 2, which is adequate).
- 5.6 It is acknowledged, however, that the Use of Resources Assessment for 2008/09 is again a tougher test than in previous years and therefore further work on embedding and developing risk management arrangements will be required to maintain the assessment.

- 5.7 Officers continue to review the position on a self-assessment basis to identify areas where further improvement and embedding of risk management arrangements would be beneficial. Brief details of the areas that are currently being addressed are summarised below:
- Further refresher training and guidance to be provided to appropriate officers involved in managing the risks, including those relating to partnerships.
  - Also, in relation to partnerships, ensure that appropriate governance and internal control arrangements are in place.
  - Key service/operational risks identified through individual service plans that support the Council in its delivery of its aims and priorities.
- 5.8 Action in relation to the above is part of an overall improvement plan on all aspects of the Use of Resources assessment and Corporate Governance arrangements.
- 5.9 Further reports will be submitted to the Committee on progress on risk management and the overall improvement plan on a quarterly basis.

6. **APPENDICES**

- A Significant Business Risk Management Action Plans - update as at 31<sup>st</sup> March 2009.

7. **BACKGROUND PAPERS REFERRED TO:**

None.

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**Appendix A**

**1. Local Government Review**

**Risk Rating June 2007**

**B2**

**Revised Risk Rating September 2008**

**C2**

**Management Team Lead – Pat Rockall**

Vulnerability: (why, what's happening, what's the problem)	Trigger/risk: what's the event/what could go horribly wrong?	Consequences: what would occur as a result, how much of a problem would it be? to whom and why
Local Government structures in Suffolk subject to review by the Boundary Committee, with any changes likely to be implemented in April 2011.	<ul style="list-style-type: none"> <li>• Failure to engage in the review process</li> <li>• Failure to influence the review process.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of influence on future local government arrangements</li> <li>• Inability to engage with partners in change planning process</li> <li>• Not able to manage transition to new arrangements</li> <li>• Poor morale/motivation amongst staff and Members.</li> <li>• De- stabilising impact on Babergh District Council of 'threat' of externally imposed change</li> <li>• Detrimental impact on service delivery.</li> </ul>

**Management Action Plan**

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Full engagement of elected Members through Members' seminars; Strategy Committee and Full Council	Full understanding by Members of issues and options and reasoned, timely responses to key events	<p>Sign-off of Babergh's consultation response by 26 September 2008</p> <p>Response to Boundary Committee's final recs. Note: Deadline for BC recs changed from 24/12/08 to 13/2/09 and finally to 15/07/09. Further draft proposals issued by BCE on 19/03/09 for comment by 14/05/09 in order for BCE to then meet Sec of State's July deadline.</p> <p>Engagement with shadow and transitional planning arrangements for new unitary council(s)</p>	<p>Extraordinary Council Meeting 23 September 2008</p> <p>March 2009 Quarterly from April 2009</p>	Achieved	<p>N/A</p> <p>Outline contents of Babergh's response agreed by Strategy Committee on 07/04/09. Draft response reflecting those recommendations were agreed by Full Council on 21/04/09.</p> <p>Not yet applicable</p>

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Full engagement of senior staff in Officer Steering Groups set up to develop business cases for unitary options	To input relevant data and content	Submission of workbooks by Boundary Committee deadline of 19 September 2008  Comments on independent financial assessments of business cases by deadline of 24 December 2008	19 September 2008  24 December 2008	Achieved  Achieved	Reflecting the outcome of Judicial Reviews in Norfolk and Devon, the BCE has given further opportunity to comment in the latest consultation round on the affordability assessments for each of the BCE's further draft proposals. This is covered in the draft response agreed by the Full Council on 21/04/09.
Full engagement of PLG Members in all Boards set up to oversee development of business cases for unitary options	To oversee quality and robustness of business cases	Submission of workbooks by Boundary Committee deadline of 19 September 2008	19 September 2008	Achieved	N/A
Structured mechanisms for sharing information with all staff	To ensure that staff area aware of key issues and that there are clear mechanisms for staff to raise issues and concerns	Production of programmed staff bulletins  HR meetings with all staff  Chief Executive meetings with all staff  Divisional staff meetings	Monthly  August – September 2008 and as necessary throughout review period  October – December 2008 and as necessary throughout the review period  On-going	Achieved and on-going  Achieved and on-going  Achieved. Next meetings scheduled for Feb-Mar 2009.  On-going	Staff meetings scheduled for Feb-Mar 2009 took place as planned. All staff advised on 19/03/09 of BCE's further draft proposals for Suffolk. LGR bulletin issued following the Full Council's decision on 21/04/09.

