



DERBY CITY COUNCIL

COUNCIL CABINET
27 SEPTEMBER 2005

Cabinet Member for Corporate Policy

ITEM 18

STRATEGIC RISK REGISTER UPDATE

SUMMARY

- 1.1 The Council's Risk Register is reviewed annually by our Chief Officers and submitted to Cabinet for consideration and approval.
- 1.2 The Risk Register is a key component of the Council's risk management strategy and is designed to identify any forthcoming key risks and the actions needed to mitigate and control them.
- 1.3 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

2. To comment on and approve the revised Strategic Risk Register prepared by Chief Officers.

REASON FOR RECOMMENDATIONS

3. The involvement of members in prioritising the Council's key risks and responses is good practice.

STRATEGIC RISK REGISTER UPDATE

SUPPORTING INFORMATION

- 1.1 In August 2003, the Cabinet approved the strategic risk register and associated action plans prepared by Chief Officers. The first revisions to the register were brought before Cabinet in September 2004. The revised Strategic Risk Register as at July 2005 is shown in Appendix 2.
- 1.2 In June 2005, the Audit Commission published guidance on a new use of resources assessment which will form part of the CPA assessment framework. The use of resources assessment focuses on financial management, and links to the strategic management of the authority. One key element is how well the council manages its significant business risks.
- 1.3 The CPA Use of Resources assessment requires that the Council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk. This is an important step in embedding risk management within the Council.
- 1.4 The risk register and action plans have been reviewed by Chief Officers. This has seen some risks decreasing either in impact, likelihood or both, demonstrating the effectiveness of risk management. New risks identified have been categorised and allocated to the appropriate Chief Officer to manage the risk to the Council. Some risk assertions have also been subject to minor rewording. The action plans for those risks identified as red or amber risks are shown in Appendix 3.
- 1.5 To assist in the implementation of the Council's Risk Management Strategy by embedding risk management throughout the Council, risk assessment exercises have been undertaken within all directorates/departments. Risks identified at a directorate/departmental level have been prioritised and those that are perceived as being the highest risk to the directorate/ department have been included in their Business Plans for 2005/6.

For more information contact: Paul Dransfield 01332 255335 e-mail Paul.Dransfield@derby.gov.uk
Background papers: Corporate Risk Management Policy Statement
List of appendices: Appendix 1 – Implications
Appendix 2 – Revised Strategic Risk Register
Appendix 3 – Action Plans

IMPLICATIONS

Financial

- 1.1 Implementation of the management action plans and the risks identified at a departmental level have not been costed as part of this exercise. It is expected that the strategic risks and directorate/departmental risk will be delivered from existing resources, as part of good management practice, or through internal virement within Chief Officer delegated powers. Approval of the Register will be sought on this basis, and further Cabinet approval will be needed to any actions for which net additional resources are subsequently sought.
- 1.2 Certain of the risks identified are financial risks.

Legal

2. The compilation of the Strategic Risk Register is a component of the requirements of both the Comprehensive Performance Assessment and Corporate Governance.

Personnel

3. There is an identified risk on the recruitment and retention of staff in several specialist areas.

Equalities impact

4. Several of the identified risks are focused on social cohesion issues.

Corporate objectives and priorities for change

- 5.1 The corporate objectives and priorities were specifically considered when the risk assessment exercise at a strategic level was undertaken and the compilation of the strategic risk register and management action plans reflect this emphasis.
- 5.2 Directorates/Departments considered their own objectives and priorities when identifying risks at an operational level.

