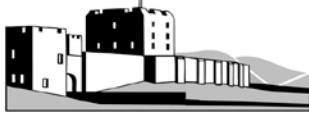


**CARLISLE
CITY COUNCIL**



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RESOURCES OVERVIEW AND SCRUTINY PANEL

Panel Report

Public

Date of Meeting: 16th July 2009

Title: Corporate Risk Management

Report of: Jason Gooding, Deputy Chief Executive

Report reference: CE18 /09

Summary: The purpose of this report is to provide an update on risk management arrangements to members of the Resources Overview and Scrutiny Panel and to provide them with the opportunity to consider the Corporate Risk Register.

Questions for / input required from Scrutiny:

Scrutiny and feedback on the Corporate Risk Register.

Recommendations:

That the Panel note the risk management update, consider and comment on the Corporate Risk Register and identify any emerging risks for consideration by the Corporate Risk Management Group.

Contact Officer: Carolyn Mitchell

Ext: 7306

CITY OF CARLISLE

To: Resources Overview and Scrutiny Panel

Date: 16th July 2009

1. Background

In accordance with the Council's Risk Management Policy, the draft Corporate Risk Register is submitted to this Panel for consideration on a quarterly basis.

This report contains the latest quarterly update of the Corporate Risk Register.

2. Risk Management Training

The Deputy Chief Executive ran a refresher workshop in June for those Officers responsible for updating the Corporate Risk Register. This has resulted in the amalgamation of some of the corporate risks and rewriting of others to better indicate the actions that have been put in place that manage the risks.

'Introduction to Risk Management' training was delivered by Marsh in June. This forms part of the Council's City First training programme for managers.

Admin staff are currently being trained to enable them to update Operational Risk Registers within Covalent.

3. Risk Management Policy and Strategy

The Corporate Risk Management Group are reviewing the Council's Risk Management Policy and Strategy. Draft revised documents will be presented to this Panel in October.

4. Comments on the Corporate Risk Register

The latest Corporate Risk Register is at appendix 1.

During the last quarter, the Current Action Status/Control Strategy section of the Corporate Risk Register has been addressed and updated where applicable and scoring of certain risks amended accordingly.

The Action Status/Control Strategies shown on the Corporate Risk Register are the risk management strategies that have been adopted to reduce the impact or likelihood of the risks.

Risk score matrices have been included to show current impact and likelihood scores and their corresponding scores in the previous quarter. Changes to these scores reflect the impact that the control strategies described in the relevant column of the register have had.

Movement on overall risk scores is also reflected on the summary sheet included as appendix 2.

In addition to scrutinising and commenting on the Risk Register, members of this Panel are invited to suggest emerging risks for consideration by the Corporate Risk Management Group. If appropriate these will be incorporated into the Corporate Risk Register and members will be able to track their management at the next quarterly update.

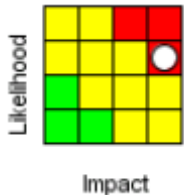
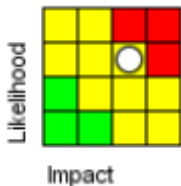
5. Recommendations

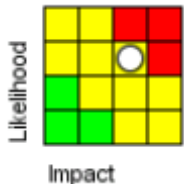
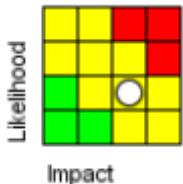
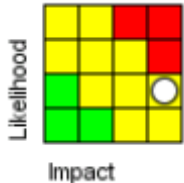
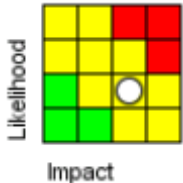
The Panel is asked to note the training delivered to Officers to improve quality and consistency of corporate and operational risk recording and reporting.

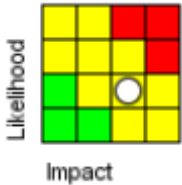
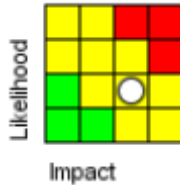
The Panel is asked to consider and comment on the updated Corporate Risk Register and identify any emerging risks for consideration by the Corporate Risk Management Group.

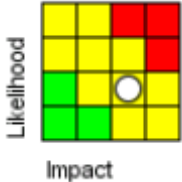
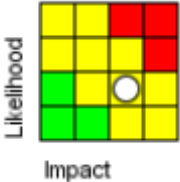
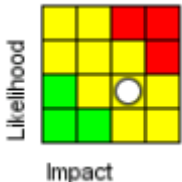
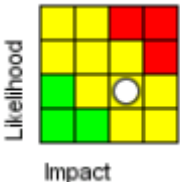
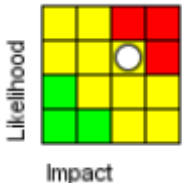
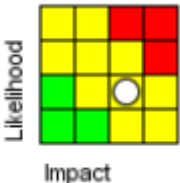
Corporate Risk Register last updated 19th June 2009

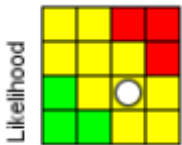
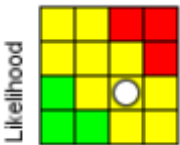
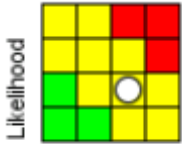
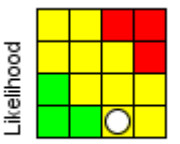
Note: Amendments in the last quarter are marked in *red italics* (or italics only on the printed version)
The inclusion of the previous and current risk matrices shows the effect that the control strategies have had on risk ratings since the last quarterly update.

