

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	13 February 2013
3.	Title:	Corporate Risk Register
4.	Directorate:	Resources

5. Summary

Attached to this report is the current corporate risk register summary. The summary shows the risks associated with the Council's most significant priorities and projects, and actions being taken to mitigate these risks.

The Council's key current risks continue to relate to the financial pressures faced by the Council and the implications of the Welfare Reforms. The report summarises the management actions that are being taken to mitigate these and other risks in the register.

Risks relating to funding the capital programme, personalisation of adults care services, commissioning and highways have been removed from the corporate risk register. This does not mean these risks will no longer be monitored; rather they will now be reviewed at directorate level. They can be re-instated at corporate level at any point in time in the future if/as appropriate.

New risks relating to economic growth and public health and well-being have been added to the register and an entry has been included recognising opportunities to promote the Council's achievements and enhance its reputation.

6. Recommendations

The Audit Committee is asked to:

- **note the corporate risk register summary attached at Appendix A**
- **confirm the current assessment of the Council's top corporate risks**
- **indicate any further risks or opportunities that it feels should be added to the risk register.**

7 Proposals and Details

7.1 Format

This report contains the latest position on the Corporate Risk Register. The corporate risk register summary is attached at **Appendix A**. The corporate risk register summary reflects the current risk assessments for each corporate priority or project in the corporate risk register.

This covering report highlights the top inherent risks.

There are 3 overall categories of risk (RED, AMBER, GREEN) representing varying degrees of exposure. Each category contains a range of risk scores, so there are varying degrees of risk within each category. Appendix A shows the risk category and score for each priority or project included in the register before and after risk mitigation actions.

7.2 Highest inherent risks

The risk register summary shows risks in descending inherent risk order, to emphasize the most significant risks faced by the Authority. The top risks are:

- Managing Government budget reductions - unable to maintain key services due to budgetary limits.

Budget proposals for 2013/14 have been finalised. Cabinet and Strategic Leadership Team (SLT) continue to meet on a regular basis and plan to begin early to consider the landscape for 2014/15 onwards. Ultimately, Cabinet will make decisions that ensure the Council can provide priority services within available resources.

Government announcements indicate austerity measures will continue for several years yet, including further cuts for local government.

- Welfare Reforms

Various Government reforms, including proposals relating to Council Tax and Benefits, could have major implications for residents and services. Corporate and partnership working groups are considering the implications and identifying actions required, and key reports are being presented to Members as appropriate.

- Unable to deliver effective Children's Services within budget.

Ongoing action is being taken by management to provide services within the budget available. Cabinet is being kept informed of the relevant financial challenges as part of the budget monitoring and budget setting processes and makes decisions accordingly.

- Digital Region

The Council is continuing to work with other shareholders to secure the future of the project and minimise financial risks associated with ongoing trading performance.

The summary at **Appendix A** provides more details of the actions being taken to mitigate these and other risks recorded in the corporate risk register.

7.3 Key developments / changes during the period

The risk associated with the Localism Act has been reduced from Red to Amber as a result of a lowering of the inherent risk of provisions in the Act having a significant detrimental impact on Council services, and the arrangements put in place to manage the implications (risks) of the Act.

The financial position of the Municipal Mutual Insurance company is still under review by the administrators. It is expected that the Council is likely to have to provide for some losses in its 2012/13 accounts, although the precise amount will not be known until information is received from the administrators about the Council's potential liability.

Risks relating to funding the capital programme, personalisation of adults care services, commissioning and highways have been removed from the corporate risk register, although they can be re-instated at any point in time in the future if/as appropriate.

New risks relating to economic growth and public health and well-being have been added to the register. Local economic growth is a key Council priority and becomes increasingly important to the borough from 2013/14 when business rates are localised. This is both in terms of income to the Council through business rates and the creation of wealth and better opportunities for businesses and residents.

Public health responsibilities transfer to the Council formally from April 2013. There are many health challenges that our communities face, and we will aim to quickly put in place joined up, early intervention and prevention policies and strategies to assist our residents.

An entry has been included recognising opportunities to promote the Council's achievements. High level performance in adult care, improving school attainment, the successful delivery of major projects and an increasing recognition of Rotherham as a leader in delivering services to others, all provide opportunities to enhance the Council's reputation and secure further potential benefits.