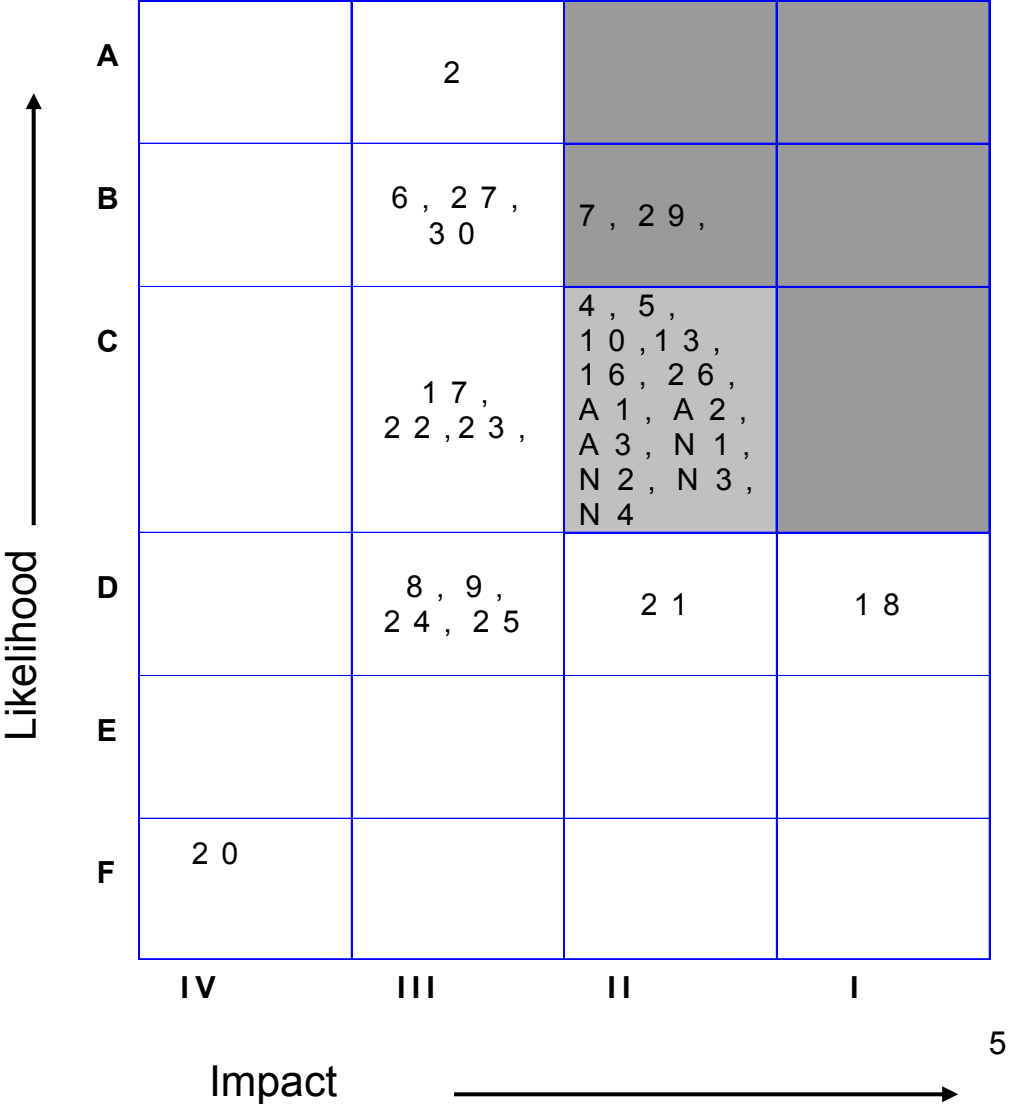
Derby City Council

Strategic Risk Register

RISK MATRIX

STRATEGIC RISK PROFILE

Organisation Name: Derby City Council



- Likelihood:**
- A Very high
 - B High
 - C Significant
 - D Low
 - E Very low
 - F Almost impossible

- Impact:**
- I Catastrophic
 - II Critical
 - III Marginal
 - IV Negligible

Key

Red

Amber

Green

Strategic Risks

	Risk Assertion	Score			
	Red Risks	Likelihood	Impact	Owner	2004 Matrix Ranking
7	Some of Derby's schools are in special measures, have serious weaknesses or are otherwise causing concern according to the authority's monitoring. This number is reducing, but the inspection regime is changing in September 2005, which always holds inherent risks. The Council has little direct control over schools, but has formal responsibilities to "monitor, challenge, support and intervene" to raise achievement and is held accountable for overall performance. The related indicators have an important bearing on the quality of education and judgements of the Council's services.	B	2	Andrew Flack	Amber
29	The Council has embarked on an ambitious traffic and road safety management programme 'Connecting Derby' which will enhance accessibility to the City Centre and is also a key plank in Cityscape. The programme is key to the Council's plans to improve accessibility, especially by bus, cycle and on foot and the environment in the City Centre and is a vital component of Cityscape.	B	2	Jonathan Guest	No Change