Risk	Description	Previous Risk Matrix Mar 2009	Current Risk Matrix June 2009	Current Risk Rating	Rating Description	Current Action Status / Control Strategy	Managed By
Medium Term financial planning and maintaining asset values	<p>There is a risk that the medium-term financial plan budget projections will not be met.</p> <p>Specific risks are:</p> <ul style="list-style-type: none"> - <i>Worsening of financial forecasts particularly due to impact of recession</i> - Failure to deliver savings assumptions approved as part of the budget - Failure to achieve balanced budget through the budgetary process - Failure to match future policy commitments and aspirations compared to funding available 			9 ↓	<p>Impact Critical</p> <p>Likelihood Reasonably probable</p>	<p>(i) The Strategic Planning Group monitors all of these aspects regularly and proposes actions prior to reporting formally through the Committee process, and throughout the next budget process.</p> <p>(ii) Work will continue to ensure resource allocation to corporate priorities is further developed.</p> <p>(iii) The work of the Corporate Projects Board will support the improvements to financial and performance improvements regarding the capital programme.</p> <p><i>(iv) The Efficiencies Working Group continues to progress the agreed efficiency programme.</i></p> <p><i>(v) Reports are considered by Executive and Overview & Scrutiny on recession planning measures.</i></p>	Director of Corporate Services June 09

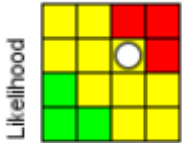
Risk	Description	Previous Risk Matrix Mar 2009	Current Risk Matrix June 2009	Current Risk Rating	Rating Description	Current Action Status / Control Strategy	Managed By
Pay and Workforce Strategy	<i>There is a risk that the Council will be the subject of equal pay claims as a result of failure to implement the fair pay review (job evaluation).</i>			6 ↓	Impact Critical Likelihood Remote	<i>A report will be considered by Council on 14 July 2009 seeking authority to begin consultation on imposition of the pay model developed in December 2008.</i>	Deputy Chief Executive June 09
Carlisle Renaissance	<p>There is a strategic risk associated with withdrawal of the support of key partners at a sub-regional, regional and national level, loss of momentum and resultant loss of confidence within the local resident and business community. Capacity and the availability of resources are critical to this as well as effective engagement and communication mechanisms. Failure will be expressed in</p> <ul style="list-style-type: none"> - Reputational – failure to achieve stated objectives - Financial – failure to secure and utilise funds appropriately - Delivery – failure to manage a programme of growing scale and diversity. 			6 ↓	Impact Critical Likelihood Remote	<i>Carlisle Renaissance Action Plan approved by Board has now been adopted by the Founding Partners- Cumbria County Council, the NWDA and by Carlisle City Council at its meeting on 03/03/09.</i> <i>The Carlisle Renaissance Board has agreed four Transformational Actions and arising from these priorities which provide the framework for delivery. Capacity/ Delivery – the recruitment of the Delivery Team is now complete.</i>	Director of Carlisle Renaissance June 09

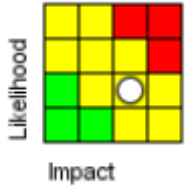
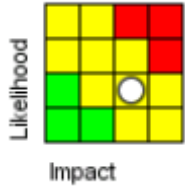
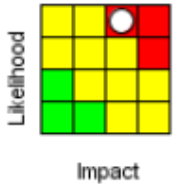
Risk	Description	Previous Risk Matrix Mar 2009	Current Risk Matrix June 2009	Current Risk Rating	Rating Description	Current Action Status / Control Strategy	Managed By
Financial Management Information	<p>There is a risk that financial management information provided may not be accurate, robust & timely to enable Budget Holders to manage. Failure leading to: -</p> <ul style="list-style-type: none"> - Overspends against budget - Poor management decisions - Financial information not linked to performance management 			6 =	<p>Impact Critical</p> <p>Likelihood Remote</p>	<p>(i) The Council's Financial Management arrangements have been assessed as adequate in the Audit Commission's Use of Resources judgement. An action plan has been developed to tackle the areas that need improving to raise the score. <i>The most recent Use of Resources score is awaited.</i></p> <p>(ii) Work is ongoing with the Policy and Performance and Finance Teams to further improve linkages between use of resources and performance.</p> <p>(iii) A risk remains to the Council from the existing system utilised by the Community Services Directorate for ex DSO work and the ability to easily reconcile the system to the Councils core financial management system. A budget has been allocated and work is progressing to replace the Community Services system.</p> <p>(iv) A significant financial training programme has now been launched to improve the financial management standards throughout the authority.</p>	Director of Corporate Services June 09

