

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	17 July 2013
3.	Title:	Corporate Risk Register
4.	Directorate:	Environment & Development Services

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.

The risk score on the priority relating to achieving economic growth has increased in recognition of the on-going weak economic conditions. The financial risk associated with the administration of Municipal Mutual Insurance has been downgraded following more certainty over the Council's financial liability and the availability of funding to meet the liability.

A new risk relating to Family Poverty (0044) has been added to the register in recognition of it being a key priority for the Health and Wellbeing Board.

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**. This 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 requiring close monitoring are:

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

Despite very challenging circumstances, the Council has maintained its successful track record of containing spending within available budget. This performance is to the Council's credit. However, there will be further substantial reductions enforced by the Government, making it even harder to manage within available resources.

SLT and Cabinet have radically refreshed its budget principles which will lead to significant changes in how the Council works with communities and its citizens to meet their needs. This is in response to the significance of the financial challenges facing the Council that lie ahead. SLT and Cabinet will continue to monitor very closely the overall financial performance and position of the Council and put in place a strategy to take proportionate and appropriate actions to ensure the Council budget and financial position is sustainable.

- Welfare Reforms

Government welfare reforms implemented from April 2013 are beginning to have substantial implications for residents affected by benefits reductions and there is a knock-on impact on Council services.

Services are tracking implications and informing Members as appropriate, so that appropriate decisions can be made where necessary.

- Delivering effective Children's Services within budget

On-going 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 is making decisions accordingly.

- Digital Region

The position on the Digital Region project remains at a crucial point, with the re-procurement for a new operator to manage the future operation of the network nearing a conclusion. The Council is working closely with Central Government (BIS), as the majority shareholder, to determine the most cost effective outcome.

- Economic Growth

The risk associated with achieving Economic Growth has been increased from Amber to Red in recognition of the on-going weak economic conditions.

7.3 Other key developments / changes during the period

An initial assessment of councils' liabilities relating to aged insurance claims has now been made by the Municipal Mutual Insurance Company administrators. This indicates a potential liability for the Council of up to £1.32m and provision has been made to cover this liability in the 2012/13 accounts.

A risk relating to Family Poverty has been added to the register in recognition of it being a key priority for the Health and Wellbeing Board and the 11 most deprived neighbourhoods agenda. A range of support programmes has been established to target areas of need whilst raising awareness of assistance available.

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'.

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Appendices

Appendix A Corporate Risk Register Summary

APPENDIX A: SUMMARY CORPORATE RISK REGISTER

No	Risk	Pre Controls 1- 25	<u>Lead officer</u> 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 • Actions to mitigate budget reductions are continually being identified • Budget principles have been revised which will see a radically different approach to the way services are delivered. 	20	All Priorities
0037	Welfare Reform: <ul style="list-style-type: none"> • Significant pressures arising from the localisation of various resources and 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"> • 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. • Corporate and partnership working groups preparing for impact of introduction of Universal Credit including a local support services framework, in collaboration with DWP. • Governance group in place to monitor local welfare provision and impact • Additional HRA resources are being deployed to support tenants through the change. 	16	All Priorities

No	Risk	Pre Controls 1- 25	<u>Lead officer</u> 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"> • Continuous monitoring of budget and reporting to SLT / Cabinet • Work continues in relation to reviews of service provision and structures in line with more restrictive financial parameters. • Significant improvement in budget outturn and sustained Ofsted inspection profile. 	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, working closely with Central Government as the majority shareholder, are adopting a proactive approach to the project, including RMBC providing project support resources to DRL • A re-procurement exercise to determine the future management and operation of the network is nearing completion. 	16	Priority 1: No community left behind
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. 	16	All Priorities

No	Risk	Pre Controls 1- 25	Lead officer <u>Key Actions/Updates</u>	Post Controls 1 - 25	Links to Corporate Priorities
0021	Failure to sustain improvement in Children's Services	20	<u>Joyce Thacker</u> <ul style="list-style-type: none"> • Ofsted profile improved from 69.9% in April 2012. (Inspected services good or better) to 72.1% in April 2013. • 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 completed following recent case. Recruitment of in house Foster Carers continues to meet stretching targets. 	12	Priority 2 - Providing quality education Priority 3 - Care and protection for those people who need it most

No	Risk	Pre Controls 1- 25	<u>Lead officer</u> Key Actions/Updates	Post Controls 1 - 25	Links to Corporate Priorities
0041	Improving health and well-being	20	<u>Tom Cray</u> <ul style="list-style-type: none"> • Health and Well-being strategy in place • Six locally determined priorities • Strong focus on prevention, advice and support • Good partnership working • Formal transfer of responsibilities from the NHS to RMBC took place at the beginning of April 2013. 	12	Priority 1: No community left behind
0044	Family Poverty <ul style="list-style-type: none"> • Tackling poverty is a key priority for the Health and Wellbeing Board and the 11 most deprived neighbourhoods agenda 	20	<u>Joyce Thacker</u> <ul style="list-style-type: none"> • Families for change programme established - targeted support for Families around money management • Early help family support programme in place • Families for change contract established • Ofsted evidence shows that schools are making effective use of the additional pupil premium funding designed to help disadvantaged families. • Level and eligibility for free school meals is increasing from 7,997 in 2012 to 8,246 in May 2013. Take up increased from 74.28% in 11/12 to 76.4% in 12/13. 	12	

No	Risk	Pre Controls 1- 25	<u>Lead officer</u> Key Actions/Updates	Post Controls 1- 25	Links to Corporate Priorities
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 on-going. 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
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 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

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
0036	Localism Act 2011 (Part 2): <ul style="list-style-type: none"> • All major provisions of the Act have commenced. Uncertainties remain in relation to European funding; planning; right to challenge; and assets of community value arising from provisions in the Act • Further legislation is amending provisions for Council Tax referenda 	12	<u>Martin Kimber</u> <ul style="list-style-type: none"> • Corporate working group meets periodically to review developments and propose any actions required. 	9	All Priorities
0035	Failure to minimise property ownership and maximise the use of retained properties. Failure to maximise savings and benefits from the roll out of WorkSmart arrangements to all relevant staff.	12	<u>Karl Battersby</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

No	Risk	Pre Controls 1 - 25	Lead officer <u>Key Actions/Updates</u>	Post Controls 1 - 25	Links to Corporate Priorities
0039	<p>Municipal Mutual Insurance (MMI): Insurance Liabilities</p> <p>MMI has gone into administration following a landmark ruling by the Supreme Court ruling on Employer's Liability relating to asbestos claims.</p> <p>As a stakeholder, the Council will have to contribute to any company deficits resulting from the ruling.</p>	9	<p><u>Martin Kimber</u></p> <ul style="list-style-type: none"> • Administrators have been appointed. • Initial levy of up to £1.32m advised. • A provision in the 2012/13 accounts has been created to meet this liability. • Further updates will be provided as received from the administrators. 	6	All Priorities