

RISK MANAGEMENT UPDATE

Purpose of the Report

1. This report provides assurance on the Council's risk management arrangements and that risks are being appropriately managed within the Council.
2. It also includes a summary of the Council's significant risks on the corporate risk register.

Background

3. The Council's risk management arrangements are an integral part of the corporate governance framework. Implementing a risk management process and developing a robust risk strategy are fundamental to achieving the Council's objectives. It is not about being risk averse; it is about understanding and evaluating risks and making informed decisions about how threats are managed, or opportunities exploited, to help the Council to achieve its goals.
4. This report is from the Corporate Risk Management Group (CRMG) which oversees the Council's risk management arrangements. It produces regular risk management update reports to the Corporate Leadership Team and to this Committee.

Main Considerations for the Committee

5. Performance Team

Risk management for the Council is overseen by the Corporate Risk Management Group and members of the Performance Team.

6. The previous Risk Manager left the Council in October 2009 and the opportunity was taken to strengthen risk management arrangements at the Council. Previously there were two separate posts for Risk Manager and Integration Manager (looking at performance management arrangements). This has now changed and there are two posts of Business Performance Manager and each share the responsibilities of both Risk Manager and Integration Manager. This provides a more robust coverage of both business areas; greater flexibility; and a more efficient use of resources.

7. Risk Management Strategy

The Risk Management Strategy, attached as Appendix A, has been reviewed and updated with some minor amendments as follow:

- to show that the Lead Portfolio Holder for Finance, Performance and Risk receives regular reports about risk management arrangements and the Council's significant risks;
- new titles for officers in the Performance Team, following a restructure of the team and risk management responsibilities, which now provides a more robust coverage of risk management and data quality arrangements; greater flexibility; and a more efficient use of resources;

- to reflect the setting up of the Resilient Council Group, which now incorporates the Operational Risk Management Group;
- to clarify the role of the Risk Leads by adding one more point of responsibility;
- to clarify the role of internal audit in managing risks.

The Risk Management Strategy is to be approved by the Portfolio Holder for Finance, Performance and Risk, through the delegated decision process, which is currently underway. Members of this committee may wish to comment on the updated strategy.

8. Strengthening of Risk Management Arrangements

Councillors who are members of the audit committee can now access Corporate and Departmental Risk Registers on SharePoint. An overview of risk management arrangements at the council, including examples of how specific risks at the council are controlled was given to members of the audit committee during February 2010.

9. Each risk on the Corporate Risk Register has been allocated a unique reference number for easy and consistent identification. Some departmental registers already have this in place and it is planned to extend this to all departmental registers. Each risk is also being linked to the Council's strategic objectives, which helps identify areas for consideration to help the Council achieve its objectives.

10. Assurance on Risk Management Arrangements

Internal Audit is currently completing an independent review of the council's risk management arrangements. The report will provide an independent opinion on the effectiveness of the risk management framework at the Council. The results of the audit will be reported to this committee once it has been completed.

11. Corporate Risk Register and Service Risk Registers

The Corporate Leadership Team reviews the Corporate Risk Register quarterly and by exception reporting. Following the Corporate Leadership Team on 8 March 2010 the significant risks are summarised below:

12. Risk Ref. CR001: **Delivery of a Successful Waste Management and Landfill Strategy**

Rating	Impact	Likelihood	Risk
Current	4	4	High
Target	4	4	High

The Waste Strategy was approved in 2006. 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. LAA targets for waste reduction (NI 191) are being reached. However, economic recovery or changes to collection services could lead to renewed waste growth. Recycling/ composting have been increased to pass the 40% target for 2010/11 (NI 192). Significant additional investment will be needed to achieve the 50% target for 2020/21. Also, waste collection changes may increase or decrease recycling. One contract for the diversion of waste from landfill has commenced (Hills/Lakeside), securing enough capacity to avoid LATS (Landfill Allowances Trading Scheme) fines to about 2014 and reducing the landfill tax bill. A second contract (Hills/Entsorga MBT project) is under negotiation. Planning permission has been granted for construction of the Mechanical Biological Treatment (MBT) plant at Westbury and environmental permits have been issued. Contract negotiations with

Hills & Entsorga are ongoing. If this contract is signed, on current forecasts, the Council would have sufficient diversion capacity to about 2019. Therefore, the second contract would reduce the likelihood of this risk. The procurement process is being overseen by a Project Board and advice is being taken from consultants on key legal and technical aspects. Whilst the above measures will reduce pressures on the Council, it is certain that the costs of waste management will still increase significantly. The following additional control measures are in place:

- Consideration for control of waste management as part of Medium Term Financial Plan and budget planning cycles;
- Following withdrawal from a proposed joint project by Swindon BC in December 2009, the Waste Service will examine alternative projects during 2010/11 to provide more waste treatment capacity in the longer term;
- Action by the Head of Waste Management, working with the Head of Waste Collection, Recycling and Street Cleansing (Amenities and Leisure), to increase recycling and other diversion performance within budget allocations (see above for performance). Also, wood waste has been diverted from landfill, to energy from waste production since December 2008;
- Monitoring of the Landfill Allowances Trading Scheme (LATS) for availability and cost of allowances.

