

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	17 September 2014
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 impact of the publication of the Independent Inquiry into Child Sexual Exploitation has created a major risk to the Council, potentially in relation to reputation, public confidence, service disruption, financial claims and morale.

The overall reputation of the Council and the borough has also been affected and consequently the risk rating for this item has increased.

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.

- Report into Child Sexual Exploitation

The publication of the report into child sexual exploitation has generated significant interest and comment at local, regional and national level.

The report's action plan has been agreed and work has begun to deliver against the recommendations of the report. Other work is underway to identify any additional actions required arising from the publication of the report. ther

Preparations are underway for an Ofsted inspection and likely corporate governance inspection

- 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.

- 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

Two risks have been removed from the register:

- Failure to use property assets to support growth – a programme of surplus asset disposals, leading to housing and other developments, has been delivered and is continuing. This is no longer regarded as a major risk
- Closure of the Digital Region Limited project – there is now more certainty of the closure being contained within budget and all circuits have been replaced, making this an obsolete risk

Two new risks have been added:

- Implementation of the Care Act – this is a major piece of legislation requiring substantial planning and resources. Plans are in place so far and will need to adjust to details on the legislation as and when these are released by the Government
- Broadband Delivery UK – provision of superfast broadband across South Yorkshire through a substantial project with BT, Government and the South Yorkshire local authorities. Financial risks have been capped but there are risks relating to coverage if financial overruns exceed available contingencies.

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
0046	Implications of the Independent Review into Child Sexual Exploitation: <ul style="list-style-type: none"> • Major reputation damage and loss of confidence in the borough • Demoralising impact on employees • Potential financial claims against the Council • Potential impact on inward investment • Short and medium term disruption / distraction from services • Subsequent Ofsted and Corporate Governance Inspections. 	20	<u>Martin Kimber</u> <ul style="list-style-type: none"> • Maintenance of services through strong and positive leadership and communications with staff • Rebuilding and maintaining public confidence in current services • Agreement of action plan in response to the Independent Review • Preparations for Ofsted inspection in progress • Governance Group in place to manage any Corporate Governance Inspection • The current number of financial claims received is low and they are being investigated in conjunction with council's claims handlers and legal representatives. This could increase and have a significant impact on the Council's financial position. 	16	Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their independence Priority 4: Helping people to improve their health and wellbeing and reducing inequalities within the borough

0037	<p>Welfare Reform:</p> <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. 	20	<p><u>Martin Kimber</u></p> <ul style="list-style-type: none"> • Effective communications especially in relation to discretionary benefits and arrangements for assisting those in need to access benefits. • Provision of food banks and depot facility. • Corporate Policy on the top 11 deprived areas. • Additional HRA resources are being deployed to support Council tenants. • 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. • Contract with LASER credit union has been extended until March 2015. • Consideration is underway towards producing options for provision after the end of two year government funding for local welfare provision. • Scrutiny review of benefit sanctions recommendations adopted. 	15	All Priorities
0022	Unable to deliver effective Children's Services within budget	20	<p><u>Joyce Thacker</u></p> <ul style="list-style-type: none"> • Continuous monitoring of budget and reporting to SLT / Cabinet • On-going monitoring and reporting of budget position, with improvement expected in the outturn position. • Ofsted inspection profile maintained / improved. • Strategy in place for 14/15 to create 	15	Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their independence

			<p>additional capacity for teenage foster placements to reduce reliance on out of authority placements.</p> <ul style="list-style-type: none"> • Exploring use of invest to save/ social impact bonds to create alternative support packages for teenagers in or on the edge of care. 		
0040	Developing economic growth, increase business rates income and increase opportunities for residents	20	<p><u>Karl Battersby</u></p> <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 	15	Priority 1: Stimulating the local economy and helping local people into work
0021	Failure to sustain improvement in Children's Services	20	<p><u>Joyce Thacker</u></p> <ul style="list-style-type: none"> • The 2014 assessment results show improvements at every key stage <p>Early Years - EYFS</p> <ul style="list-style-type: none"> • Rotherham's performance for a good level of development has increased by 6.5% to 62.2%. This is 2% above the national average at 60.3%. • Average Total Points (ATP) has increased and is above the national average. • The % inequality gap was reduced by 3.2% to 32.5%, this is 4.1% below the 2013 national average. <p>Phonics</p> <ul style="list-style-type: none"> • 68.7% of pupils in year 1 achieved the standard mark in the national phonics screening check in 2014. The 	12	Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their independence

