

**AUDIT COMMITTEE**

**23 March 2011**

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**Risk Management Update Report**

**PURPOSE OF REPORT**

1. To update Audit Committee on the Council's Risk Management arrangements and to review the Risk Register, with particular reference to:
  - providing assurances to Audit Committee that risks are being managed in the Council;
  - providing information on the significant risks of the Council.
2. This report provides information about the risks rated as high, with comments from officers responsible for the risk. For each risk on the register there is now a risk action plan, which provides more information about the risk and how it is being managed. Appendix A contains the Risk Action Plans for the high level risks reported below. The Risk Action Plans can be provided as a hard copy if requested and the following link will allow you to access them: [Risk Action Plans](#)

**MAIN CONSIDERATIONS/RELEVANT ISSUES**

3. The Corporate Risk Management Group (CRMG) has highlighted the following two emerging risks as potentially serious and work is continuing to ensure that these risks are mitigated at an appropriate level.

**Management Restructure**

4. This potential risk covers the management restructure and other staffing changes. The approach taken by managers is to minimise any negative impacts of the changes being made. The CRMG has agreed that individual service areas will develop Risk Action Plans if issues are identified to ensure that any risk is managed. The information in the Risk Action Plans will be used for reporting the risk at an organisational level to CLT and the Audit Committee.

**Comprehensive Spending Review - Negative impact on Council services due to Government funding reduction of 28%**

5. The government's reductions in grant over the next few years are significant for the public sector. The Council's approach is to minimise the negative impacts of the reductions, and this is reflected in its Business Plan. The CRMG consider that the Budget and Business Plan approved by Council on 22 February 2011 are strong actions for mitigating this risk and reducing the level of the risk. This risk will be reviewed accordingly by CRMG.
6. The CRMG has considered the Council's risks. The high risk areas are outlined below.

**7. Risk Ref. CR001**  
**Delivery of a Successful Waste Management and Landfill Strategy**  
 Owner of risk: Tracy Carter

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

8. Significant action has been taken to improve waste reduction and recycling, and increase waste diversion from landfill. Waste reduction has been assisted by the economic slowdown, plus national and local action. Waste and recycling collection changes programmed for 2011-12 are forecast to increase recycling significantly, from 40.5% currently to about 50%.
9. One contract for the further diversion of waste from landfill has already started (Hills /Lakeside), securing enough capacity to avoid LATS (Landfill Allowances Trading Scheme) fines until about 2014 and reduce the landfill tax bill. A second contract, the Hills / Entsorga Mechanical Biological Treatment (MBT) project is under negotiation. Cabinet agreed the award of this contract at its meeting on 15 February 2011. Documents are being completed for signature. If this contract is signed, the Council will have sufficient diversion capacity to about 2019, on current forecasts. Therefore, the second contract would reduce the likelihood of this risk. The council would also meet the Corporate Plan 2010-14 target for reducing waste to landfill (25% by 2014). The risk is currently shown as high, once the contract has been signed the risk will be reviewed. The proposed changes to waste and recycling collections will provide further scope to reduce landfill.
10. Major budget increases required to fund the changes to waste and recycling collections were agreed by Council in February 2011. The programme for delivery of new services has been agreed and has commenced. Revenue costs will rise by more than £1 million. These costs will need to be covered in future MTFPs and annual budgets.

**11. Risk Ref. CR003**  
**Managing the Volatile Nature of Care Placement Requirements within the Resources Available**

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

Children – Owner of risk: Carolyn Godfrey

12. In response to the increase in service demand for homeless young people, Children and Families Services has, in conjunction with Housing partners, developed and implemented a joint protocol giving clear guidance to both social care and housing staff on how to respond to vulnerable young people who are presenting as homeless. Children and Families Services are also working collaboratively with Youth Offending Team partners to develop a Host Family Scheme with a mediation element to reunify homeless young people with their parents/family members wherever possible, therefore reducing the number of young people coming into the care system post 16 and remaining there unnecessarily.