13. The target risk rating is derived from the financial impact of implementing the strategy exceeding £1million, with the likelihood of this being certain. If the costs of future contract payments and increases in Landfill Tax were to be guaranteed through the medium term financial plan, then the target risk rating would be low. Any further additional costs are likely to be small scale with a low likelihood of these being incurred.

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

Rating	Impact	Likelihood	Risk
Current	4	3	High
Target	3	3	Medium

Children

The budget for child care placements is currently projected to be overspent by approximately £250,000 due to some exceptional pressures of unaccompanied Asylum Seeking Children (UASC) and several young people in need of secure accommodation because they were at risk of harm.

15. A report for the Workplace Transformation – Operational Estate was presented at Cabinet on 15 December 2009. This included a capital bid to develop our in house provision so we are less reliant on external providers and so we can provide local placements for local children. Cabinet approved the proposal.

16. As previously reported there have been increased pressures post baby P; Child Protection referrals have increased; the number of children subject to a child protection plan has increased and the Public Law Outline has generated a considerable amount of work pre- proceedings. Management action has led to the strengthening of gate keeping processes through various means. A dedicated post holder is currently working with Housing Associations to obtain accommodation for care leavers, we are looking to develop more supported interim accommodation for those with complex needs and we are recruiting supported lodgings carers. There is also a recruitment drive for solo carers but this is in its infancy and will take some time to deliver. Further negotiations will take place with Quarriers to develop

outreach work for those leaving their care. A commissioning strategy will be developed in conjunction with the newly appointed Service Director, Commissioning and Performance and we will work with our colleagues in Education to develop more responsive services for those with high needs.

17. Older People

The risks associated with managing the care placements of older people within available resources is also considered to be high risk. Adult Social Care services, nationally, are facing demands as a consequence of demographic and economic pressures. In addition, there are potential new policy initiatives that the Authority will have to respond to, such as the Proposals for Free Personal Care to those with highest levels of need, which will increase the financial burdens on the service. To respond to these increased demands, the Department of Community Services have a number of reviews in place to transform the ways in which services are provided and to help to manage spend within future available resources. These include the "Help to Live at Home" review, the Accommodation Strategy and Focus Next Steps. In addition, the authority is working with the PCT, reviewing care pathways for Older People and the role of preventative services. These projects will be reported in more detail in the next risk management update report to this committee.

18. **Risk Ref. CR004:** **Delivery of 400 Unit Housing PFI Scheme**

Rating	Impact	Likelihood	Risk
Current	4	3	High
Target	4	2	Medium

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.

19. The intention is to sign the PFI contract by the end of March 2010 and start building work next spring. A report is planned to go to Cabinet in May 2010 seeking authority to enter into the contract.

20. Value for money still needs to be signed off by the Homes and Communities Agency, particularly in respect of Persimmon's land supply. There is a high risk of delay due to final negotiations, document production and external approvals. There may also be further delays due to the purdah period for a general election. There is a low risk that a new government may cancel the project if it is not signed.

21. The delivery of the PFI scheme is crucial to two Local Area Agreement targets to deliver more homes overall and more affordable homes. We are expected to deliver 590 new affordable homes in 2010/11 and the PFI scheme should help us achieve this despite the housing market recession.

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

Rating	Impact	Likelihood	Risk
Current	3	4	High
Target	3	3	Medium

Due to various things such as: the move to new ways of working; changes to ICT support arrangements; consolidation of applications and new arrangements for Bourne Hill, there is the risk that there could be major disruption to services.

23. This risk is being mitigated by having one overall programme plan (including a risk register) to cover all ICT change, in order to monitor interdependencies.
24. Also by phasing the implementation of high risk changes, for example the implementation of VOIP telephony in existing Salisbury buildings, which therefore reduces the change when the move to Bourne Hill takes place.

25. **Risk Ref. CR025:**
Significant flooding causing severe disruption

Rating	Impact	Likelihood	Risk
Current	4	3	High
Target	3	3	Medium

As a result of prolonged and/or heavy rain, there is the risk of significant flooding from main rivers and/or surface water flooding affecting farmland; road and rail links; properties and businesses. This could pose a risk to life and limb, causing severe disruption to the community and affecting the ability of the council to deliver its services.

26. A draft plan for Wiltshire Council is being prepared. The Flood and Water Management Bill will place a duty on local authorities to prepare surface water plans. Wiltshire Council Highways and the Land Drainage and Emergency Planning teams are gathering information on known areas at risk and ad hoc surface water flooding which has occurred within Wiltshire in the last three years. The North and South Operational Flood Working Groups have held four meetings in total, where various items have been discussed and various actions taken. A network of flood wardens is being established throughout the county who will be trained by the Environmental Agency. In April a Flood Fair is being held for town and parish councils, where it is hoped that more flood wardens will be recruited.
27. The following two risks were previously reported as high but have recently been assessed at a lower level of risk:
28. **Risk Ref. CR002: A serious influenza type disease epidemic of much greater severity than seasonal flu.**

Identified front line workers that were either council employees or contracted to provide services were given the opportunity to receive the Swine Flu vaccine. NHS Wiltshire provided Occupational Health with a nominated health care provider to undertake inoculations. A total of 35 sessions at 25 locations were held to administer the vaccine to staff. Take up of staff was in line with the national average. Weekly Local Resilience Forum teleconferences on Swine Flu stopped in early January 2010.