Risk Assertion		Score		Owner	Original Matrix Ranking
Amber Risks		Likelihood	Impact		
4	As a local authority, Derby is almost entirely funded through public money, and 80% of the funding is controlled and allocated by Central Government. The funding system will change significantly in 2006/7 and 2007/8. If Central Government change the basis of funding adversely this would affect service delivery.	C	2	Paul Dransfield	No Change
5	Derby has made progress in improving strategic capacity, but still requires additional change management expertise in the organisation.	C	2	Ray Cowlshaw	No Change
10	There is a difficulty for the Council and its partners in service provision to recruit and retain staff. This occurs owing to competition from other organisations and a national shortage of trained staff in particular service areas. This causes the Council and its partners to lose staff. Key posts can remain unfilled and take unacceptable lengths of time to fill.	C	2	Sue Glithero	No Change
13	The economic and social divide within the city could widen between best and worst. There are pockets of severe deprivation, and it is the Council's policy to achieve the fastest improvement for the most deprived.	C	2	Sue Glithero	No Change
16	The Council provides high profile and high risk services. It is important to have effective risk policies and plans to make sure incidents are minimised.	C	2	Ray Cowlshaw	Red

Risk Assertion		Score		Owner	Original Matrix Ranking
Amber Risks		Likelihood	Impact		
26	The Government has set statutory waste recycling targets for all local authorities. For Derby, this means a target to recycle or compost 30% of household waste by 2005/06. The Council needs to meet this target and there would be associated reputational and financial risk were it to fail.	C	2	Jonathan Guest	No change
A1	Lack of capacity and resources for extensive training on health and safety and other equalities legislation.	C	2	Sue Glithero	No Change
A2	Failure to conclude timely review of the NJC pay structure within the context of an agreed pay and rewards strategy.	C	2	Sue Glithero	No Change
A3	Business Continuity Plans are needed to be able to manage emergencies. If an incident occurred, the Council would need to be able to respond in an effective and efficient manner. Business Continuity planning will be a statutory duty in 2005.	C	2	Ray Cowlshaw	No change
N1	A number of significant financial and other systems are being implemented over the next 2 – 3 years. There is a need to have the capacity to manage the programme.	C	2	Paul Dransfield	New Risk
N2	The Council will need to manage significant structural change in the next 2 years, including Childrens Services	C	2	Ray Cowlshaw	New Risk

	Risk Assertion	Score			
	Amber Risks	Likelihood	Impact	Owner	Original Matrix Ranking
N3	The Supporting People programme in Derby is underfunded by government. This leads to a risk of unplanned expenditure, and of having to cut strategically relevant services to vulnerable adults.	C	2	Sue Glithero	New Risk
N4	The Social Services budget faces on-going pressures from demand, increased costs of case, the need to modernise services and shortfalls of local foster carers, learning disability services and social workers. Small changes in purchasing activity can have a major impact because of high unit costs. Within this overarching risk the costs of looked after children's services are presenting the greatest in year challenge.	C	2	Margaret McGlade	New Risk

Risk Assertion		Score		Owner	Original Matrix Ranking
Other risks considered		Likelihood	Impact		
2	The political composition of the Council continues to be evenly balanced. It is possible that the political control could change again. This makes more it difficult to have long-term plans as each Political Group will have their own priorities.	A	3	Ray Cowlshaw	No change
6	The Council has been assessed with an overall assessment of 'Excellent' in the recent CPA assessment. The CPA methodology has changed and new risks to the Council's ranking have emerged with very little time to resolve.	B	3	Ray Cowlshaw	No Change
8	All councils are required to have achieved e-Government targets by 2005 and a project of this size requires senior management buy-in and support. This must include thinking about business process re-engineering, customer service and office accommodation.	D	3	Paul Dransfield	No change
9	Councils need to share best practice across the organisation and learn from the experiences of others, for example outside the organisation. If it does not have an effective mechanism in place to facilitate this, mistakes could be repeated that could cause resources to be wasted.	D	3	Ray Cowlshaw	No change
17	Crime, and fear of crime is a high profile issue on the local agenda and the Council has a lead role to play in managing the community to deal with this issue and to prevent an increase in actual crime.	C	3	Sue Glithero	No change