## 2. Shared Services

Risk Rating January 2007

B2

Revised Risk Rating September 2008

C3

Vulnerability: (why, what's happening, what's the problem)	Trigger/risk: what's the event/what could go horribly wrong?	Consequences: what would occur as a result, how much of a problem would it be, to whom and why?
<p>Problem/Challenge; The need to achieve more (in terms of service quality) from less (in terms of funding and staff resources)</p>	<p>Our failure or failure by potential partner councils, to vigorously pursue the opportunities that are available.</p>	<p><u>Up to 2010</u></p> <ul style="list-style-type: none"> <li>• Efficiency target not delivered</li> <li>• Service improvements not achieved.</li> </ul>

### Management Action Plan

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
<p>Clear political and managerial arrangements in place for key shared services, i.e. waste collection, building control.</p>	<p>Monitoring and review of performance of the service provided</p>	<p>Monitoring by officers and Members of performance against agreed KPIs</p>	<p><u>Officers</u> – ongoing  <u>Members</u> – 6 monthly</p>	<p>Achieved and ongoing</p>	<p>Detailed Business Case currently being developed for shared joint Building Control Service.  Elsewhere no progress as, until LGR decision is known, there is the concern that any work would be abortive.</p>
<p>Review with potential partner councils the opportunities for further shared services once LGR decision is known</p>	<p>To undertake the review once LGR decision known.</p>	<p>Identification of future opportunities for shared services</p>	<p>6 monthly</p>	<p>To be triggered once, and dependent upon, LGR decision</p>	<p>No further progress until LGR decision known.</p>

### 3. Partnerships

Risk Rating January 2007

C2

Revised Risk Rating June 2008

C2

Vulnerability: (why, what's happening, what's the problem)	Trigger/risk: what's the event/what could go horribly wrong?	Consequences: what would occur as a result, how much of a problem would it be, to whom and why?
<p>Problem/Challenge; Babergh is a small council. If it is to achieve its strategic plan it needs to 'punch above its weight' by:</p> <ul style="list-style-type: none"> <li>Influencing local/sub regional partners to achieve the strategic plan</li> <li>Influencing, delivering and engaging with Government agenda/regional agenda.</li> </ul>	<p>Babergh fails to engage or our partners do not value our contribution.</p>	<p>Failure to lever in resources / expertise of our partners for the benefit of our communities.</p>

### Management Action Plan

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Review of key partnerships	Ensure partnerships contribute to Babergh's strategic priorities	Review undertaken	No further action over next year	Achieved	Performance of major partnerships scrutinised at O&S (CS) March 2009 meeting.
Appropriate Member and officer participation in key partnerships to ensure delivery of Babergh's strategic priorities	Formal nomination of Members and officers to key partnerships and effective monitoring arrangements put in place	Active participation by BDC in partnerships in order to achieve Babergh's strategic priorities	Monitoring of outcome of partnerships undertaken on 6 monthly and/or annual cycle	Achieved and ongoing	Performance of major partnerships scrutinised at O&S (CS) Committee March 2009 meeting.

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Monitoring of requirements from Audit Commission	Review approach to partnership working to ensure recent guidance from Audit Commission is taken into account	Complete by 31 March 2009	Ongoing	To be progressed	Work undertaken, update reports, taking into account requirements of Audit Commission, on progress of partnerships reported to O&S (CS) March Committee.

**4. Political and Managerial Leadership**

**Risk Rating June 2007**

**B2**

**Revised Risk Rating September 2008**

**C2**

**Management Team Lead – Pat Rockall**

<b>Vulnerability: (why, what's happening, what's the problem)</b>	<b>Trigger/risk: what's the event/what could go horribly wrong?</b>	<b>Consequences: what would occur as a result, how much of a problem would it be, to whom and why?</b>
<p>There are serious challenges facing the council and the community that require strong political and managerial leadership.</p> <p>The Council is under no overall control and there are stretched managerial leadership resources.</p>	<p>Inability to provide strong leadership during a period of significant change.</p>	<ul style="list-style-type: none"> <li>• Indecision/poor decision making</li> <li>• Mixed /conflicting messages</li> <li>• Lack of influence in external arenas</li> <li>• Change programme poorly managed and led.</li> <li>• Low morale and motivation</li> <li>• Staff unprepared for future change</li> <li>• Reputation of Council compromised</li> <li>• Not seen as a credible player.</li> </ul>