13. During 2011, Children and Families Services intend to broaden its services to Families whose children are assessed as being at risk of harm. Resource Centres based in Salisbury, Devizes and Trowbridge have been identified and all Centres have been granted planning permission. The resource centres will provide venues to facilitate court ordered parenting capacity assessments and court ordered contact.
14. The resource centres, will provide case holders and other professionals with a venue to facilitate direct work with children and their families. Trowbridge Resource Centre has been specifically designed to provide a number of services for disabled children and young people including facilities to teach independent living skills.
15. A Fostering Team Service Manager has been appointed and will commence her duties in April 2011. This is a significant appointment in that this will assist greatly in meeting the Children and Families Service objective to improve the number and range of in-house placements, thus reducing the need for more expensive out of authority placements with independent providers.
16. In addition, at the last Audit Committee meeting Members requested more information regarding The Commissioning Strategy developed within this Risk. The Commissioning Strategy for Placements 2010-2013 identifies the key priorities for Wiltshire Council in securing sustainable cost effective local placement provision for the most vulnerable children and young people. The strategy is aligned to local and national priorities that will deliver better outcomes, maximize opportunity and ensure that resource investment is efficiently and effectively targeted to meet current and future need.
17. The Commissioning Strategy outlines priorities for the Children and Families directorate to develop a sustainable range and mix of safe, quality placement options for children and young people in care. In-house provision is supported by specifically commissioned independent provider services that offer value for money placement options. It is through developing both in-house provision and developing contract arrangements with key providers Wiltshire can ensure that there is a full and diverse range of placements available that are both cost effective and able to meet individual need.

Older People, Older People with Mental Health Problems and Customers with Physical Impairment – Owner of risk: James Cawley

18. Framework agreements with identified weekly costs were offered to care homes providing nursing in Wiltshire and within a 10 mile radius. The market has rejected this option. DCS are currently undertaking an Opportunity Assessment to determine the most appropriate means to secure nursing provision against savings requirements.
19. DCS have purchased short term support to benchmark older people residential care in Wiltshire both in terms of existing provision in the County and care provision in surrounding local authority areas. This work will help us understand the condition of the market and how to commission and procure residential services.

**20. Risk Ref. CR004**

**Delivery of 350 Unit Housing PFI Scheme**

Owner of risk: Mark Boden

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

21. As previously reported, due to issues concerning affordability and planning, Cabinet agreed that the Housing PFI scheme would be reduced from the provision of 400 homes to around 350. These will be delivered in a phased approach, with approximately 242 homes being provided in phase 1.
22. Following the Government's Spending Review, Department for Communities and Local Government (CLG) / Homes and Communities Agency (HCA) confirmed on 22 November 2010 continuing funding support for the project, subject to rigorous demonstration of value for money (VfM). A VfM assessment process is currently underway and decisions on whether or not individual projects will be proceeding were due to be made in December. This has been delayed and there is no available timescale from HCA / CLG as to when the ministerial announcements will be made. Therefore, we are unable to update the anticipated date for financial close.
23. We have written to local MPs expressing our concern in respect of the delay and the Leader is writing to the Minister in the same vein.

**24. Risk Ref. CR027**

**Delivery of a Transformed Waste Collection Service**

Owner of risk: Mark Boden

Rating	I	L	Risk	Direction
Current	4	3	High	-
Target	1	3	Low	Action Status Moderate progress

25. The resolution of role remodelling issues is key to the future of the waste collection service. The waste directorate's management team will work closely with the Pay Harmonisation Team to minimise risks of the pay harmonisation process creating poor industrial relations in this service or disrupting waste collections.
26. The Management Team has also recognised the ongoing work on transformation of collection services and the need for timely and effective consultation on service options. Consultation was carried out during Summer 2010, resulting in over 10,000 responses, with 72% in support of the council's proposed changes. In October 2010, cabinet decided to proceed with the proposed changes during 2011. Council agreed funding for these changes in February 2011 and the programme to deliver the new services by March 2012 has now commenced.

**27. Risk Ref. CR028**  
**Availability of resilient and appropriate software and hardware to deliver Benefits Service**

Owner of risk: Carlton Brand

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

- 28. The maintenance of four existing systems is administratively costly however, expert staff based in the hubs are capable of maintaining the software and daily and overnight procedures. Hardware maintenance with so many servers and interfaces will continue to present risks, however a great deal of work has been undertaken to update existing equipment and the management of servers.
- 29. Risk status remains high, as the implications of system failure are huge. These include inability to collect income for the Council, the possibility of abusing the strict code of practice regarding the collection of direct debit payments, but more seriously the inability to pay customers rent through the housing benefit system.
- 30. The project to replace four systems, each with its own set of interfaces to SAP and the cash receipting systems is now underway. In addition the structure of the team is changing to meet the demand of the project and to better cope with changes to software and hardware. Implementation of one system by this team will reduce the number of servers used but also provide greater resilience in terms of retaining existing servers should there be the need to invoke disaster recovery.