	Risk Assertion	Score		Owner	Original Matrix Ranking
		Likelihood	Impact		
	Other risks considered				
18	Emergency Plans are essential. If a major incident occurs, the Council may not be in a position to respond effectively, which will mean that the objectives are not achieved.	D	1	Jonathan Guest	No change
20	The Council has adopted Derby City Partnership's Community Strategy with a high degree of community input. The Council has already produced a corporate plan, which is seeking to be outcome focused. There needs to be continuing alignment between the community strategy and the measurable outcomes.	F	4	Sue Glithero	No change
21	Management information is contained within diverse non-integrated systems and there are gaps in data/information, hence decisions could be based on inadequate management information.	D	2	Paul Dransfield	Red
22	The Council has a reputation for high performance in Housing, and has created an 'Arms Length Management Organisation,' which will deliver increased funding. As Derby Homes prepares its exit strategy and negotiations start for contract renewal in April 2007, it is important to ensure that services to tenants continue to improve over this period.	C	3	Sue Glithero	No Change

	Risk Assertion	Score		Owner	Original Matrix Ranking
		Likelihood	Impact		
	Other risks considered				
23	The Council is about to agree a second round Public Service Agreement and the achievement of some stretching targets, which brings with it the promise of funding, but only if targets are achieved.	C	3	Paul Dransfield	Amber
24	There can be, at times, ineffective corporate and cross-cutting working. This could mean that objectives and priorities are not met, when projects/initiatives require a corporate approach.	D	3	Ray Cowlshaw	No change
25	The Council has a relatively thin management structure and its capacity to tackle strategic issues could prove challenging. Resources tend to be over-stretched on operations and there is heavy reliance on a few key individuals to take strategic issues forward. This could mean a project fails because key staff are unavailable or a project succeeds at the expense of operational services.	D	3	Ray Cowlshaw	No change
27	The Council is required to provide a pension fund for employees and the performance of this fund is dependant on returns from the financial markets. The value of the fund relative to liabilities is falling. The next valuation is in 3 years.	B	3	Paul Dransfield	Red
30	Some assets are not fit for their existing purpose, which could mean that the Authority is unable to deliver services as effectively as it would like.	B	3	Michael Foote	Red

Management Action Plans Update

Red Risks

Risk 29

The Council has embarked on an ambitious traffic and road safety management programme 'Connecting Derby' which will enhance accessibility to the City Centre and is also a key plank in Cityscape. The programme is key to the Council's plans to improve accessibility, especially by bus, cycle and on foot and the environment in the City Centre and is a vital component of Cityscape.

Action Plan Update

We have now had confirmation from DfT officials that they will be approving the whole of Connecting Derby, and will approve an additional contribution of £9.23m towards the cost of completing the works, providing that the City Council commits to finding the balance of the costs, an additional £6.55m over several years. This will mean that the total contribution will be up to £7m for the whole scheme.

Council Cabinet met on 14 June and agreed to fund the difference and this has been confirmed to DfT officials. We are awaiting formal ministerial approval of the DfT additional funding. The sources of the Council's contribution in later years also need to be confirmed.

The Planning Application, and the Conservation Area and Listed Building consents have been submitted to Government office so that a decision may be made for either approval or whether a Public Inquiry will be required. We have not yet received a decision.

Risks that have increased from amber to red grid positions

Risk 7

Some of Derby's schools are in special measures, have serious weaknesses or are otherwise causing concern according to the authority's monitoring. This number is reducing, but the inspection regime is changing in September 2005, which always holds inherent risks. The Council has little direct control over schools, but has formal responsibilities to "monitor, challenge, support and intervene" to raise achievement and is held accountable for overall performance. The related indicators have an important bearing on the quality of education and judgements of the Council's services.

Action Plan Update

The number of schools in special measures has reduced from 4 to 3 (including the PRU). Two schools are classified as having serious weaknesses. Recent progress in all key areas at both Special Measures schools is reasonable or better, and removal from category in the Autumn Term 2005 is achievable. Progress at the PRU is also reasonable and removal from special measures early in 2006 is realistic.

The budget for 2005/6 again includes funding for schools in financial difficulties which can be applied where performance is a cause for concern.

The Priority Schools policy is currently under review – the revised policy will target resources more precisely at schools causing concern. An Education Improvement Partnership is being developed, which will improve the quality of support and intervention in secondary schools, thus reducing the risk of schools falling into OFSTED categories.

