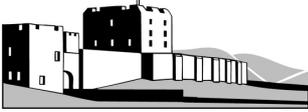


AUDIT COMMITTEE

CARLISLE
CITY COUNCIL



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Committee Report

Public

Date of Meeting: 15th August 2011

Title: Corporate Risk Management

Report of: The Strategic Director and Deputy Chief Executive

Report reference: CE 14/11

Summary:

The purpose of this report is to update Members on the Council's risk management arrangements.

Recommendations: The Committee is asked to note

- the contents of the report as an indication of the continuing commitment to sound governance arrangements for corporate risk management
- and comment on the level of risk management maturity the Council wishes to achieve and the resulting action plan for further development in this area.

Contact Officer: Sarah Mason

Ext: 7053

CITY OF CARLISLE

To: Audit Committee

Date: 15th August 2011

1. Background

In accordance with the Council's Risk Management Policy, the Corporate Risk Register (CRR) is submitted to the Resources Overview and Scrutiny Panel (ROSP) and the Audit Committee for consideration on a quarterly basis.

This report contains the Risk Register (see Appendix A) that was presented to ROSP on 21st July 2011.

The report also contains a more detailed Risk Management Action Plan, as requested by Audit Committee 11th April.

2. Comments on the Corporate Risk Register

The current risks associated with delivering the Corporate Plan have been reviewed by the Senior Management Team and the Corporate Risk Management Group. The risks are detailed in Appendix A showing updated mitigation controls and risk scores. A number of risks associated with delivering the Corporate Plan have now reached their target risk score and have been removed from the Corporate Risk Register but will remain on the respective service area operational risk register.

New corporate risks in delivering the 2011/12 Corporate Plan objectives are currently being identified by SMT, along with appropriate control strategies and will be incorporated into the Corporate Risk Register. These will be reported to ROSP and to the Audit Committee at October meetings.

The risk associated with providing Disabled Facility Grants (DFGs) has escalated, due to the significant reduction in budget available to meet the demand and this risk has been included in the Corporate Risk Register, including mitigating actions being assessed. The layout of the Corporate Risk Register as seen in Appendix A has slightly altered, as this is now directly generated from Covalent, the Council's performance, risk and project management system.

3. Risk Management Action Plan

The benefits of effective risk management, as defined by the Office of Government Commerce, are likely to **improve performance against objectives** by contributing to:

- Better service delivery
- Reduction in management time spent fire-fighting
- Increased likelihood of change initiatives being achieved
- More focus internally on doing the right things properly
- Better basis for strategy setting
- Achievement of competitive advantage
- Fewer sudden shocks and unwelcome surprises
- More efficient use of resources
- Reduced waste and fraud, and better value for money
- Improved innovation
- Better management of contingent and maintenance activities

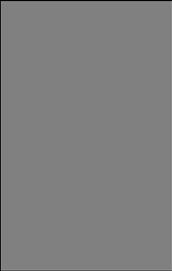
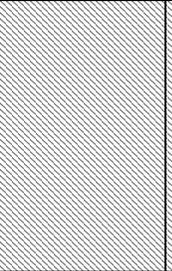
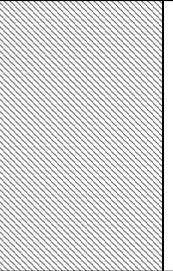
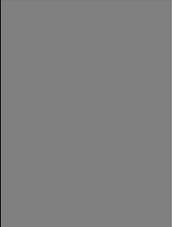
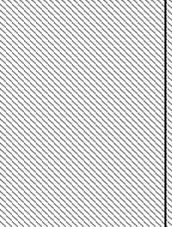
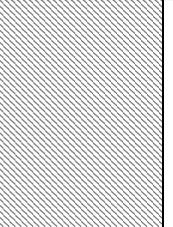
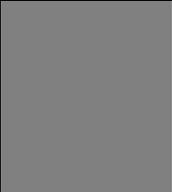
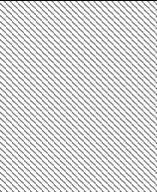
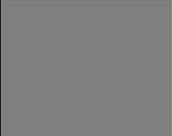
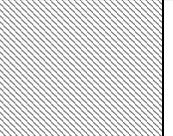
The Council recognises the importance of effective risk management and the need to further develop maturity in this area.