			<p>gap to the national average is reduced slightly to 5.3%.</p> <p>Key Stage One</p> <ul style="list-style-type: none"> The improvement in overall results in Rotherham in 2014 is in all subjects and levels. The improvement is below the national average improvement therefore the gap has widened. <p>Key Stage Two</p> <ul style="list-style-type: none"> The KS2 results in 2014 show an increase in all subjects at all levels. The gap to national averages has narrowed in all subjects at all levels and above the national average in mathematics for the first time. <p>Key Stage Four</p> <ul style="list-style-type: none"> The provisional 5+A*-C including English and mathematics average is 60.1% The provisional 5+A*-C average is 67.1% 		
0041	Failure to improve health and wellbeing through the work of the health and wellbeing board, its high-level strategy, and associated plans	20	<p>Tom Cray</p> <ul style="list-style-type: none"> Health and Wellbeing strategy in place and being delivered through a set of six workstreams, monitored by a multi-agency steering group. Strong focus on prevention, independence and helping people to help themselves. Good partnership working driven by the Health and Wellbeing Board and steering group Public health fully integrated Further development of the Better 	12	Priority 4: Helping people to improve their health and wellbeing and reducing inequalities within the borough

			<p>Care Fund plan to promote and improve integrated working across health and social care.</p> <ul style="list-style-type: none"> Revised submissions of the Better Care Fund plan due 19 September following updated national guidance Deliver improvements in the Public Health Outcomes Framework via the Public Health Commissioning Plan 		
0044	<p>Family Poverty</p> <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	<p>Joyce Thacker</p> <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. Summer term take up of meals continued to improve with an additional 800 meals supplied per day compared to 2013. The Universal Infant Free School Meal project (UIFSM) commences in September with an expectation that an additional 2,000 meals per day will be supplied. 	12	<p>Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their independence</p>
0031	<p>Academies, Free Schools and other school settings - Potential impact on LA schools and the Council e.g. loss of revenue,</p>		<p>Joyce Thacker</p> <ul style="list-style-type: none"> By April 2014 there will be 24 schools in the Borough converted to Academy status. The LA / Academy 		<p>Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their</p>

	falling pupil numbers, reduced attainment, breakdown in relationships etc	16	<p>relationships have been maintained and all schools continue to sign up to the Rotherham School Improvement mission.</p> <ul style="list-style-type: none"> • Maximise potential for income generation with Academies through the provision of quality services via competitive SLA agreements. • School Governing Bodies continue to meet in whole Learning Community meetings, exploring the implications of Academy conversion, collaborative / partnership working and other models • Work is ongoing in relation to the establishment of the new Central Primary School. • The first Free school application is in to set up an Alternative Provision/ Pupil Referral Unit in Rotherham. The DfE has rejected the application for the Free School and have requested further information from the sponsor. 	12	independence
0030	Schools Collaboration- impact of schools commissioning on LA services	16	<p><u>Joyce Thacker</u></p> <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 	12	Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their independence

			<p>effective from 2013 onwards.</p> <ul style="list-style-type: none"> Academies continue to buy back LA provided services via SLA maximising potential income streams. Consideration being given to have all central support services for schools fully traded. 		
0042	<p>Identifying opportunities to rebuild the reputation of the Council and the borough in the interests of local communities and the local economy; rebuilding public confidence in local services; providing reassurance to local communities by communicating strengths of RMBC and Rotherham; opportunities to attract inward investment. Maintaining commitment to engaging with communities to deliver council priorities.</p>	16	<p><u>Martin Kimber</u></p> <ul style="list-style-type: none"> Significant damage caused to the Council's reputation following the publication of the Independent Report on Child Sexual Exploitation Budget consultation – strong engagement with local communities through development of e-consultation on 2014/2015 budget proposals Digital engagement strategy under development – supporting greater engagement with communities. 	12	All priorities
0048	<p>Implementation of Care Act 2014</p> <p>Risk of failure to deliver to key legislative changes, increased demand in services and increased legal challenge by customers.</p>	16	<p><u>Tom Cray</u></p> <ul style="list-style-type: none"> Care Act Board established with implementation plan Staff workforce development programme Ongoing work to estimate demand and undertake system redesign Financial implications of the Act are being modelled 	9	<p>Priority 2: Protecting our most vulnerable people and families, enabling them to maximise their independence</p> <p>Priority 4: Helping people to improve their health and wellbeing and reducing inequalities within the borough</p>
0045	Pandemics and communicable		<u>John Radford</u>		Priority 4: Helping

	diseases. Risk now rests with local authority since transfer of Public Health Service.	10	<ul style="list-style-type: none"> • Multi agency plans in place to manage risks of communicable disease and potential pandemics. • Flu and targeted vaccination programmes initiated • At risk groups identified and immunised 	6	people to improve their health and wellbeing and reducing inequalities within the borough
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.	9	<u>Karl Battersby</u> <ul style="list-style-type: none"> • Initial levy of up to £1.32m advised by the Administrators in early 2013. • A provision in the accounts has been created to meet this liability. • Potential future requirement for a marginal increase in the current provision. 	6	All Priorities
0047	Delivery of the Broadband Delivery UK project targets. Failure to achieve targets. Cost falls on the Council	9	<u>Karl Battersby</u> <ul style="list-style-type: none"> • Councils in S Yorks have agreed to contractual and funding arrangements • Financial risk is capped and is likely to be met through Sheffield City Region funding • Risk lies in the level of coverage achievable in the event of any financial overruns. 	6	Priority 1: Stimulating the local economy and helping local people into work