Risk	Description	Previous Risk Matrix Mar 2009	Current Risk Matrix June 2009	Current Risk Rating	Rating Description	Current Action Status / Control Strategy	Managed By
Protection of IT E-records and data and hard copy information	There is a risk that IT E-records and data and hard copy information is not adequately backed up and protected: - - Failure will have business/financial impact			6 =	Impact Critical Likelihood Remote	<i>Work is ongoing</i> as part of the shared service with Allerdale will, when implemented, result in a more robust and resilient service.	Director of Corporate Services June 09
Financial Reporting	There is a risk that financial reporting will drop below minimum standards. Failure will: - Lead to reputational damage - Have an impact on overall CPA/ Use of Resources assessment			6 =	Impact Critical Likelihood Remote	(i) The Audit Commission has judged the Council's financial reporting standard for 2007/08 as part of the Use of Resources judgement to be adequate <i>and an action plan exists to improve this.</i> (ii) <i>The Accounts for 2008/9 will be approved by Council on 29th June and will then be subject to Audit.</i> (iii) <i>An action plan</i> for the Implementation of International Reporting Standards and in particular the new requirement for the identification of assets <i>has been prepared.</i>	Director of Corporate Services June 09
Vacancy Management	<i>There is a risk that failure to meet the vacancy management target will generate substantial budget deficit in the 2009/10 financial year.</i>			6 ↓	Impact Critical Likelihood Remote	<i>The Transformation Programme coupled with a reprofiling of the vacancy management targets as part of the 2009/10 budget resolution has enabled the development of clear and deliverable plans for sustainable budgeting.</i>	Deputy Chief Executive June 09

Risk	Description	Previous Risk Matrix Mar 2009	Current Risk Matrix June 2009	Current Risk Rating	Rating Description	Current Action Status / Control Strategy	Managed By
Absence/ Sickness monitoring and management	<i>There is a risk that excessive sickness absence impacts on the Council's capacity to deliver services and its reputation for delivering value for money.</i>			6 =	Impact Critical Likelihood Remote	Sickness Action Plan produced and reported on quarterly to Members at CROS. Monitoring and management of absences - procedures reviewed and instigated. Directorate action plans in place.	Deputy Chief Executive June 09
Failure to implement an effective IT Strategy	There is a risk of failure to implement an effective IT Strategy:- - Failure to maximise benefits of e-business and e-procurement - Increased security risks			3 ↓	Impact Critical Likelihood Extremely Remote	<i>The new Shared Service IT Strategy and Service Plan are currently being considered by Members and will be approved by Council July 2009.</i>	Director of Corporate Services June 09

The following risks can be removed from the Corporate Risk Register

Improvement and Efficiency Programme	There is a risk that the Improvement and Efficiency Programme will not be achieved resulting in: - Promised savings of 3% (shared services) 5% (internal efficiency reviews) not realised - Service delivery improvements not achieved - Insufficient resources to deliver the programme of efficiencies/ shared service.				Impact Critical Likelihood Reasonably probable	<i>This is being removed as it forms part of the Medium Term Financial Planning corporate risk and is managed as an operational risk within Corporate Services</i>	Director of Corporate Services June 09
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Failure to focus on clear Corporate Priorities	<p>Failure to focus on clear Corporate Priorities leading to:-</p> <ul style="list-style-type: none"> - Resources wasted on lesser priorities - Key objectives not achieved 			6 =	<p>Impact Critical</p> <p>Likelihood Remote</p>	<p>New Corporate Priorities of Economy and Environment have been proposed and are being consulted on.</p>	<p>Chief Executive June 2009</p>
Recession Planning	<p>Economic data suggests that the economy will experience a sharp recession in 2008/9 (2.5%) and 2009/10 (2.8%).</p> <p>The impact of the recession on the Council needs to be quantified. The recession will impact on:</p> <ul style="list-style-type: none"> - Service income – car parking, land charges, licensing, and rentals - Investment income - The cumulative cost in loss of income could be well over £1m in 2009/10 - Service provision in respect of residents, housing, Benefits, Customer Contact Centre - Businesses cash flow eg. Creditors, business rate discretions and rent arrears on Council owned commercial premises 				<p>Impact Critical</p> <p>Likelihood Probable</p>	<p>This is being removed as it forms part of the overall Medium Term Financial Planning corporate risk and is managed as an operational risk within Corporate Services.</p>	<p>Director of Corporate Services</p>

Appendix 2 - Corporate Risk Register June 2009

Summary of changes since Mar 2009

For consideration by Resources Overview and Scrutiny Panel

Risk	Score	Comments
Medium-term financial planning	9↓	Risk reduced
Pay and Workforce strategy	6↓	Risk reduced
Carlisle Renaissance	6↓	Risk reduced
Financial management information	6=	Control strategy/action updated
Protecting IT records	6=	Control strategy/action updated
Financial reporting	6=	Control strategy/action updated
Vacancy management	6↓	Risk reduced
Absence/sickness monitoring and management	6=	Description updated
Implementing effective IT strategy	3↓	Risk reduced
The following risks can be removed from the Corporate Risk Register		
Improvement and efficiency programme		
Corporate priorities		
Recession Planning		