The following matrix scores the risk management level that the Council is currently working at and is a benchmark of the Council's level of risk management maturity.

The matrix below summarises the results, showing clear areas of good practice and weaker areas that require further development.

 Indicates consistent evidence of risk management activity at that level

 Indicates evidence of risk management activity in certain areas of the Council's business; use at that level is inconsistent

	Level 1 Initial	Level 2 Repeatable	Level 3 Defined	Level 4 Managed	Level 5 Optimising	Comments
Organisational objectives						Corporate Plan objectives are being cascaded down the organisation and risks are being linked to performance goals. Individual and team objectives (facilitated by new team appraisal system) are to be directly aligned to the corporate objectives. At a strategic level the risks in delivering the key objectives have been identified. There is a need to integrate objectives and action planning with MoR activity at all levels within the organisation.
Stakeholder involvement						There is evidence of good practice within this area. It is a critical area of risk management for the Council and important for the effective delivery of SMART objectives. Partnership working is an area that requires improved risk management: it is important for partners to collectively define and manage expectation, objectives and risks.
Organisational context						This is clearly an area of strength within the Council. Examination of the organisational context and using it to inform the MoR process, objective setting and opportunity management is a level of management to which the Council aspires to. This is particularly important in the context of dwindling resources.
Approach to management of risk						A risk management policy and strategy is in place. Inconsistent understanding and use of risk analysis techniques. Clear route for escalation of risk required.

The above matrix highlights the Council's areas of strength and clearly shows areas that require further development.

To improve the Council's ability to manage threats and opportunities this action plan aims to establish consistent defined practice of risk management in all areas of Council activity.

The following action plan shows the levels of risk management maturity that the Council aspires to and also the action plan for development of these areas.

Organisational objectives

To ensure that all Council activities are consistently operating at level 3, by Nov 2011.

The aim is to fully integrate objectives with MoR activity at all levels of the organisation.

- To facilitate integration of Corporate Plan objectives and actions with MoR activity (Policy and Comms Team)
- Examination of the long term impact of the current decisions being made within the transformation programme. This will be achieved through focused effort on the implications in key decision papers, via Impact Assessments (facilitated by the Policy and Comms Team)

Stakeholder involvement

To improve risk management in partnership work and establish consistent practice at level 3 by April 2012.

- To establish formal terms of reference, evidence of partnership collaboration including legal agreement if appropriate and risk assessment.
This issue was covered in the Audit report document ref: RD.6/11 Audit Services Progress including recommendations and action plan.
- To establish formal monitoring reports for shared services.
A timetable is currently being agreed to develop performance monitoring reports for Revenues and Benefits Shared Services, ICT Connect, Carlisle Leisure Limited, Tullie House Trust and Audit Shared Services.

Organisational context

This is an area of strength within the Council in that the Council routinely examines it's context and uses this information to set it's objectives, manage risks and seek opportunities, thus already achieving level 4 and working at level 5 in certain areas. No further development of these levels is considered necessary at this time.

Approach to management of risk

To achieve a consistent level 3.

The aim is to promote understanding of risk management and consistent risk analysis; To develop a clear route of escalation of risk.

- Middle management training is required to refresh managers on risk management arrangements in the Council. This has been scheduled for 14th Sept 2011.
- To provide more detailed training on risk analysis: Develop e-learning package on risk management to be available for all officers by Sept 2011.
- To run departmental workshops (link with e-learning package) to start to identify a way forward within their areas and define escalation of risk actions by Apr 2012.

4. Risk Control Survey

A risk control survey was carried out by the Underwriting section, Travelers Insurance Co Ltd on 19th April 2011. The initial findings and recommendations, none of which are mandatory, have been reviewed at the Corporate Risk Management Group 28th June 2011. Responsible officers will be completing an action plan for discussion at the next CRMG/Audit Committee.