**Management Action Plan**

<b>Action/controls already in place</b>	<b>Required management action/control</b>	<b>Critical success factors &amp; KPIs</b>	<b>Review frequency/ Key dates</b>	<b>Progress reported to O&amp;S (S) Cttee in Jan 09</b>	<b>Further progress</b>
<p>Regular meetings between Political Leaders' Group and Management Team</p>	<p>Identification of key strategic issues facing the council</p>	<p>PLG Members can provide informed two-way feedback between PLG/MT and their Groups</p>	<p>Every six weeks</p>	<p>Achieved and on-going</p>	<p>As last reported to O&amp;S (S). Regular meetings between Political Leaders' Group and Management Team are on-going.</p>
<p>Programmed Members' Seminars</p>	<p>Mechanism for informal dissemination of information to all Members about key issues facing the council</p>	<p>Opportunity for all Members to be well informed and give informal feedback</p>	<p>Quarterly</p>	<p>Achieved and on-going</p>	<p>As last reported to O&amp;S (S). Information is disseminated to all Members about key issues facing the council through Member Seminars.</p>

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Structured reviews of Councils' key priorities	Robust, clear and transparent decision-making processes within a formal, structured framework	Timely decision-making, monitoring and review of key priorities	Quarterly	Achieved and on-going through production and review of Strategic Plan and Medium Term Action Plans	One Year Delivery Plan for 2009/10 approved by Strategy Committee on 12/02/09 to reflect agreed Council priorities
Council agreement that O&S (Stewardship) Committee will undertake review of constitution if LGR does not take place or is delayed	To immediately review the adequacy of the current streamlined committee arrangements in the event of not being overtaken by new unitary councils from April 2010, or if there is any significant delay to LGR	Timely review of Babergh's constitution in the event of Babergh DC continuing in existence beyond April 2010	In light of LGR announcements	Awaiting LGR announcement	As last reported to O&S (S).

**5. Capacity**

**Risk Rating June 2007**

**C2**

**Revised Risk Rating June 2008**

**B2**

**Management Team Lead – Andrew Hunkin**

<b>Vulnerability: (why, what's happening, what's the problem)</b>	<b>Trigger/risk: what's the event/what could go horribly wrong?</b>	<b>Consequences: what would occur as a result, how much of a problem would it be, to whom and why?</b>
<p>The Council needs to ensure it has sufficient capacity to: deliver the strategic plan, deliver its planned efficiencies and savings, and deal with the LGR proposals, whilst maintaining and improving services to the public.</p>	<ul style="list-style-type: none"><li>• Increase in staff turnover</li><li>• Inability to recruit staff, or staff are recruited without all the necessary skills and competencies</li><li>• Inadequate funding to deliver services and plans</li><li>• Inadequate technology to deliver services and plans.</li></ul>	<ul style="list-style-type: none"><li>• The Council fails to: deliver the strategic plan, deliver its planned efficiencies and savings, and deal with the LGR proposals, whilst maintaining and improving services to the public.</li><li>• Customer satisfaction falls</li><li>• Partner/stakeholder confidence deteriorates</li><li>• External scrutiny increases and further resources required/diverted.</li></ul>

## Management Action Plan

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
<p>An OD Plan is in place and being delivered.</p>	<ul style="list-style-type: none"> <li>The monitoring and management of the Plan needs to form a more integral part of the SMG agenda.</li> <li>The Plan needs to be disseminated further throughout the organisation such as the Manager and Team Leaders' Forums.</li> <li>All parts of the Plan need to be progressed.</li> </ul>	<ul style="list-style-type: none"> <li>Staff productivity increases as measured through PIs, appraisals and the VFM element of the UoR assessment (strong link to the Performance Management Risk).</li> <li>The Plans are implemented as timetabled.</li> <li>Staff feel the Plans are fulfilling their needs and preparing them for LGR (link to staff surveys and appraisals).</li> <li>Staff in appropriate areas and functions have transferable skills (link to flexible working).</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly as set out in the performance management and Overview and Scrutiny timetables.</li> <li>As set out in the OD Plan.</li> <li>The OD Plan forms part of the SMG work programme.</li> <li>As set out in the Corporate Training and Development Plan.</li> </ul>	<ul style="list-style-type: none"> <li>The OD Plan now forms an integral part of the Corporate Work Programme (CWP) and has fixed frequencies at which it will be reported to Management Team and SMG.</li> <li>The Plan has been placed on BEN and all staff have been made aware of its existence and contents at staff briefings held on LGR and also at the divisional staff meetings with the Chief Executive. The Plan was also discussed in detail at the Manager and Team Leaders' Forums in November.</li> <li>All parts of the Plan are being progressed and, prior to the CWP a meeting was held in December with the Chief Executive to monitor progress. The detail of the Plan will be discussed at Management Team/HOS meetings on 9 and 19 January to ensure a common understanding on how the Plan is to be implemented – especially with regard to LGR.</li> </ul>	<ul style="list-style-type: none"> <li>A progress report on the actions carried out under the OD Plan was presented to senior management and the HR Panel in March.</li> <li>Various initiatives have been put in place to deliver the agreed senior management training and development.</li> </ul>