29. Latest Department of Health information mentions that the next wave of pandemic flu may occur before the seasonal flu of winter 2010/11. The current risk score and target have been assessed as medium. However, these are likely to increase again at short notice as the likelihood of another wave increases.
30. **Risk Ref. CR005 Impact on the Council due to the economic climate (Recession)**

The impact of the recession has been realised in the 2009/10 financial year. There is evidence from factors such as loss of income from car-parking and Leisure Centres. However the monthly monitoring of the budget has identified departmental actions to mitigate the risk and ensure overall that the Council remains within

budget. Consequently the impact and likelihood now score low on the risk rating. In terms of the 2010/11 budget the impact of the recession has also been included. In addition the Council has a planned General Fund balance of £15 million as a corporate contingency.

31. Other key risks to note include:

Community Risk Register, Emergency Planning and Business Continuity (BC)

The Wiltshire and Swindon Local Resilience Forum (LRF) maintain and reviews the Community Risk Register as required under the Civil Contingencies Act 2004.

32. The current high risks and focus for emergency planning remain as:

Human Health, Pandemic Flu: the H1N1 Swine Flu response has been scaled down and the Local Resilience Forum alert level has dropped accordingly.

33. Severe Weather, Major fluvial flooding affecting two or more regions. The actions being taken to manage and respond to the risk of Severe Weather - Major fluvial flooding affecting two or more regions is as follows:

- The Wiltshire & Swindon Local Resilience Forum (LRF) Flood Sub Group is addressing the actions required by the Pitt Review for both the LRF and individual agencies.
- The Emergency Planning Unit is leading on writing the Wiltshire LRF flood plan and required actions following the Pitt review. The plan has been circulated for consultation and a final version will be issued in March 2010. A multi-agency exercise to test the plan is being held in May 2010.
- The former joint Wiltshire County Council & District Councils' Flood plan is being updated to reflect the new authority structure and also incorporating the recommendations for local authorities of the Pitt Review. This will be out for consultation in June 2010.
- Operational Flood Working Groups, one in the North and one in the South of Wiltshire, have been formed and the first meeting of the Flood Risk Management Group (FRMG) is being planned. Once the FRMG has been established a link will be formed between this technical group and the Local Resilience Forum's Flood Sub Group which concentrates more on the response to flooding incidents.

34. The Business Continuity Management programme is nearing completion. Work is in hand to finalise outstanding service plans and to complete the exercise programme. Once this phase has finished a lifecycle programme will begin to ensure that all service, departmental and corporate plans are maintained. The lifecycle will also consist of regular awareness raising sessions for staff across the authority.

35. Corporate Negligence Occupational Health & Safety (CNOHS)

Draft service specific risk registers are now prepared and will be posted onto SharePoint shortly. These will provide the priority action plans for each service area going forward into 2010/11. Departments and service areas will be supported by the corporate Health and Safety Service.

36. The on-line Health and Safety induction module is at the final test phase and the new on-line Display Screen Equipment (DSE) training and risk assessment package is to be launched initially in the Department of Resources during February and to the rest of the council in March/April.
37. A revised corporate Health and Safety risk assessment procedure is now available and all TEL risk assessors have attended refresher training to enable future assessments of previous 'district' functions to conform.
38. A project to establish a 'dangerous person' database accessible throughout the entire council is underway with assistance from IT and other stakeholders. A review of First Aid provision is underway and will establish a consistent approach from the five previous sets of arrangements.
The snap survey, 'The Quality of Working Life' attracted nearly 1,200 responses. A report of findings coupled with feedback from the Health MOT sessions will be presented initially to the Culture Group led by Sue Redmond.
39. The H1N1 swine flu vaccination programme for carers has now ended. 1,060 vaccinations were given.
40. A full risk register for all services is in place and is overseen by the Corporate Risk Management Group.
41. The next Risk Management Update will be September 2010.

Environmental Impact of the Proposal

42. There are no direct environmental risks regarding the proposals in this report, however, clearly some of the risks reported could have environmental impacts.

Financial Implications

43. This is a mandatory report and so there are no additional costs.

Reasons for the Proposal

44. To inform and consult the Committee on developments and progress in relation to the Council's key risks and risk management arrangements.

Proposal

- The Committee is asked to note the significant risks set out in this report.
- The Committee is asked to note position on the Council's risk management arrangements.
- The Committee is asked to consider the updated Risk Management Strategy.

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Unpublished documents relied upon in the preparation of this Report: None
This is a progress report