

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	18 December 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 remains high in recognition of the on-going weak economic conditions.

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, the Council has to save a further £40m+ in the next two years, making it even harder to manage within available resources.

There will be a change in the way the Council works with communities and its citizens to meet their needs 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

A decision has been taken by the South Yorkshire councils to close the network following BIS's decision to withdraw future funding for the project. A closure plan has been formulated and is progressing and whilst, at this stage, the funding in place is considered sufficient to meet expected liabilities, closure remains at an early stage.

- **Economic Growth**

The risk associated with achieving Economic Growth remains 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 was made by the Municipal Mutual Insurance Company administrators in early 2013. This indicated a potential liability for the Council of up to £1.32m, which has been provided for in the Council's budget. Current indications are that there may be a further small increase in the liability during 2013/14.

The former risk relating to the implementation of the Localism Act has now been removed as the Council has successfully responded to relevant requirements. Any specific future risks (for example relating to the setting of Council Tax levels / referenda) will be included as separate items as appropriate.

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'.

Contact Names:

Colin Earl, Director of Audit and Asset Management, x22033

Andrew Shaw, Insurance and Risk Manager, x22088

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 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. • Provision of food banks expending through local welfare provision. • Corporate Policy on the top 11 deprived areas. • Additional HRA resources are being deployed to support Council tenants. • The significant risk is now associated with uncertainty over the introduction of Universal Credit by the Government. Implementation should have commenced in October, but there is still no date or any other details as the nationwide programme has slipped. 	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"> • 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. • On-going monitoring and reporting of budget position, with improvement expected in the budget outturn position. • Ofsted inspection profile maintained / improved. 	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"> • A decision has been taken by South Yorkshire Councils to close the network in an orderly and solvent manner, following BIS's decision (as the major shareholder) to withdraw future funding for the project. • Closure plan in place and progressing. • Funding for closure in place; at this stage funding is considered sufficient to meet expected liabilities. 	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"> • Attainment at Key Stage 4 in the 5 + A* - C, including English and Maths, is 3.3% above national average. 5 + A* - C in all subjects is 2.1% above national average. • Key Stage 2 attainment in reading, writing and maths combined increased 1.6% to 71.6% against current national average of 76%. Gap reduced by 0.6% during 12/13 academic year. • Investigation by South Yorkshire Police continues into historical Child Sexual Exploitation cases. RMBC continues to offer full support to this process. • Ofsted profile of grades good or better across the Borough is currently 69.7% reflecting the new and much more challenging inspection framework. • OFSTED is now operating under a new inspection framework for Children's Services which is a much harder test and now encompasses the whole of Safeguarding Children and Families activities under a single framework. Preparation for inspection is underway and being monitored by the CYPS Improvement Panel. 	12	Priority 2 - Providing quality education Priority 3 - Care and protection for those people who need it most

No	Risk	Pre Controls 1- 25	Lead officer 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 Wellbeing strategy in place and being delivered through a set of six work stream action plans • Strong focus on prevention and independence • Good partnership working • Formal transfer of public health responsibilities from the NHS to RMBC took place in 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 • Families for Change contract let • Early help family support programme in place • 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 8,098 in October 2013. Take up was 74.28% in 11/12. Current take up is 72.35%. There is a traditional seasonable increase in take up so this figure is expected to rise up to and after the Christmas period. 	12	

No	Risk	Pre Controls 1- 25	Lead officer 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 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 • By April 2014 there will be 24 schools in the Borough converted to Academy status. Academy converts have reaffirmed their commitment to the Rotherham mission. • Academy sponsor for the new Central Primary School has been selected by a convened panel, approved by Cabinet and DfE notified. 	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
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 continue between the Rotherham School Improvement Partnership and Teaching School Alliance • Portfolio of services review completed. Schools and Academies continue to procure many RMBC services at present via Service Level Agreements • Work continues in relation to the new schools funding arrangements effective from 2013 onwards. 	12	Priority 2 - Providing quality education
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

No	Risk	Pre Controls 1- 25	<u>Lead officer</u> Key Actions/Updates	Post Controls 1 - 25	Links to Corporate 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	<p><u>Karl Battersby</u></p> <ul style="list-style-type: none"> • Asset management strategy being finalised • Proposals will be partly dependent upon 2014/15 budget decisions about future services • Future options are being considered for extending Worksmart to staff in non-central buildings, to facilitate further property rationalisation 	6	<p>Priority 5 Improving the Environment</p>
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"> • Initial levy of up to £1.32m advised by the Administrators in early 2013. • A provision in the 2012/13 accounts has been created to meet this liability. • Potential requirement for a marginal increase in the current provision, when an update is provided by the administrators in January 2014. 	6	<p>All Priorities</p>