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
<p>A Corporate training &amp; Development Plan is in place and being delivered.</p> <p>Individual training and development needs identified through appraisals and delivered.</p>	<p>The Plan is delivered. The Plan needs to have a higher profile.</p> <p>Individual training and development needs are met</p>	<ul style="list-style-type: none"> <li>• Staff productivity increases as measured through PIs, appraisals and the VFM element of the UoR assessment (strong link to the Performance Management Risk).</li> <li>• Percentage of individual staff training and development needs identified, agreed and met.</li> <li>• Staff in appropriate areas and functions have transferable skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly as set out in the performance management and Overview and Scrutiny timetables.</li> <li>• As set out on individual appraisal forms, and the centralised HR system.</li> </ul>	<p>The Corporate Training and Development Plan is being delivered. Its profile has been raised through the staff briefings and the OD Plan.</p> <p>Individual training and development plans should be linked into the appraisal system. The return of the plans has been sporadic. As the appraisal meeting stage commences, managers will be sent blank training and development forms and be asked to ensure they are completed. In addition, in April an HR Officer will attend Divisional Management Team meetings to discuss the importance of these forms and will monitor their return.</p>	<p>The corporate and individual training and development plan is on going.</p>
<p>Flexible working arrangements are in place.</p>	<p>Need to determine how the flexible working arrangements are benefiting the organisation in achieving its business needs.</p>	<p>Staff productivity increases as measured through PIs, appraisals and the VFM element of the UoR assessment (strong link to the Performance Management Risk).</p>	<p>Quarterly as set out in the performance management and Overview and Scrutiny timetables.</p>	<p>The signs are that flexible working arrangements continue to benefit the organisation as evidenced through the improved position on PIs. However, no formal review of the benefits has yet been undertaken. Whether such a review will be undertaken will depend on the outcome of the LGR review.</p>	<p>No further progress required at the moment. Any review will be considered against the outcome of the LGR.</p>

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
2006 restructure of the Council streamlined staffing structures and ensured that resources were targeted at emerging pressures. In 2008, the senior management structure was further refined following the resignation of a Corporate Director.	<ul style="list-style-type: none"> <li>• Ongoing review of newly established teams within the divisions, to ensure that they are robust and that performance levels for key services are maintained and/or improved.</li> <li>• Need to protect capacity to respond to new initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• KPIs improved</li> <li>• Upper quartile/customer satisfaction/Positive external assessment scores.</li> </ul>	The senior management structure will be reviewed early 2009.	The 2008 restructure came into effect in April. It is now being reviewed as it has been in operation for nearly 12 months.	The senior management structure is being reviewed and work is being carried out to further improve its efficiency and effectiveness.
Suffolk-wide HR Officer Group	The solutions and strategies need to be developed, and then adopted and implemented by individual councils and county-wide.	<ul style="list-style-type: none"> <li>• Staff turnover rate (especially those giving LGR as the reason for leaving).</li> <li>• Number of applicants responding to vacancy adverts and the number of posts successfully filled.</li> </ul>	Will need to be reviewed after the Secretary of State's announcement in January.	The Group meets on a regular basis and has been developing solutions and strategies. Some of this work has been undertaken following meetings with Councils 12 months ahead of us.	The Group presented its initial findings to the Suffolk Chief Executives' Group in February and continues to make good progress. These initial findings were also presented to the HR Panel.
HR Panel	This needs to continue.		As set out in the HR panel timetable.	The panel has continued to meet on a regular basis. It is placing a particular emphasis on LGR and capacity issues.	The panel has met its 2008/09 timetable and has formulated a new one for 2009/10.

