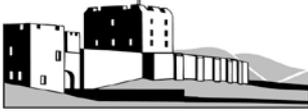


AUDIT COMMITTEE

CARLISLE
CITY COUNCIL



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Committee Report

Public

Date of Meeting: 13 January 2012

Title: CORPORATE RISK MANAGEMENT

Report of: Strategic Director

Report reference: SD. 02/12

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.

Contact Officer: Sarah Mason

Ext: 7053

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

CITY OF CARLISLE

To: Audit Committee

Date: 13 January 2012

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.

This report contains the Risk Register (see Appendix A) that was presented to ROSP on 5 January 2012.

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.

The risk of insufficient redundancy payment provision has been added to the Corporate Risk Register. Trend analysis suggests that the potential cost of delivering further service efficiencies of £2-£2.5m could be in the region of £1-£1.25m in redundancy/pension strain payments. This figure does not include past service management re-structures.

Mitigation actions being considered include:

- Enhanced redeployment initiatives to reduce redundancies.
- New posts created by service restructures may need to be left vacant until the redundancy costs of the restructure have been met.
- Also, an application may be made to the Dept of Communities and Local Government to enable the statutory element of redundancy costs to be capitalised, subject to regulations allowing such action.

The risk of significant sickness absence has been reinstated. Current predictions estimate that over 13 days per FTE will have been lost to sickness absence by the year end. The target for the year is 9 days. Control strategies are being developed to minimise the risk including a lean system review on sickness monitoring procedures.

'Community Involvement in decision making' has been removed from the Corporate Risk Register as the risk has now reached its target risk score. However, it will remain as a risk at operational level. Work will continue to provide further engagement with community organisations.

3. 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.

Appendix A

Corporate Risk Register 15 December 2011

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. A target risk matrix shows the risk level that the Council is aiming to achieve from the successful implementation of the control strategies and the date for when this will be achieved.

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New Risk Redundancy payment provision	There is a risk of insufficient redundancy payment provision. The Council is required to make a further £2-£2.5m in service efficiencies. Trend analysis suggests that, ignoring past service management re-structures, the cost of delivering these efficiencies will be approx £1-£1.25m in redundancy/pension strain payments.
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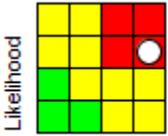
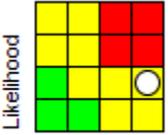
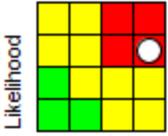
Present Matrix	Review Date	Present Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	15-Dec-2011	12	<ul style="list-style-type: none"> - Enhanced redeployment initiatives. - Leaving new posts created by service restructures vacant until redundancy costs of restructure are met. - Apply to Government (Treasury/Dept of Communities and Local Government) for capitalisation direction (statutory redundancy costs). 	

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

Target Risk Date	31-Mar-2013
Target Risk Score	4

Managed By	Peter Mason
Portfolio Holder	Councillor J Mallinson

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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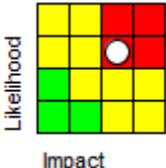
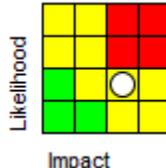
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 <p>Likelihood</p> <p>Impact</p>	15-Dec-2011	12	<p>To make sure that the Transformation Programme, and the Medium Term Financial Plan and the Annual Budget are coherently focussed toward the appropriate allocation of resources to deliver the organisation's key objectives. It is anticipated that it will take a further <i>3 budget cycles</i> to be confident in delivering the required efficiencies. Two year (2013/14 to 2015/16 budgets) RSG settlement is in line with Council projections for transformational savings requirements.</p> <p>Further savings of £600,000 have been identified by SMT and will be implemented by 1st April 2012. A further £600,000 is required for 1st April 2013, £600,000 for 1st April 2014 and £537,000 for 1st April 2015.</p>	 <p>Likelihood</p> <p>Impact</p>
 <p>Likelihood</p> <p>Impact</p>	22-Sept-2011	12		