A number of new Excellence in Cities programmes have been introduced, including an Excellence Cluster, Cluster Plus, and Phase 4 Behaviour Improvement programmes which will bring an additional £2.4m of support to city schools.

Risks that have reduced from red to amber grid positions

Risk 16

The Council provides high profile and high risk services. It is important to have effective risk policies and plans to make sure incidents are minimised.

Action Plan Update

The Council reviews its corporate business risks at least annually, linking them to strategic business objectives. Identification of risks is included in all project initiation documents. Plans are drawn up to help mitigate any incidents that could occur. Departments carry out risk assessments within their service areas and develop action plans to manage risks.

A register of all business critical systems has been drawn up in conjunction with the Business Continuity planning process.

Amber Risks

Risk 4

As a local authority, Derby is almost entirely funded through public money, and 80% of the funding is controlled and allocated by Central Government. The funding system will change significantly in 2006/7 and 2007/8. If Central Government change the basis of funding adversely this would affect service delivery.

Action Plan Update

The Council has had significant success in mitigating this risk through its successful technical work to challenge the 2001 census estimates. However, the outlook for local government funding in general, is of concern. The 2006/7 review of FSS funding is a source of particular uncertainty, and there is concern over the overall provision in the Government's existing plans for 2006/7 funding. Future funding of supporting people is also a concern. This therefore remains an amber risk.

The amber risk relates to the General Fund, which ultimately impacts on council tax. The funding situation of the Housing Revenue Account, ring fenced to council tenants, is more favourable on account of the Council's continued success in securing ALMO funding for the Derby Homes Pride programme, and favourable changes to housing management and maintenance subsidy allowances influenced by the Council's technical work.

Reports to Cabinet in March and July 2005 set out how the Council is dealing with these risks in terms of the 2005/6 to 2007/8 budget strategy.

Risk 5

Derby has made progress in improving strategic capacity, but still requires additional change management expertise in the organisation.

Action Plan Update

Third tier pay review completed. May 2005 report from the IDeA on the Council's top level structure in responding to the Children's and Adult Services agendas will be considered by Cabinet in September. Proposals are intended to further strengthen the strategic role of Directors and Assistant Directors.

Corporate performance information system now fully operational. Performance reporting to Council Cabinet is giving more emphasis to reasons for under-performance and actions to be taken. Clear role now established for Overview and Scrutiny Commissions.

Risk 10

There is a difficulty for the Council and its partners in service provision to recruit and retain staff owing to competition from other organisations. This causes the Council and its partners to lose staff and key posts can remain unfilled and take unacceptable lengths of time to fill.

Action Plan Update

Individual project teams are in place for the Work Life Balance Scheme. Each department has at least one Work Life Balance project under way.

A new Pay and Rewards structure is being developed linked to the Job Evaluation project. Market intelligence will be used to ensure that the Council is competitive with other employers in the jobs market. We have also adopted a workforce development strategy and will be piloting in two critical areas during 2005/06.

Additional employee benefits have come on stream, such as Busy Bees and PC purchase.

The Leading Manager Programme course continues to go from strength to strength and the 2004/05 cohort has contributed to the Council's thinking on bringing about cultural change.

Chief Officer Group is consulted annually on the priorities for the Personnel Business Plan.

In 2004/05, 80% of employees were getting at least one A&D Review in a 12 month period. The 2004/05 liP internal reviews identified problem areas and action plans have been put in place. Chief Officer Group has approved the way forward for our next liP assessment using the revised methodology.

The employee survey has shown that team meeting coverage is at 68%; this has also be addressed by the liP internal reviews.

Risk 13

The economic and social divide within the city could widen between best and worst. There are pockets of severe deprivation, and it is the Council's policy to achieve the fastest improvement for the most deprived.

Action Plan Update

The Community Tensions Reporting Protocol is now embedded and working well. The Council, the Community Safety Partnership and the Police meet monthly. The Community Safety Partnership has forged closer links with schools.

The Homelessness Strategy was published in July 2003 and is now being reviewed to assess progress on the achievement of objectives. Rough sleeping has reduced in the city since 2004 and a Wet Centre has been opened.