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
<p>The Council is seen as a good and equitable employer</p>	<ul style="list-style-type: none"> <li>• Staff surveys need to be carried out on a more regular basis.</li> <li>• Systems need to be strengthened that demonstrate the Council's employer role.</li> <li>• The Diversity and Equality Scheme needs to be fully implemented and promoted.</li> </ul>	<ul style="list-style-type: none"> <li>• Staff surveys</li> <li>• Staff turnover.</li> <li>• Staff Exit Forms</li> </ul>	<ul style="list-style-type: none"> <li>• An initial staff survey should be carried out in 2008/09.</li> <li>• Staff turnover and Exit Forms should be analysed and interpreted on a quarterly basis.</li> <li>• The Diversity and Equality Scheme will be monitored by the Equality Steering Group, linking into the SMG work programme.</li> </ul>	<ul style="list-style-type: none"> <li>• A staff survey hasn't been carried out yet; but a survey, or at least a series of questions will be required to inform certain parts of the OD Plan.</li> <li>• Staff turnover and Exit Forms are analysed and monitored. A stable situation continues but this will be monitored as LGR progresses.</li> <li>• The Diversity and Equality Scheme and associated Action Plan is monitored by the Steering Group and forms part of the CWP, being monitored by both Management Team and SMG.</li> </ul>	<ul style="list-style-type: none"> <li>• The timing of a staff survey still needs to be set. Consideration needs to be given to the potential impact of LGR on this.</li> <li>• An approach to the new Diversity and Equality Framework has been agreed and is being implemented.</li> </ul>

Conclusion

The actions completed to date, especially the production and implementation of the OD Plan, have helped to maintain the current risk rating during the uncertain environment of LGR. No charge to the risk rating is recommended.

**6. Culture and Change Management**

Risk Rating June 2007

C1

Revised Risk Rating September 2008

C2

Management Team Lead – Pat Rockall

<b>Vulnerability: (why, what's happening, what's the problem)</b>	<b>Trigger/risk: what's the event/what could go horribly wrong?</b>	<b>Consequences: what would occur as a result, how much of a problem would it be, to whom and why?</b>
The Council is facing a great deal of externally imposed change.	Members and staff do not see the need for change or are resistant to change.	The Council as a whole does not change and develop to meet new challenges and demands <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Inability to maintain good performance levels</li> <li>• Inability to recruit/retain high calibre staff.</li> </ul>

**Management Action Plan**

<b>Action/controls already in place</b>	<b>Required management action/control</b>	<b>Critical success factors &amp; KPIs</b>	<b>Review frequency/ Key dates</b>	<b>Progress reported to O&amp;S (S) Cttee in Jan 09</b>	<b>Further progress</b>
Members kept fully informed of key drivers for change	Regular briefings e.g. through informal mechanisms of Members' Seminars	Members are aware of need for change and demonstrate positive attitude to these drivers	Quarterly	Achieved through Members' Seminars and on-going	As last reported to O&S (S).
Staff kept fully informed of key drivers for change	Regular briefings, e.g. through written briefings and face to face discussions	Staff demonstrate flexibility and willingness to learn new skills  Good morale and motivation  Good service standards maintained	Monthly	On-going achievement through regular written and face-to-face communications	As last reported to O&S (S). See also Risk 1 (LGR) update. Staff meetings in Feb-Mar 09 highlighted the key challenges facing the Council, with and without LGR. In particular, these outlined the savings and efficiencies challenges and sought the engagement of staff in meeting these challenges.
Supporting mechanisms in place to help individuals adapt to new demands	Organisational Development Plan	Training and development mechanisms in place to help Officers and Members adapt to changing demands	Six-monthly	On-going	As last reported to O&S (S). Key elements of OD Plan being delivered to support staff and Members.

## 7. Financial, Performance and Risk Management

Risk Rating June 2007                      D2

Revised Risk Rating September 2008      C2

Management Team Lead – Andrew Hunkin & Barry Hunter

<b>Vulnerability: (why, what's happening, what's the problem)</b>	<b>Trigger/risk: what's the event/what could go horribly wrong?</b>	<b>Consequences: what would occur as a result, how much of a problem would it be, to whom and why?</b>
<p>The Council needs to deliver the strategic plan, deliver its planned efficiencies and savings and deal with the LGR proposals, whilst maintaining and improving services to the public. It will only do so if financial, performance and risk information is managed efficiently and effectively.</p>	<ul style="list-style-type: none"> <li>• Failure to embed risk management, including partnership risks</li> <li>• LGR impacts on capacity and focus on maintaining/improving financial and performance management</li> <li>• Targets set are not achieved</li> <li>• Direction of Travel and relative performance improvement compared to others not maintained.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council fails to deliver the strategic plan, deliver its planned efficiencies and savings and deal with the LGR proposals, whilst maintaining and improving services to the public</li> <li>• Service standards/quality suffers. Customer satisfaction falls</li> <li>• External scrutiny increases and further resources required/diverted - impact on CAA, Direction of Travel and Use of Resources assessments by Audit Commission (embeddedness)</li> <li>• Could affect Corporate Governance arrangements (annual governance statement)</li> <li>• Partnerships don't deliver desired outcomes and partner/stakeholder confidence deteriorates.</li> </ul>

