

To the Chair and Members of the Audit Committee

STRATEGIC RISK UPDATE FOR QUARTER 3 2012/13

EXECUTIVE SUMMARY

1. The purpose of this report is to provide a progress update on strategic risks for Quarter 3 2012/13. The current status of strategic risks is set out in Appendix A and are reported in order of risk score, highest to lowest, as requested at a previous Audit Committee meeting.

RECOMMENDATIONS

2. Members should note and comment on the content of this report.

BACKGROUND

3. Due to the importance of the strategic risks the Director of Finance and Corporate Services requested that the quarterly update on strategic risks is presented as a separate report, and not as part of the quarterly Finance and Performance report. This is to ensure that strategic risks are effectively managed inline with the Risk Management Policy.

UPDATE

4. There are currently 19 strategic risks linked to the Corporate Plan for 2012/13. They have all been profiled for Q3. There has been no proposals to create or demote any of the current strategic risks during the challenge process. The request to create a strategic risk around data protection, identified in Q2, has been actioned and profiled as part of the Q3 process.

IMPACT ON THE COUNCIL'S KEY OBJECTIVES

5. The embedding of robust risk management arrangements within the Council incorporating the management of strategic risks creates an environment in which we

can successfully meet our objectives to deliver Doncaster's priorities and the Mayoral Priorities Outcome Framework.

RISKS & ASSUMPTIONS

6. Consideration of the effective development and operation of risk management within the Council is an important governance and performance management process which helps to reduce risks that could prevent or delay delivery of objectives. The Risk Management Policy includes a requirement to review strategic risks on a quarterly basis and this is a matter of good management and good governance.

LEGAL IMPLICATIONS

7. Any specific implications will be reported separately and in the context of any initiative proposed to be taken in relation to the management of strategic risk.

FINANCIAL IMPLICATIONS

8. Should any specific initiatives be required, in response to the management of strategic risks, any cost implications will be reported and addressed as and when they arise.

CONSULTATION

9. Consultation has taken place with strategic risk owners and Directorate Management Teams as part of the quarterly performance challenge process.

BACKGROUND PAPERS

Reports generated via Covalent for Directorate Q3 challenge meetings.

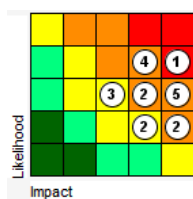
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Simon Wiles

Director of Finance & Corporate Services

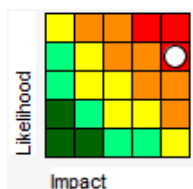
Strategic Risk Q3 2012/13



There are currently 19 strategic risks linked to the Corporate Plan for 2012/13. They have all been profiled for Q3. The heat map on the left highlights the number of risks in each score profile. The Q3 risk profiles are shown below in order of risk score severity (highest – lowest).

(Strategic Risk) The impact of the welfare reforms on communities and on Council Services

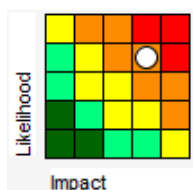
Steve Mawson



The welfare reforms are the biggest change to welfare for 60 years they are likely to have a significant detrimental impact in our communities and increase demand for council services i.e. social care, Housing Benefit, LCTS, safeguarding. The “ bedroom tax” is likely to have a detrimental impact to over 4,000 households in the social rented sector as we do not have the supply of the right sized properties to meet demand. The Benefit cap proposals and Universal credit have been pushed back for our area by a further 6 to 12 months respectively.

(Strategic Risk) Failure to improve Data Quality

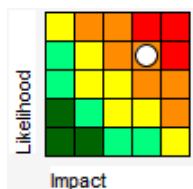
Howard Monk



Work to mitigate this risk continues to progress slowly and the strategy and self-assessment tool are now ready to be presented to the directors meeting. Once the use of the self-assessment tool is embedded as part of the Council's performance management framework, it should have a major impact on our ability to make objective judgements on the quality of data in departments and systems and thus put effective corrective actions in place.

(Strategic Risk) Failure to implement the Council's key borough objectives in partnership

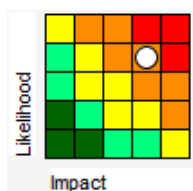
Howard Monk



Likelihood score remains at 4 and impact 4. The Council’s budget is configured around the Borough Strategy objectives and is being delivered via the Corporate Plan. A Partnership Review project is underway as part of the Change Programme which will include work to establish a stronger, more focused partnership framework. An Outcomes Framework will be developed which will provide an objective assessment of progress made against Borough Strategy and other borough priorities. The Stocktake Event which took place on 4th October 2012 identified a small number of projects which will focus on a number of priorities over the coming year. The Council’s Corporate Plan will be agreed by Full Council in February 2013.