**31. Risk Ref. CR032**  
**Local Development Framework (LDF) Process**

Owner of risk: Alistair Cunningham

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

- 32. The localism bill was published on 13<sup>th</sup> December 2010. This does not propose any changes to the existing LDF system but confirms the Government's intention to revoke the Regional Spatial Strategy (RSS). Full Council approved the changes to the South Wiltshire Core Strategy (SWCS) on 22 February 2011 for submission to the Inspector, who will decide whether examination of the SWCS should continue. It is possible that he may regard any proposed changes as extensive and in such circumstances he has two options, which are to invite the Council to withdraw the plan or issue his report.
- 33. Progress continues to be made with the Wiltshire Core Strategy, which has been delayed due to the need to undertake a comprehensive review of housing and employment requirements in response to the intention to revoke RSS. There is an additional round of consultation during Spring 2011 to allow community and other stakeholder involvement. Meetings have been arranged to inform communities about the localism bill to help provide clarity in the development planning system as we move forward with the core strategy. A clear timetable has been prepared which will be shared with communities at the meetings. Subject to Cabinet approval for a draft Core Strategy during May, consultation should take place around May/June.

**34. Risk Ref. RR004**  
**Inaccurate information in the Configuration Management Database (CMDB)**  
 Owner of risk: Mark Stone

Rating	I	L	Risk	Direction
Current	4	3	High	-
Target	3	1	Low	Action Status Significant progress

35. Over some time the CMDB has become less accurate. Following the in-sourcing of ICT support a mitigation plan is in place, which aims to verify all ICT assets by 30 April 2011.

### **Reduced Risk**

**36. Risk Ref. CR024: Ability to maintain effective service delivery and performance levels during ICT transformation**

37. This risk is no longer scored as high. It has been re-assessed as medium due to the Work Place Transformation and ICT programmes ensuring that the necessary structures, plans, staff and contingencies are in place to manage the risk effectively.

### **Emerging Risks**

38. The following emerging risks have been identified:

**39. Failure to secure alternative accommodation for the Coroner by June 2011 when the current tenancy is due to expire, with consequential impact on his ability to deliver Coroner services**

40. This risk is currently assessed as High due to the short time available to resolve this issue. As well as the need to find alternative accommodation for the Coroner, it also includes the need to find alternative accommodation for inquests in light of the proposal to discontinue the use of Trowbridge Town Hall. Possible alternative accommodation has been identified with a supporting business case, but it has not yet been agreed.

**41. Significant costs incurred outside of budget due to a prolonged period of severe weather**

42. A Risk Action Plan is being developed for this risk and will be reported in the future if deemed appropriate.

**43. Generic risk concerning litigation issues**

44. A Risk Action Plan is being developed for this risk and will be reported in the future if deemed appropriate.

Other areas of key risks to note include:

## **Emergency Planning and Business Continuity (BC)**

### Emergency Planning

45. The Wiltshire and Swindon Local Resilience Forum (LRF) maintain and review a Community Risk Register which compliments the National Risk Register and informs multi agency emergency planning at a local level. Currently there are four risks considered to be Very High, which will be reviewed by the LRF Risk Assessment Sub Group. The four risks are:

#### **Community risk: Influenza type disease (pandemic)**

46. No change to alert status. There was a wave of infections and deaths over the Christmas/New Year period but not to the extent where the council's services were affected. The health agencies remain vigilant.

#### **Community risk: Major fluvial flooding**

47. The LRF and Council's flood plans are being updated to take account of the new flood warning codes. A meeting was held with the Environment Agency on 14<sup>th</sup> February and they confirmed that they were happy with the progress the authority is making on the operational and tactical level flood planning.

48. A great deal of work has been carried out on the plan for the South Wiltshire area, around the River (Hampshire) Avon and its tributaries, particular GIS mapping of capabilities and vulnerabilities. It is intended to mirror this effort in the North Wiltshire area around the River (Bristol) Avon and its tributaries.