Members of the new and emerging communities in the city are now represented on the Council's Minority Ethnic Communities Advisory Committee. The Community Safety Partnership has done a considerable amount of work to harmonise relationships between the city's longstanding Pakistani community and the newly arrived Iraqi-Kurds.

Implementation of the Neighbourhood Renewal Strategy through its action plans is aimed at lessening the divide. The Strategy will be reviewed and incorporated into the new Community Strategy, which is targeted for completion by March 2006. Partnership networks have been established in the disadvantaged areas of Normanton, Osmaston/Allenton and Sinfin.

Risk 26

The Government has set statutory waste recycling targets for all local authorities. For Derby, this means a target to recycle or compost 30% of household waste by 2005/06. The Council needs to meet this target and there would be associated reputational and financial risk were it to fail.

Action Plan Update

The continuing roll out across the City of the Rethink Rubbish scheme is aimed at achieving the 30% target.

Planning to deal with future targets is well underway and a joint project board has been established with the County Council to procure suitable future waste treatment and disposal.

Risk A1

Lack of capacity and resources for extensive training on health and safety and equalities legislation.

Action Plan Update

A managed system of health and safety is being implemented in each department and this, along with risk assessment, will be the basis of identifying training needs. We are exploring ways of providing corporate health and safety training courses to meet these needs. Training on equalities issues is being addressed as part of our work towards meeting level 3 of the Equalities Standard. A pilot e-learning programme has been rolled out to around 500 senior employees and councillors, with target completion of October 2005.

Risk A2

Failure to conclude timely review of the NJC pay structure within the context of an agreed pay and rewards strategy

Action Plan Update

Job Evaluation is progressing, 195 benchmark jobs have been evaluated and a way forward has been identified for evaluating the remainder of the jobs. A project plan with the appropriate resources is in place to enable the pay structure review to be completed within the nationally set timescale. The Steering Group and Chief Officer Group are monitoring progress. A Pay and Rewards strategy is being devised which will include meeting the challenges of single status implementation. Job Evaluation is now one of the sub projects of the Pay and Rewards project.

Risk A3

Business Continuity Plans are needed to be able to manage emergencies and ensure the Council can continue to provide its critical services. If an incident occurred, the Council would need to be able to respond in an effective and efficient manner. Business Continuity planning will be a statutory duty in 2005.

Action Plan Update

The preparation of a Business Continuity Plan for the Council is progressing. The process is being managed by the Strategic Risk Group . A Plan will be available by November 2005.

New Amber Risks

Risk N1

A number of significant financial and other systems are being implemented over the next 2 – 3 years. There is a need to have the capacity to manage the programme.

Action Plan

A survey of proposed system implementations of key systems over the next 3 years is currently underway. This will then be reviewed and a decision reached about whether any changes to the programme may be required to reduce risk. All projects when approved to commence will be managed under Prince 2 project management principals including the maintenance of a risk register and risk logs.

Risk N2

The Council will need to manage significant structural change in the next 2 years, including a senior management restructure and significant changes to Childrens Services.

Action Plan

All projects are being managed under Prince 2 project management principles. The progress of these projects is being monitored by the Chief Officer Group as well as being managed by a dedicated project manager and project board.

Risk N3

The Supporting People programme in Derby is underfunded by government. This leads to a risk of unplanned expenditure, and of having to cut strategically relevant services to vulnerable adults.

Action Plan

A series of strategic reviews are programmed for July – September 2005 to enable recommendations to be made to the Commissioning Board on how to achieve a reduction in Supporting People expenditure in 2006/7 and beyond. Cabinet will be considering a fall-back position of an across the board cut if these reviews are unsuccessful in identifying the necessary savings.

Risk N4

The Social Services budget faces on-going pressures from demand, increased costs of care, the need to modernise services and shortfalls of local foster carers, learning disability services and social workers. Small changes in purchasing activity can have a major impact because of high unit costs. Within this overarching risk the costs of looked after children's services are presenting the greatest in year challenge.

Action Plan

An action plan to increase recruitment and retention of Derby's own foster carers has been agreed by Cabinet including increasing and simplifying foster carer allowances. Improvements are likely to be delivered over a longer time frame. The use of independent fostering agencies is subject to rigorous management challenge. Reductions are pursued in other areas of service to off-set these costs. This risk however remains and is under consistent scrutiny.