8. Finance

The risks contained in the register require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks should be reported to the SLT and Members for consideration on a case by case basis.

9. Risks and Uncertainties

It is important to review corporate risks on an ongoing basis, to ensure risks relating to the Council's key projects and priorities are effectively monitored and managed by the Strategic Leadership Team and Members.

10. Policy and Performance Agenda Implications

Risk Management is part of good corporate governance and is wholly related to the achievement of the objectives in the Council's Corporate Plan.

11. Background Papers and Consultation

This report reflects the latest updates provided by the respective 'lead officers'.

The register was agreed by SLT on 4 February 2013

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Appendices

Appendix A Corporate Risk Register Summary

APPENDIX A: SUMMARY CORPORATE RISK REGISTER

No	Risk	Pre Controls 1-25	Lead officer Key Actions/Updates	Post Controls 1 -25	Links to Corporate Priorities
0027	Managing Government budget reductions - unable to maintain key services due to budgetary limits	25	<u>Martin Kimber</u> <ul style="list-style-type: none"> • High priority, driven through Strategic Leadership Team and Cabinet • Further actions to mitigate budget reductions are being identified 	20	All Priorities
0037	Welfare Reform: <ul style="list-style-type: none"> • Significant pressures arising from the localisation of various resources (such as local Council Tax and Social Fund), including a reduction in overall funding available, limited administration capacity and reduced collection of Council Tax • Potential major impact of reduced housing benefits, leading to higher debts, increasing demand for shrinking services, and increasing poverty and vulnerability. Potential to increase gap in communities' needs • Negative overall impact on the local economy, with spiralling consequences. • Potential increase in crime. 	25	<u>Karl Battersby</u> <ul style="list-style-type: none"> • Corporate and partnership working groups considering implications of welfare reform and actions required • Effective communications especially in relation to discretionary benefits administered by the Council and arrangements for assisting those in need to access benefits • Corporate Policy on the top 11 deprived areas. 	16	All Priorities

No	Risk	Pre Controls 1-25	Lead officer Key Actions/Updates	Post Controls 1 -25	Links to Corporate Priorities
0022	Unable to deliver effective Children's Services within budget	25	<u>Joyce Thacker</u> <ul style="list-style-type: none"> Review of all service provision and structures continues Continuous monitoring of budget and reporting to SLT / Cabinet Council committed additional £875k for 12/13. Work continues in relation to reviews of service provision and structures in line with more restrictive financial parameters. 	16	Priority 2 - Providing quality education Priority 3 - Care and protection for those people who need it most
0033	Funding of the Digital Region Project to provide comprehensive broadband facilities across South Yorkshire	20	<u>Martin Kimber</u> <ul style="list-style-type: none"> South Yorkshire Councils are adopting a proactive approach to the project, including support A critical review report has been agreed by the DRL Company and procurement is now underway for a new operator to take over the running of the network, including operating costs and revenue generation. 	16	Priority 1: No community left behind
0036	Localism Act 2011 (Part 2): Implementation requires substantial preparation, management and subsequent maintenance, relating to: <ul style="list-style-type: none"> Community "right to challenge" Neighbourhood planning requirements Tenure reform and the Council's Tenancy Strategy Assets of community value. 	20	<u>Martin Kimber</u> <ul style="list-style-type: none"> All strands are being reviewed and progressed by relevant policy, service and support officers. Working groups are established for specific projects (eg assets of community value) Council Tax implications are being factored into budget planning. 	12	All Priorities

No	Risk	Pre Controls 1-25	Lead officer Key Actions/Updates	Post Controls 1 -25	Links to Corporate Priorities
0021	Failure to sustain improvement in Children's Services	20	<p>Joyce Thacker</p> <ul style="list-style-type: none"> • Ofsted profile improved from 62.6% (inspected settings good or better) in March 2011 to 69.9% in April 2012 • Progress is being made on OFSTED inspection recommendations • Positive GCSE attainment results achieved for the 11/12 Academic year. • Key Stage 2 –Pupils on Free School Meals are performing well below the national average. Overall attainment in English and Maths continues to improve, but lag behind average. • Key Stage 4 - In 2012, attainment at 5+A*-C increased by 3.6% to 32.9% but remains 3.4% below average. Action is being led by the School Effectiveness Service. Attainment for non-Free School Meals pupils increased by 3.2% and is 2% above the national average. • Child Sexual Exploitation (CSE) – significant improvement in practice since 2010. Continued work to identify and tackle CSE. • Foster Care – review being completed following recent case. Recruitment of in house Foster Carers continues to meet stretching targets. 	12	<p>Priority 2 - Providing quality education</p> <p>Priority 3 - Care and protection for those people who need it most</p>