## Management Action Plan

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Performance and finance information to Overview and Scrutiny committees, SMG and Management Team and in circulation in divisions for corrective action.	There needs to be increased attention on dealing with identified variances.	<ul style="list-style-type: none"> <li>The basket of key PIs.</li> <li>The identification of variances and action plans put in place to deal with them.</li> </ul>	Quarterly as set out in the performance management and Overview and Scrutiny timetables.	The Performance Management Framework now puts more emphasis on variances both through the Corporate Work Programme and through the Overview and Scrutiny Work Plans.	No further progress required. Reporting, particularly around variances and Member consideration of these, is working well.
Medium term action plans (MTAPs) are being created to deliver and demonstrate delivery of outcomes within the strategic plan.	MTAPs to be completed, implemented and managed.	<ul style="list-style-type: none"> <li>Percentage of expected outcomes in the Strategic Plan delivered.</li> <li>Delivery of PIs and LAA targets set out in the MTAPs.</li> </ul>	Quarterly as set out in the performance management and Overview and Scrutiny timetables.	Following the agreement of the Strategic Plan, MTAPs have been worked on by SMG, Mgt Team and the SFP Group. The MTAP Delivery Plan will be presented to Strategy Committee in February.	MTAPs have been completed and the Delivery Plan agreed. The management and monitoring of the MTAPs and the Delivery Plan form part of the Corporate Work Programme.
Service standards are in place.	Complete the exercise to review and integrate service standards into service delivery.	<ul style="list-style-type: none"> <li>The review of service standards is completed.</li> <li>The management of service standards becomes an integral part of the Performance Management Framework.</li> </ul>	<ul style="list-style-type: none"> <li>The review will be finished by the end of 2008.</li> <li>Service standards performance is reported as part of the final 2008/09 quarterly report.</li> </ul>	Service Standards have been reviewed and agreed by the Strategy Committee. It also agreed an Action Plan that will improve the use of Service Standards from 1 April 2009.	The action plan continues to be implemented. The focus is on the generic customer service standards as the timetable was disrupted by a period of absence of a key senior member of staff.

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
<p>Process in place through SMG, Management Team and the Overview and Scrutiny committees to help the Council prepare for, participate in and learn from external assessment.</p>	<ul style="list-style-type: none"> <li>• MIG needs to develop an overall action plan to deal with external assessment.</li> <li>• MIG needs to effectively manage the Use of Resources (UoR), Direction of Travel (DoT) and Annual Governance Statement (AGS) assessments.</li> </ul>	<ul style="list-style-type: none"> <li>• Overall action plan in place and delivered that allows external assessment to be dealt with more effectively and efficiently.</li> <li>• Less duplication of effort.</li> <li>• UoR score maintained.</li> <li>• DoT shows an increase in the percentage of PIs improving.</li> <li>• Improved AGS report.</li> </ul>	<p>End of 2008.</p> <p>UoR, DoT and AGS results known in March 2009.</p>	<ul style="list-style-type: none"> <li>• An overall action plan will be developed once the details of the Use of Resources and Direction of Travel assessments are known.</li> <li>• MIG has produced plans to manage the various assessments, the most recent one being for Direction of Travel.</li> </ul>	<ul style="list-style-type: none"> <li>• MIG is currently developing the Council's self-assessment for the 2008/09 Use of Resources assessment, which will be submitted to the auditors by the end of May 2009. Looking to achieve level 3 'Performing Well'. Direction of Travel report and position on today's agenda. Annual Governance Statement and Improvement actions to be reported to June Committee.</li> </ul>

Conclusion

The successful introduction of MTAPs and Service Standards will have an effect on the risk rating. However Service Standards are still being implemented and no change to the risk rating is recommended at this stage.