49. The council is participating in Exercise Watermark a regional flood response exercise on Thursday 10<sup>th</sup> March 2011.

50. The following two risks will be re-assessed by the LRF Risk Assessment sub group prior to the next LRF meeting on Friday 18<sup>th</sup> March when the decision to reduce the scores will be finalised:

#### **Community risks: Failure of the telecommunications infrastructure and Localised industrial accident involving large toxic release**

### Business Continuity Management (BCM)

51. Business Impact Analysis reviews are being completed with departments and Business Continuity Plans are under discussion with a number of services and will be looked at more closely in the future.

52. HR has made the two new BC relevant policies available on HR Direct.

53. The Corporate BC Plan is undergoing its first update with updated information from properties, the introduction of the service disruption webpage which was tested during the recent snow and new information of planning for loss of transport due to fuel shortages. The latter is part of the review of the local emergency plan for fuel.

## **Corporate Negligence Occupational Health & Safety (CNOHS)**

### Health and Safety (H&S)

54. The Health and Safety Executive (HSE) has set out plans for an inspection of Waste and Recycling Services.

55. Fire safety plans are being reviewed for Bradley Road, Shurnhold and the interim County Hall.

56. Noise and vibration monitoring is underway across Waste and Streetscene and workshop venues.

57. The Employee Safety Database is being populated with details of members of the public known to be a risk. Testing is underway. The on-line incident reporting procedure is being revised to make it easier and quicker to use.

The two most common H&S risks identified by services remain:

### **H&S Risk: Work-related stress**

58. To mitigate risks and losses associated with work-related stress staff absences, the council is now engaged in a major training and awareness programme. This includes a module as part of the Management Matters development programme and also planned workshops suitable for the non-management workforce.

59. Guidance on work-related stress is also provided in the sickness absence policy and a confidential Employee Well-Being Helpline is available to all employees.

### **H&S Risk: Violence and Aggression**

60. The new lone working policy and managers' toolkit has been prepared and launched. This includes a variety of risk assessment templates and practical tips on personal safety. A project is underway to establish a county-wide system for logging the movements of lone workers with a facility to activate an alarm if a risk presents itself.

61. A database of members of the public known to be a risk to employees is being developed. This will provide shared access to information previously available to only the particular team affected. Individuals will be able to interrogate the database prior to visiting any address or individual and hence be aware of any history and any appropriate mitigating action to take.



## Occupational Health (OH)

62. HOT Health sessions are planned at each Hub to promote health choices amongst employees and their partners. A general open day event is followed by one to one follow up sessions across a series of common health issues including obesity, blood pressure, cholesterol, smoking, alcohol intake.
63. Audiometric testing is now available for employees working in noisy environments. Using state of the art technology hearing tests can now be undertaken on site or at county hall in a new acoustic screening booth.

## **Risk Management Arrangements**

64. 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.
65. The Risk Management Strategy, attached as Appendix B, has been reviewed and updated to reflect some changes to roles and responsibilities and other minor amendments. The risk management process has changed to make better use of resources. The role of Risk Lead has been removed as the Business Performance Managers now work more closely with departments to help them to manage their risks and provide support.
66. The Portfolio Holder for Finance, Performance and Risk, is to approve the Risk Management Strategy through the delegated decision process, which is currently underway. Members of this committee may wish to comment on the updated strategy.
67. Training and support to meet service risk management needs are provided flexibly as required. During November, Members of the Audit Committee and Scrutiny had the opportunity to attend an Overview session on Risk Management. Officers provided working examples of how risks are managed in Waste Management, Street Scene and Local Highways; Members had the opportunity to take part in the workshop, which explained the process of how risks are identified and evaluated; Internal audit explained how the level of risks is scored during audit work.
68. Members of the Performance Team attended Zurich Municipal's Customer Day 'More with Less' which looked at some of the significant challenges currently facing the public sector and how to ensure they are managed effectively.
69. Representatives from Zurich, our insurers and Willis, our Brokers, now attend some of the Council's risk management meetings and advise on current risk management issues.

The next Risk Management Update for Audit Committee will be September 2011.

## **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

### **DIRECTOR**

Report author/s

- Dr. Carlton Brand
- Eden Speller, Head of Business Arrangements
- Venita King, Business Performance Manager
- Rose Outen, Business Performance Manager