No	Risk	Pre Controls 1-25	Lead officer Key Actions/Updates	Post Controls 1-25	Links to Corporate Priorities
0040	Developing economic growth, increase business rates income and increase opportunities for residents	20	<u>Karl Battersby</u> <ul style="list-style-type: none"> • Significant and previously successful inward investment activity • Detailed support programme for local businesses • High quality start up facilities • Maximising location and transport advantages. 	12	All Priorities
0041	Improving health and well-being	20	<u>John Radford</u> <ul style="list-style-type: none"> • Health and Well-being strategy in place • Strong focus on prevention, advice and support • Good partnership working • Formal transfer of responsibilities from the NHS to RMBC is on track for April 2013. 	12	Priority 1: No community left behind
0030	Schools Collaboration- impact of schools commissioning on LA services	16	<u>Joyce Thacker</u> <ul style="list-style-type: none"> • Monitoring of schools' appetite for change is ongoing • Positive discussions have been held with the Rotherham School Improvement Partnership and Teaching School Alliance re schools' appetite • Arrangements are being improved in relation to income generation • Portfolio of services review completed. • Work continues in relation to the new schools funding arrangements effective from 2013 onwards. 	12	Priority 2 - Providing quality education

No	Risk	Pre Controls 1-25	<u>Lead officer</u> Key Actions/Updates	Post Controls 1-25	Links to Corporate Priorities
0031	Academies, Free Schools and other school settings - Potential impact on LA schools and the Council e.g. loss of revenue, falling pupil numbers, reduced attainment, breakdown in relationships etc	16	<u>Joyce Thacker</u> <ul style="list-style-type: none"> • There are currently no free school applications active within the Borough. • Maximise potential for income generation with Academies through the provision of quality services via competitive SLA agreements. • Continue to enhance current strong working relationships with converted Academy Trusts and proposed future Academy Trusts. • Continue to work with Academies to gain commitment to the Rotherham School Improvement Partnership. • School Governing Bodies continue to meet in whole Learning Community meetings, exploring the implications of Academy conversion, collaborative / partnership working and other models. 	12	Priority 2 - Providing quality education
0039	Municipal Mutual Insurance (MMI): Insurance Liabilities MMI has gone into administration following a landmark ruling by the Supreme Court ruling on Employer's Liability relating to asbestos claims. As a stakeholder, the Council will have to contribute to any company deficits resulting from the ruling.	16	<u>Martin Kimber</u> <ul style="list-style-type: none"> • Administrators have been appointed. • The situation continues to be monitored and any implications will be reported to members when clarity emerges. • Consideration will be given to the need to create a provision in the 2012/13 accounts based on information available at the end of the financial year. 	9	All Priorities

No	Risk	Pre Controls 1-25	Lead officer Key Actions/Updates	Post Controls 1-25	Links to Corporate Priorities
0042	Maximising reputation opportunities; enhancing reputation as a leading authority, delivering services to others, attracting businesses, positive Public recognition.	12	<u>Martin Kimber</u> <ul style="list-style-type: none"> • Highlighting good performing service delivery • Emphasizing major achievements including successful business development • Successful delivery of services to others • Regional and national awards • Responding to Public consultation • Strong communications 	9	All priorities
0035	<p>Failure to minimise property ownership and maximise the use of retained properties.</p> <p>Failure to maximise savings and benefits from the roll out of WorkSmart arrangements to all relevant staff.</p>	12	<u>Martin Kimber</u> <ul style="list-style-type: none"> • Asset management strategy being finalised • Future options for extending Worksmart to staff in non-central buildings, to facilitate further property rationalisation 	6	Priority 5 Improving the Environment