## 8. Efficiencies and Savings (2 Year Time Frame)

Risk Rating June 2007

B2

Revised Risk Rating September 2008

C3

Revised Risk Rating December 2008

C2

Revised Risk Rating April 2009

B2 - *Change to B2 to reflect impact of economic downturn*

Vulnerability: (why, what's happening, what's the problem)	Trigger/risk: what's the event/what could go horribly wrong?	Consequences: what would occur as a result, how much of a problem would it be, to whom and why?
<p>The Council needs to save up to £700k per annum on the budget and meet the Government's 3% per annum efficiencies target. HRA savings and efficiencies are also required.</p> <p>(2 year timeframe, assuming unitary authorities are created - 2009/10 and 2010/11 financial years)</p>	<ul style="list-style-type: none"> <li>Plans for efficiencies over the next two years not agreed/established</li> <li>Members/staff don't sign up to and/or engage in making decisions around these requirements and/or delivering them.</li> <li>Insufficient delivery from shared services, procurement, BPR etc.</li> </ul>	<ul style="list-style-type: none"> <li>Unable/difficult to achieve council tax increases at or below inflation as per existing financial strategy.</li> <li>Investment in services (including HRA) less than desired/set out in strategic plan and 2-3 year Medium-Term Action Plans.</li> <li>Failure to meet 'Gershon' targets resulting in poor Direction of Travel/UOR Assessment.</li> <li>Service quality suffers. Unable to maintain/improve services.</li> <li>Service cuts possible.</li> <li>Potentially unrealistic calls on limited resources.</li> </ul>

### Management Action Plan

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
The SFP process and budget quantifies and identifies the level of savings and efficiencies required	Considered by Members and officers throughout the SFP process, having regard to the impact of the economic downturn	Requirements clearly reflected in the budget	SFP process from September 2008 to February 2009	Task Group recommendations to Strategy Committee with final ratification of the budget on the 24 February 2009	Higher level of efficiencies, savings and additional income of over £1m likely to be needed in 2009/10 and 2010/11 as a result of the impact of the economic downturn reducing income received by the Council.
Mechanisms to deliver these through the Corporate Work Programme	Rigorous challenge of expenditure and costs, existing processes, staff vacancies etc. to ensure required level of efficiencies and savings are delivered	Achievement of requirements, including any changes resulting from the impact of the economic downturn	Quarterly	2008/09: Officers and Members still looking to find additional amounts to support the 2009/10 budget proposals 2009/10: Not yet commenced	Engagement with staff through CE briefings undertaken and framework, including Member involvement, being developed to identify and deliver the necessary amounts that need to be found. UNISON on board.

Action/control s already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Reporting on 3% per annum Government efficiency target	Gathering and recording of proposed and actual efficiency savings (NI 179)	Achieve minimum 3% annual target	October – estimate for the year June – actuals reported	October 08 submission made, which exceeded the target	2008/09 actual efficiencies to be reported in June 2009. No material change from Jan 09 position anticipated.
Strategic Procurement Framework	Delivery of savings and efficiencies targets through the strategic framework	£50,000 minimum target set for 2008/09 with a 'stretch' target of £100,000	Quarterly by Senior Management  Annually/Six-monthly by O&S (Stewardship) Committee	Achieved  Report to March 09 meeting	The O&S (Stewardship) Committee received a report in March 2009, which indicated that savings through the Strategic Procurement Framework had exceeded the £50,000 target in 08/09. This target, plus the £100,000 stretch target retained for future years.
Delivery of efficiency savings through specific plans and projects	Ensure existing projects such as CAST and LAMP deliver the agreed levels of cashable savings	Cashable savings for each project fully achieved	Specific arrangements for each project	Final CAST project report in April 2010. LAMP efficiencies from next year.	Efficiency savings through specific plans and projects - <ul style="list-style-type: none"> <li>• CAST project reported to Council on 3=21 April. Efficiency savings largely achieved and net ongoing savings of £118,000 per annum reported.</li> <li>• A report on the progress of implementing LAMP was presented to the Strategy Committee on 7<sup>th</sup> May 2009.</li> </ul>

## 9. Project & Programme Management

Risk Rating January 2007 **C2**

Revised Risk Rating June 2008 **C2**

Vulnerability: (why, what's happening, what's the problem)	Trigger/risk: what's the event/what could go horribly wrong?	Consequences: what would occur as a result, how much of a problem would it be, to whom and why?
The approach of LGR and our new Strategic Plan could affect the timetable for the delivery of several major capital projects and programmes. Are we still able to deliver in terms of capacity and funding?	Decisions made to proceed with 'legacy' projects, which then fail due to unforeseen events or poor management.	<ul style="list-style-type: none"> <li>• No legacy left by Babergh</li> <li>• Capital funding transferred to a subsequent authority</li> <li>• Repercussions on Members and staff.</li> </ul>