5. Recommendations

The Committee is asked to note

- and comment on the Corporate Risk Register as set out in Appendix A
- and comment on the aspired levels of Risk Management Healthcheck and resulting action plan

Corporate Risk Register 28 June 2011

Limited Resources	There is a risk that scarce resources are not directed to priority areas within the Council's key objectives of local environment and local economy
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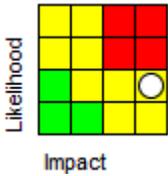
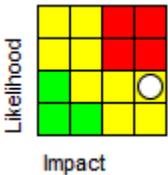
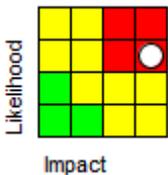
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
<p>Likelihood Impact</p>	23-Jun-2011	12	<p>To make sure that the Transformation Programme, and the Medium Term Financial Plan and the Annual Budget are coherently focussed toward the appropriate allocation of resources to deliver the organisation's key objectives. It is anticipated that it will take 2 budget cycles to be confident in delivering the required efficiencies. Two year (2011/12 and 2012/13 budgets) RSG settlement is in line with Council projections for transformational savings requirements. <i>SMT to meet 4/7/11 to begin firming up plans for further savings.</i></p>	<p>Likelihood Impact</p>
<p>Likelihood Impact</p>	08-Mar-2011	12		

Current Impact Description	Critical
Current Likelihood Description	Reasonably probable
Risk Score	12

Target Risk Date	31-Mar-2013
Target Risk Score	8

Managed By	Jason Gooding
Portfolio Holder	Councillor J Mallinson

Strategic Housing Authority	There is a risk that the Council fails to deliver in it's role as a strategic housing authority in achieving a balanced housing market.
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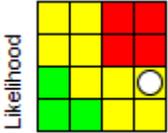
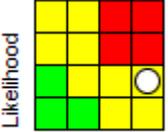
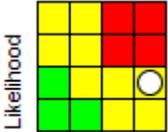
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	28-Jun-2011	8	<p>The transformation review of Health, Housing and Well Being has now been completed and recruitment to the revised staff structure is <i>almost complete</i>. This includes a focus on housing and homeless services.</p> <p>The Carlisle Strategic Housing Partnership is meeting on a regular basis and remains focused on:</p> <ul style="list-style-type: none"> - Supporting vulnerable and homeless people - Providing decent homes - Developing the housing market <p>These key foci are all working with a full understanding of the current changes in housing capital grants and government welfare reform.</p> <p>The impact of significantly reduced capital resources announced in the 2011/12 RSG settlement on the partnerships' desired outcomes is being addressed.</p> <p><i>This risk has now reached the target risk score and can be removed from the Corporate Risk Register and will remain focused on the Strategic and Private Housing Operational Risk Register.</i></p>	
	08-Mar-2011	12		

Current Impact Description	Critical
Current Likelihood Description	Remote
Risk Score	8

Target Risk Date	31-Mar-2012
Target Risk Score	8

Managed By	Darren Crossley
Portfolio Holder	Councillor

Use of Resources and Assets There is a risk that the Council fails to adequately use resources and assets to stimulate, support and sustain economic growth in the area.

Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 <p>Likelihood</p> <p>Impact</p>	23-Jun-2011	8	The Asset Management Business Plan was agreed at full Council on 11th Jan 2011. The Deputy Chief Executive is leading on the implementation of the Plan over the next four years. <i>The target risk score has been achieved and this risk can be removed from the Corporate Risk Register and remain on Property Services Operational Risk Register.</i>	 <p>Likelihood</p> <p>Impact</p>
 <p>Likelihood</p> <p>Impact</p>	08-Mar-2011	8		

Current Impact Description	Critical
Current Likelihood Description	Remote
Risk Score	8