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

Target Risk Date	31-Mar-2015
Target Risk Score	8

Managed By	Jason Gooding
Portfolio Holder	Councillor J Mallinson

Reinstated Risk Sickness Absence	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.
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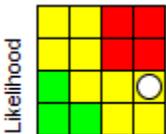
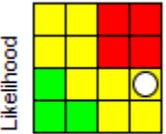
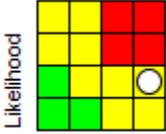
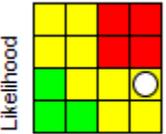
Present Matrix	Review Date	Present Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	15-Dec-2011	9	<ul style="list-style-type: none"> - Lean Systems Review on sickness monitoring procedures including return to work. - More robust reporting on sickness statistics. 	

Current Impact Description	High
Current Likelihood Description	Reasonably probable
Risk Score	9

Target Risk Date	31-03-2013
Target Risk Score	6

Managed By	Peter Mason
Portfolio Holder	Councillor John Mallinson

Provision of Disabled Facility Grants (DFGs)	The level of grant in 2011/12 is £663,000. Riverside has confirmed full financial year contribution as £300,000. Cumbria County Council (Health to Social Care) has committed a contribution countywide and Carlisle is estimated to receive £150,000. In addition, grants will be approved for projects to the value of approximately £200,000 to be delivered after 1 April 2012. Provision will need to be made for these works in 2012/13 budgets. There is a litigation and reputational risk to the Council if the 6 month grant claim timeframe is exceeded.
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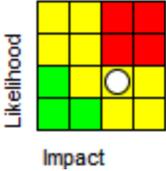
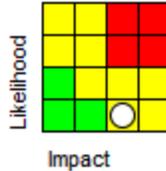
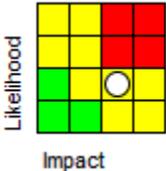
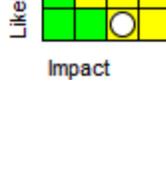
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 <p>Likelihood</p> <p>Impact</p>	15-Dec-2011	8	<ul style="list-style-type: none"> - Future procurement will be through Chest Framework. - Strengthened assessment function and joint work with Occupational Therapists. - Ensure minimum specification for applications is appropriate and consistent. 	 <p>Likelihood</p> <p>Impact</p>
 <p>Likelihood</p> <p>Impact</p>	22-Sep-2011	8	<ul style="list-style-type: none"> - Improved data management to forecast and control demand. - Improved internal 'triage' process. - Improved understanding of funding support. - <i>Consideration of the outcomes of the scrutiny review of DFGs.</i> 	 <p>Likelihood</p> <p>Impact</p>

Current Impact Description	Critical
Current Likelihood Description	Remote
Risk Score	8

Target Risk Date	01-Nov-2011
Target Risk Score	8

Managed By	Keith Gerrard
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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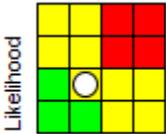
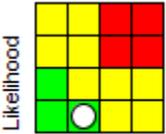
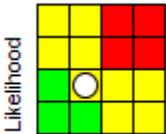
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	15-Dec-2011	6	<p>The Carlisle Economic Partnership (CEP) is now regularly meeting and developing a new action plan for the city region. This work is being informed by a new study into the economic potential of Carlisle. Once completed this will provide clarity for future/longer term action planning. The CEP is also working on marketing Carlisle, a superfast broadband project and supporting the Business Improvement District (BID).</p>	
	26-Sep-2011	6		

Current Impact Description	High
Current Likelihood Description	Remote
Risk Score	6

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

Managed By	Darren Crossley
Portfolio Holder	Councillor Mitchelson

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
 Likelihood Impact	15-Dec-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, <i>Parish Councils and the private sector</i> to establish other mechanisms for engaging local communities e.g. the review of neighbourhood forums. <i>The work is continuing to provide further engagement with community organisations.</i>	 Likelihood Impact
 Likelihood Impact	26-Sep-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