### Management Action Plan

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Review of: <ul style="list-style-type: none"> <li>▪ timing and scope of significant uncommitted projects</li> <li>▪ timing of decisions on future use, ownership and management of Babergh's property assets, i.e. housing stock and car parks undertaken by Strategy Committee on 19 June 2008</li> </ul>	Strategy Committee of 19 June 2008 and of Council (relating to housing stock) on 26 June 2008	Resources allocated. Business case being prepared – to be followed by detailed timetable	Strategy Committee 31 July 2008 (possible) and 18 September 2008	Achieved	Legacy projects proceeding with progress monitored by Programme Board and Strategy Committee. Further review of projects and capacity and funding due once LGR decision known.

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee in Jan 09	Further progress
Improve monitoring of significant projects by senior management	Programme Board to report progress on significant projects to Senior Management Team and onto MT on a quarterly basis.	Monitoring and active management (to correct variations) of significant projects by senior management	Quarterly	Achieved and ongoing	<ul style="list-style-type: none"> <li>MT has considered initial report from Project Board - as a result improvements/refinements made to process, particularly on how approval is obtained for establishing a project. Further reports to follow on a quarterly basis.</li> <li>Notes of Programme Board, and status reports on each Project (using traffic light system) can be viewed electronically.</li> </ul>
Through annual appraisal system, monitor training needs of staff including training for project and programme management	Further develop and deliver Project Management training, tailored to BDC needs, for key staff	BDC staff trained as project managers	Annually	To be progressed	<ul style="list-style-type: none"> <li>Approved OD Plan provides for required training.</li> <li>Content of training agreed.</li> <li>Training to commence in June 2009 with nominated officers.</li> </ul>

10. Local Response to National Issues (No change for January 2009)

New Risk

Risk Rating June 2008 C2 **Change to B2 in view of the volatility and uncertainty in the financial and job markets**

Management Team Lead – Mike Hammond

Vulnerability: (why, what's happening, what's the problem)	Trigger/risk: what's the event/what could go horribly wrong?	Consequences: what would occur as a result, how much of a problem would it be, to whom and why?
<p>Recognition that an issue not directly involving the region or district may have an (significant) impact. E.g. Economic downturn, climate change, "Mexican Flu".</p> <p>Ensuring that an effective and influential response/reaction to wider issues results in positive outcomes for district.</p>	<p>Failure to respond to or influence changes or impacts proposed by others.</p>	<ul style="list-style-type: none"> <li>• Babergh does not benefit from financial /economic/social/logistical etc. support from particular agencies arising from issue</li> <li>• Results in dis-benefits or deterioration on Babergh's economy, environment, communities</li> <li>• Migration of population, skills economy etc.</li> <li>• Criticism of Council for being seen to fail to respond to issue</li> <li>• Adverse publicity/media reaction.</li> </ul>

## Management Action Plan

Action/controls already in place	Required management action/control	Critical success factors & KPIs	Review frequency/ Key dates	Progress reported to O&S (S) Cttee on Jan 09	Further progress
Monitoring national programmes that address the risk and which allocate resources to local authorities, e.g. additional government funding/advice to mitigate a national housing crisis, food crisis (blue tongue), "Mexican Flu"	It is the responsibility of Management Team & Heads of Service to raise risks that have this level of impact.	BDC accesses relevant resources/ advice from Government/National Bodies to mitigate impact of the event.	Annually	Ongoing	<p><u>"Economic Downturn"</u> Consideration of impact of economic downturn and mitigation measures to help most vulnerable undertaken by LSP's with report submitted to MT/HoS. Babergh has successfully influenced LSP's to realign resources and deliver actions that mitigate against impact of the downturn, e.g. Babergh East LSP's "Credit Crunch" Roadshow to be rolled at throughout the Area.</p> <p><u>"Mexican Flu"</u> Babergh maintaining contact with relevant agencies responsible for monitoring and managing the risk. Senior management are monitoring developments. Regular updates are provided to Members/staff on summary of situation, public/media messages, planned internal advice to local authority staff and an outline of the management of potential health related actions if UK "Mexican Flu" situation changes. In addition, the Council is updating its own business continuity preparations in readiness.</p>
To engage with partners in identifying and responding to national issues	Effective engagement, e.g. as per recent Economic Summit held in response to economic downturn	BDC effectively engages with partners	As required	Ongoing	See above re work by LSP's initiated by BDC.