

Risk Management Update Report

PURPOSE OF REPORT

1. To update the Audit Committee on the Council's Risk Management arrangements providing assurances that risks are being managed by services with detailed information and action plans (Appendix A) on the significant risks of the Council.

MAIN CONSIDERATIONS/RELEVANT ISSUES

2. The Council adopted an updated financial plan 2012/2013 on 28 February 2012. This plan focuses on the second year of the Business Plan setting out our financial plan for 2012/13. The overall Business Plan 2011-2015 has not changed - it reflects the council's key priorities to continue to invest in our front line services; protect the most vulnerable in our communities; and to make the savings and efficiencies needed to do this.
3. The updated financial plan reflects the Director of Finance's risk assessment of the financial pressures for 2012/13 and this updated provision has been used to update the risk assessments that inform this report. Because of this, there are few significant financial risks shown in this report. The financial risks will be reviewed during the regular budget monitoring process and in future financial risks will be reported within the context of overall budget monitoring reporting.
4. The Corporate Risk Management Group (CRMG) has considered the Council's risks. The high risk areas are outlined below:

5. **Risk Ref. RCE001 (New ref: 1001)**
Managing the Volatile Nature of Care Placement Requirements within the Resources Available

Owner of risk: Carolyn Godfrey

Rating	I	L	Risk	Direction
Current	4	3	High	-
Target	3	3	Medium	Action Status Moderate progress

Children

6. A number of processes/strategies are in place to mitigate the risks. A review of all admissions in care for 2010 to present has been completed and presented to the Corporate Parenting Panel on 25.1.12. Implementation of the permanency policy has been delayed due to the current review of all panels being undertaken by Commissioning. This policy is set to commence in April 2012. This risk will need to be re-assessed by Children's Social Care for a new opportunity to consider broader risk implications around children's placements. However, due to the current Ofsted/CQC inspection a start on this work won't be possible until week beginning 19th March (at the earliest).

7. **Risk Ref. RNP140 (New ref: 1097)**
Delivery of 350 Unit Housing PFI Project
 Owner of risk: James Cawley

Rating	I	L	Risk	Direction
Current	4	3	High	-
Target	4	2	Medium	Action Status Significant progress

8. The Council's final business case (FBC) for phase 1 was approved by DCLG/HMT on 15/12/11 and financial close (FC)/contract award took place on 21/12/11 i.e. less than one week later. The first phase is to provide 242 homes with a PFI credit allocation of £53.24m, and building work started on 9/1/12.
9. It is important to note that FC occurred in the context of rapidly deteriorating funding conditions in the PFI market and Persimmon Homes' stated intention to withdraw its sites from the project after 21/12/11. There was insufficient time between FBC approval and the required FC date to complete Council due diligence on the contract documents and financial model. However, the judgement was made that the risks of deferring FC into January 2012 were too great. The Council's financial advisers have issued a letter of disclaimer (21/12/11) due to there being a number of outstanding issues/documents not reviewed at contract award, and the PFI contractor (SHL) has agreed to provide greater visibility with regard to the FC model.
10. At the time of writing the resourcing arrangements for contract management of phase 1 and delivery of phase 2 (around 108 homes with a maximum credit allocation of £23.76m) were awaiting clarification. The risk rating remains as "high" until this has been resolved.

Note - This risk is currently awaiting a formal update in relation to progress made and the risks facing the delivery of Phase 2.

11. **Risk Ref. 1063**
Ability to corporately control the maintenance and monitoring of contracts
 Owner of risk: Frank Cain

Rating	I	L	Risk	Direction
Current	4	3	High	
Target	3	2	Medium	Action Status Moderate progress

12. The risk has been classified as high because there is at present little identified corporate oversight of Contract Management and monitoring. The actual risk may be less than that because Officers do take individual responsibility for oversight. However without a robust oversight process then we are totally dependent on individual officer oversight. The risk is in two parts:
13. The first is that we enter into a contract where risk is not minimised and therefore we, as a Council, commit to an action that is either unlawful, inappropriate or an unequal bargain (not best value).
14. The second risk is that we do not have a contract in a sufficient evidential format to successfully defend a challenge/claim mounted against us.
15. The amended Contract Regulations will go to Council at the end of February for approval and should be in place immediately afterwards. The review of the model contract templates is progressing and should be completed by the end of March.

Once these two processes are completed the training of contracts officers can be completed.

Other areas of key risks to note include:

Emergency Planning and Business Continuity (BC)

Emergency Planning

16. The Wiltshire and Swindon Local Resilience Forum (LRF) maintain and review a Community Risk Register (CRR), which complements the National Risk Register and informs multi agency emergency planning at a local level. The Risk Assessment Sub Group is now meeting as part of the LRF Working on Wednesday initiate in monthly intervals. The group is currently reviewing all risks and has started to remove risks which are duplicated.
17. The review of the Wiltshire Council's Major Incident Plan is ongoing with additional information being incorporated to reflect changed roles and new roles developed as part of the LRF multi agency response.
18. CLT agreed recommendations to improve the council's resilience in November 2011. Since then 11 managers have been put forward to be trained as Local Authority Liaison Officers to represent Wiltshire Council in the tactical co-ordinating group and to support the Council Gold Commander (the CLT representative at the Strategic Co-ordinating Group) as tactical advisor. Training for the LALO role will commence in March 2012.
19. Five technical support staff and all Duty EPOs have agreed to be vetted by Wiltshire Police to security clearance level, a prerequisite for access to the police CLIO system. The vetting procedures may take up to 6 to 8 months to be completed.
20. In March 2012 all CLT members are going to attend multi-agency strategic training with a subsequent exercise as part of the resilience preparedness for the Year of Celebration.