(Strategic Risk) Failure to achieve acceptable levels of sickness absence

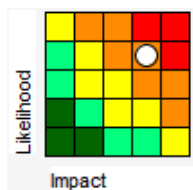
Jill Higgs



Sickness figures have reduced in Quarter 3 (reduced by 1.4 days per employee) but the overall figures still remain high and so actions must continue to focus strongly in this area. Focused support is being provided to managers by HR to assist in improving attendance. It remains a corporate priority.

(Strategic Risk) Low staff motivation/morale and low performance

Jill Higgs

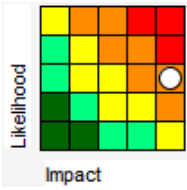


Changes to structures, service delivery, further staff reductions, budget implications etc. all continue so the risk to morale and motivation will remain high over the next few months. Motivational messages being pushed out through Jo’s column. Next set of staff briefings to be held Feb/March which together with the staff survey will enable staff to give their views. Some performance issues being addressed through PDR scheme but more to be done.

(Strategic Risk) The prospect of unsuccessfully procuring a new telecommunications

Peter Dale

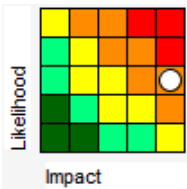
operator for the Digital Region network, resulting in potential financial (and reputation) exposure.



The procurement process is currently progressing and by the end of January 2013 an assessment will be made on the best option for the future of the Digital Region i.e. either closure of the network or contracting with a new telecommunications operator. If the new operator is considered the best option then a preferred bidder will be selected in early February 2013.

(Strategic Risk) Failure to safeguard Vulnerable Children and to ensure sustainable Children's Services

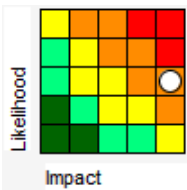
Mil Vasic



A new plan and actions have been written and implemented to address concerns and risks associated with high volumes of work and risk assessment of cases.

(Strategic Risk) Impact of a delayed adoption of the Local Development Framework (LDF) timeframe

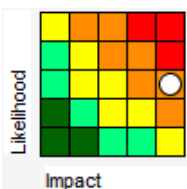
Scott Cardwell;



Core Strategy adopted, progress being made with Sites & Policies DPD, but still much to do before anticipated adoption in early 2014, at which point the Green Belt review which the Core Strategy commits us to, needs to commence.

(Strategic Risk) Failure to respond adequately to borough emergencies or mitigate effectively against the effects of extreme weather conditions e.g. flooding

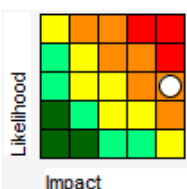
Karen Hanson



Resilience and Emergency Planning are continuing to work with Directorates and Managers and the Local Resilience Forum to review practices and procedures which reflect the changing emergency services and corporate structures, in order to ensure the best use of emergency response skills and resources. An on-going training and exercise plan is used to increase staff awareness of emergency planning risks and their response roles and responsibilities. A Corporate Exercise to embed and validate arrangements was held in November 2012.

(Strategic Risk) Failure to achieve savings from the change programme

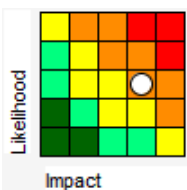
Darren Gray



Risk rating increased as it very likely the financial aspects of the programme will not be delivered this year. This has continued to be reviewed monthly and is reported to Change Board. The headlines are as follows: DMBC's change programme has delivered £9, 543,000 of savings in 2012/13, has targets for a further £3,224,000, against an overall target of £13,980,000. The remaining £3,224,000 that needs to be delivered by the end of 2012/13, is being assessed by the responsible strands and a full understanding of the expected out-turn against target will be available later this year. However, it is clear the Council is unlikely to be able to bridge all of this gap and the remaining shortfall will be passed through to 2013/14 as additional targets to be delivered.

(Strategic Risk) Failure to achieve the budget target for 2012/13

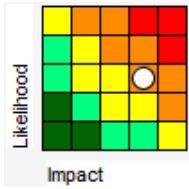
Steve Mawson



The current position is being considered on a quarterly basis and mitigations will be reviewed to ensure the Council budget is achieved.