Target Risk Date	30-Apr-2011
Target Risk Score	8

Managed By	Jason Gooding
Portfolio Holder	Councillor J Mallinson

Effective and Efficient Neighbourhood services	There is a risk that the Council fails to deliver effective and efficient neighbourhood services, and improve residents' perception of Carlisle through local environment issues.
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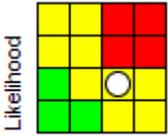
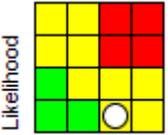
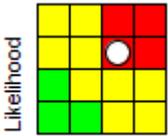
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	28-Jun-2011	6	The transformation review of Local Environment is ongoing and entering a second phase (phase 1 being focused on the Service Management Team). This review of <i>Neighbourhoods and Green Spaces</i> will develop and implement a cost efficient approach to neighbourhood management with key Council Partners. This work is to be co-ordinated by the Assistant Director (Local Environment). <i>The target risk score has been achieved for this risk and it can therefore be removed from the Corporate Risk Register and remain within an Operational Risk Register within Local Environment Directorate.</i>	
	08-Mar-2011	9		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	31-Mar-2012
Target Risk Score	6

Managed By	Angela Culleton
Portfolio Holder	Councillor Bloxham

Vision for the City	There is a risk that there is no clear consensus/ vision for the City's Economy and no agreed strategy with Partners.
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 <p>Likelihood</p> <p>Impact</p>	28-Jun-2011	6	<p><i>The Council has led the redevelopment of the Economic Development and Enterprise Group to form a new Carlisle Enterprise Partnership. This group will now take responsibility for delivering on the key plans for managed growth:</i></p> <ul style="list-style-type: none"> - Improving Business Performance - Supporting Growth and Investment - Growing the Low Carbon Economy - Raising Skills and Reducing Unemployment - Enhancing Quality of Life - Place shaping and connectivity 	 <p>Likelihood</p> <p>Impact</p>
 <p>Likelihood</p> <p>Impact</p>	08-Mar-2011	9		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	31-Mar-2011
Target Risk Score	3

Managed By	Maggie Mooney
Portfolio Holder	Councillor Mitchelson

Workforce Planning	There is a risk that the Council is unable to continue to deliver and develop services due to lack of skills/capacity within the workforce
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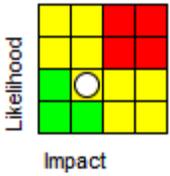
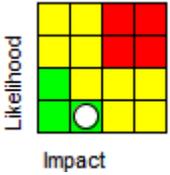
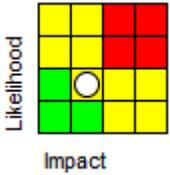
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	23-Jun-2011	6	Organisational Development Plan is addressing authority-wide issues; Workforce planning tools are being developed to identify and address current workforce planning issues; Demographic data is being used to support workforce planning. Skills and capacity issues are being addressed through the transformation programme. Learning and development initiatives to support this are ongoing. <i>This risk has achieved it's target risk score and can be removed from the Corporate Risk Register and remain on the Chief Executive's Team Operational Risk Register.</i>	
	08-Mar-2011	6		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

Target Risk Date	30-Sep-2011
Target Risk Score	6

Managed By	Maggie Mooney
Portfolio Holder	Councillor Ellis

Community involvement in decision making	There is a risk that communities are not sufficiently engaged in the Transformation programme.
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	28-Jun-2011	4	Engagement activity is now taking place with a range of community and charitable organisations who are responding to the current financial issues and assisting with future Council grant policies and budget preparations. The Council is also working with other Local Strategic Partners to establish other mechanisms for engaging local communities e.g. the review of neighbourhood forums.	
	08-Mar-2011	4		

Current Impact Description	Marginal
Current Likelihood Description	Remote
Risk Score	4

Target Risk Date	31-Mar-2011
Target Risk Score	2

Managed By	Keith Gerrard
Portfolio Holder	Councillor Geddes

Supporting Employment	There is a risk that the Council fails to adequately support employers during the economic downturn.
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	28-Jun-2011	4	<p><i>The Council has now renewed it's relationships with key employers and the Chamber of Commerce. Collectively via the Carlisle Economic Partnership support is being targeted to help local employers to sustain their businesses and plan for growth. This risk has reached it's target risk score and can be removed from the Corporate Risk Register and remain focused on the Economic Development Operational Risk Register.</i></p>	
	08-Mar-2011	9		

Current Impact Description	Marginal
Current Likelihood Description	Remote
Risk Score	4

Target Risk Date	31-Mar-2011
Target Risk Score	6

Managed By	Darren Crossley
Portfolio Holder	Councillor M Bowman