Business Continuity Management (BCM)

21. Since November 2011 the Council has experienced a series of disruptions to its services:
 - 30 November: Public sector strike, affecting services, albeit limited, throughout the county
 - 13/14 December: ICT outage, affecting IT and telephony systems throughout the county
 - 15 December: disruption to water supply to County Hall
 - 30 December: very short power outage in Trowbridge, disconnecting IT and telephony in parts of County Hall
 - 17 January: disruption to water supply to County Hall

22. The ICT outage on 13/14 December was the incident with the largest impact for a majority of services. As an outcome of this event the need to review and improve on:

- Processes to assess which services are affected by a situation and what the impact on service delivery is
- Clearer trigger levels for call out of decision makers and others involved in the incident
- Lists of stakeholders within the council who need to be notified of a critical (ICT) system failure

23. Positive experiences can be identified as well, in particular for the public sector strike and the ICT outage:

- the public sector strike day was well prepared by an HR led industrial action group and had limited effect on service delivery
- the ICT outage was handled well by the ICT team who made a huge and successful effort to restore services.

Corporate Negligence Occupational Health & Safety (CNOHS)

Health and Safety (H&S)

24. A review of all of the high 'red' risks identified from Service H&S Risk Registers had led to each of them being reduced to 'amber' as a result of mitigating measures having been introduced or, in some instances, by an objective re-evaluation of an exaggerated risk.

25. The corporate H&S policy is being revamped and re-designed for the intranet.

26. The guidance manual for safety in outdoor activities has been completely reviewed and revised and is now being issued both in hard copy and electronically to all schools and Young People's Support System (YPSS) centres.

27. Recently there have been some more serious accidents:

- School technician partially severed two fingers using circular saw
- Litter-picker struck by passing vehicle, minor injuries
- Youth Offending team Worker attacked by dog during home visit, severe bite wounds to head and arms

28. The Government's independent review of Health and Safety legislation was produced in November 2011 by leading risk management specialist Professor Ragnar Löfstedt. Professor Löfstedt's report sets out a number of risk and evidence-based recommendations that seek to:

- reduce regulatory requirements on business where they do not lead to improved health and safety outcomes, and
- remove pressures on business to go beyond what the regulations require, enabling them to reclaim ownership of the management of health and safety.

29. The government's response was to accept the report and it has subsequently set out a series of objectives to achieve the end result. These include the removal of risk assessment burden in low risk working environments such as home working and some office environments.
30. In January 2012 David Cameron made a statement condemning the "health and safety monster" that prohibits business growth and Education Secretary Michael Gove replaced 140 pages of H&S advice to schools with an 8 page summary. The HSE is being reduced by 35% as a result of the spending review and Nick Clegg promised business owners that "they won't have H&S Inspectors breathing down their neck".
31. Clearly therefore there is a strong current drive to reduce the extent and scope of H&S legislation and its perception of being a bureaucratic burden. Mr Cameron has also pledged to tackle the compensation culture by reducing the fees that lawyers can make from small low-consequence liability claims.

Occupational Health (OH)

32. The first strand of the Health Policy which deals with vaccinations will be reviewed at a Stakeholders' panel meeting on 15/2/12.
33. Procurement of bespoke OH software is underway. This will expedite administration, allow case management of health surveillance needs and create a paperless system! The OH Service currently holds over 30,000 paper records.

Risk Management Arrangements

34. The CRMG is continuing its work to ensure that the Council's risk management arrangements are working well, that appropriate action is being taken, and that good quality information is being made available to managers and members as appropriate.
- A review of risks in Governance has taken place and a number of risks were identified, these are currently being assessed and considered for inclusion on the service risk register.
 - Following the restructure of ICT, a review of risks in Business Solutions and Fulfilment was completed and Heads of Service in the two areas are developing Team Risk Registers. Once the risks have been identified they will be assessed and considered if any are significant enough for inclusion in the Service Risk Register.
 - An in-depth review of risks has been undertaken in Communications and Branding and Leisure Services.
 - Discussions have taken place with Insurance and H&S regarding the inability to defend liability claims where there is a lack of evidence following employee H&S incidents. A variety of actions to mitigate the risk have been discussed and have been included in the Risk Action Plan.
 - Education Services have completed the review of their risks. New risks have been identified and assessed for inclusion on the service risk register.

- Meetings have been held with officers from Community Services to carry out a review of their risks for inclusion on the service risk register.
- Monthly meetings are being held with Councillor Brady, Cabinet Member for Finance, Performance and Risk, to give an update on risk management arrangements.
- Risk Champion Briefing meetings are held quarterly to provide a summary of risks and an update on risk management arrangements in their areas.
- A review of membership of CRMG and how it will operate and report risks will be undertaken between the Head of Risk & Assurance and members of CLT.
- A full review of the Risk Management Framework to reflect the current business arrangements of the Council is currently underway and is anticipated to be completed by April 2012.
- A review of risks in Area Boards has taken place and a number of risks were identified and assessed. These are currently being considered for inclusion on the service risk register.
- The risk assessment used for empty properties has been reviewed. The new version is currently being used to re-assess empty properties in Salisbury. If it is found to work well it will be rolled out to the other areas of Wiltshire.
- Legal services are currently reviewing their Quality Assurance Manual. It includes a section of how Legal Services should process 'High risk matters'. The Risk and Assurance team discussed the sections in the Quality Assurance Manual concerning 'Risk Assessment' and 'Risk Management Procedures' with the Legal team to ensure they follow corporate risk procedures where appropriate.

35. The next Risk Management Update for Audit Committee will be in September 2012.

RECOMMENDATIONS

The Audit Committee is requested to:

- Note the Corporate Risk Management Update
- Consider the Significant Risks and Risk Action Plans attached as Appendix A

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