(Strategic Risk) Failure to comply with the Data Protection Act 1998

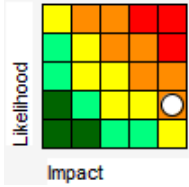
Julie Grant



The ICO completed a consensual audit 4-6th December and are currently preparing the outcome and recommendations which will be communicated to us later in January. The initial feedback did not raise any critical issues or surprises and acknowledged the work currently in progress to improve. The likely outcome hoped for is that there will be some key actions and we will need to complete these in a reasonable time and report back. Meanwhile, we are continuing to implement our current action plan and start looking at further actions highlighted such as the development of council-wide Records Management and Data Sharing Policies.

(Strategic Risk) Failure to safeguard vulnerable adults

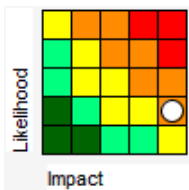
Joan Beck



The improvements in processes and practice for safeguarding adults have been recognised by the Care Quality Commission in their assessment of performance. The risk has been reviewed following the Panorama report on the Castlebeck home and it remains the same. Action plans to ensure proactive reviews of out of authority placements are in place. Further work around the monitoring of care homes out of the authorities boundaries are being developed.

(Strategic Risk) The Council remains in intervention due to unsatisfactory progress against the key tests set out in the Recovery Plan

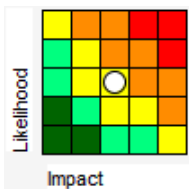
Howard Monk



Progress is reported on a quarterly basis to the Recovery Board which allows the commissioners and members of the board to assess our performance against the key tests. The next progress report will go to the Recovery Board meeting 20th July 2012. The impact of a prolonged period in intervention due to our ineffective performance against the key test is critical but this remains unlikely.

Potential financial liabilities relating to the likelihood of a non-solvent run-off of historical Municipal Mutual Insurance liabilities.

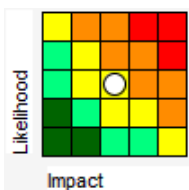
Steve Mawson



An estimate of the likely cost has been included in the draft budget proposals for 2013/14 to be funded from unsustainable income

(Strategic Risk) Failure to comply with procurement legislation

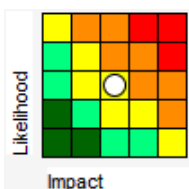
Steve Mawson



As previously reported, the transformation plan is progressing well, but still has some way to go. Non-compliance continues to be monitored by Category Managers and the quality and content of the Contracts Register is also improving and developing. The implementation of P2P will again improve quality and access to expenditure management information. Phase 1 P2P is due to "go live" July/Aug 2013.

(Strategic Risk) Equal Pay Claims and the financial impact of any successful JE appeals

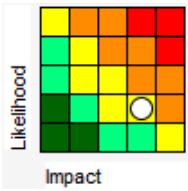
Jill Higgs



There are still a small number of claims which are outstanding - agreements not yet received and signed off and/or cheques uncollected. There is still a steady stream of new claims being lodged by GMB, these are being dealt with as they arrive.

(Strategic Risk) Inability to provide sufficient quality, affordable housing for the residents of Doncaster

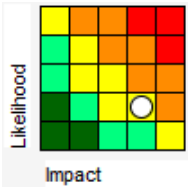
Tracey Harwood



Q3 is showing an additional 6 units of which 3 are Homebuy and 3 are Mortgage Rescue. This brings the ytd figure to 41 dwellings. Due to the Q3 end coinciding with the holiday period data for shared ownership sales (which comes from external sources) is incomplete and so will be updated when available. Delays with progress on site arising from issues such as the adverse weather conditions of 2012 are likely to delay some completions we had originally profiled for 2012/13 and the year-end target may reduce to approximately 70 units.

(Strategic Risk) Failure to improve governance

Roger Harvey



Revisions to the Council Constitution were approved by Council 21 July 2011. A copy of the new Constitution together with a summary of the key changes were posted on the Intranet. Meetings with external Directorate Management team meetings have taken place to raise awareness. A further report was presented to full Council on 18th October 2012. That report recommended a series of changes to the Constitution reflecting a balance of changes that are required by legislation and those which improve our working arrangements, incorporate best practice and allow for appropriate corporate oversight. Work is under way in revising guidance to officers on the completion of Officer Decision Records (ODRs) which should mean a clearer process with appropriate regard paid to professional advice and other material factors and result in a more robust audit trail. This remains a strategic risk