

To the Chair and Members of the Audit Committee

STRATEGIC RISK UPDATE FOR QUARTER 4 2012/13

EXECUTIVE SUMMARY

1. The purpose of this report is to provide a progress update on strategic risks for Quarter 4 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 Q4. The Council Plan for 2013/14 has been developed and part of this process involved re-aligning the current strategic risks to the priorities in the revised Council Plan. The strategic risks below have been demoted as part of this process.
 - The Council remains in intervention due to unsatisfactory progress against key tests set out in the recovery plan.
 - Potential financial liabilities relating to the likelihood of a non-solvent run-off of historical Municipal Mutual insurance liabilities.
 - Failure to comply with procurement legislation.
 - Equal pay claims and the financial impact of any successful JE appeals.
 - Failure to improve governance.

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 Q4 challenge meetings.

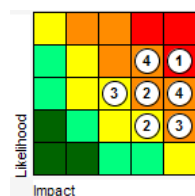
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Simon Wiles

Director of Finance & Corporate Services

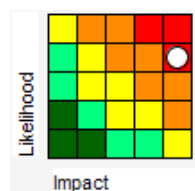
Strategic Risk Q3 2012/13



There are 19 strategic risks linked to the Corporate Plan for 2012/13. They have all been profiled for Q4. The heat map on the left highlights the number of risks in each score profile. The Q4 risk profiles are shown below in order of risk score severity (highest – lowest).

The impact of the welfare reforms on communities and on Council Services

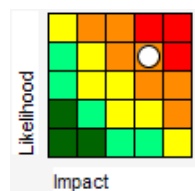
Steve Mawson



We have tried to minimise the impact on customers subject to the significant funding reductions faced. As part of the introduction of the local council tax scheme by the measures outlined above in 8.08a and 8.08c and by recommending taking the transitional grant. However as 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 size criteria or “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. Many of the changes such as changes to Employment and disability benefits are being implemented by DWP. The Benefit cap proposals are effective w/c 15th July and the Universal credit has been pushed back for our area by a further 6 to 12 months.

Failure to improve Data Quality will prevent us from ensuring that data relating to key Council and Borough priorities is robust and valid.

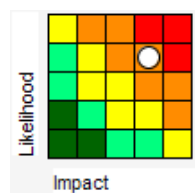
Howard Monk



Work to mitigate this risk continues to progress slowly and the strategy and self-assessment tool have been presented to the F&CS Directorate Management Team and recommended amendments have been made. The strategy and associated documents will be presented to the Directors meeting, prior to being incorporated in to the Council's performance management framework (PMF). Once the use of the self-assessment tool is embedded as part of the Council's PMF, 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.

Failure to implement the Council's key borough objectives in partnership

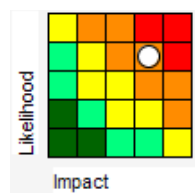
Howard Monk



The Local Partnership Board meeting in June 2013 will discuss progress against partnership project and put relevant actions in place to ensure that the projects succeed. Plans are being initiated to hold a further stock-take in the Autumn to assess progress made and define priority areas for the next year. A review of partnership arrangements will take place this Summer as planned and will draw on the engagement of the new Elected Mayor and political administration. Relationships between partners remain extremely strong, as does commitment to partnership activities and working.

Failure to achieve acceptable levels of sickness absence

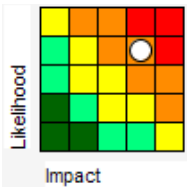
Jill Higgs



Focused support continues to be provided to managers by HR and latterly corporate and individual directorate action plans have been developed in order to focus resources on the key issues with a view to making a significant impact in the coming year. This remains a corporate priority.

Low staff motivation/morale and low performance

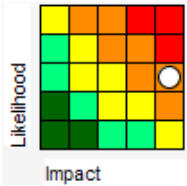
Jill Higgs



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. Survey carried out in March 2013 to enable staff to give their views but overall scores generally dropped. Report done for Directors with action plan. Some performance issues being addressed through PDR scheme but more to be done.

Failure to safeguard Vulnerable Children and to ensure sustainable Children's Services

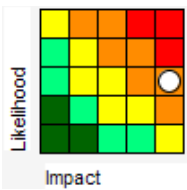
Mil Vasic



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.

Failure to achieve sufficient savings from the change programme

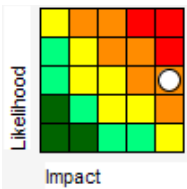
Darren Gray



The programme has not achieved its full financial target for this year. Awaiting detailed financial outturn to be able to report on size of shortfall. However it will be in the same range as reported in the previous quarter.

The prospect of unsuccessfully procuring a new telecommunications operator for the Digital Region network, resulting in potential financial (and reputation) exposure.

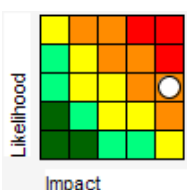
Peter Dale



BYES is the preferred bidder following the procurement process and contacts are almost finalised. The cost associated with transferring the network to BYES is within the funding approved by Council. However, a delay in finalising the transfer to BYES is being experienced due to awaiting approval from the European Commission for ERDF & State Aid. The delay is creating additional costs to Shareholders of DRL.

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

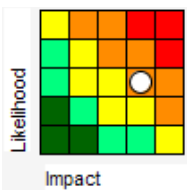
Karen Hanson



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 Strategic Level Training event is being held in May 2013 for Gold and Silver Response Managers.

Failure to achieve the budget target for 2012/13

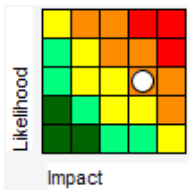
Steve Mawson



The Council has achieved the budget target for 2012/13, outturn position to be included when finalised. This risk will be profiled in Q1 to reflect the budget position for 2013/14.

Failure to comply with the Councils Information Management policies and procedures.

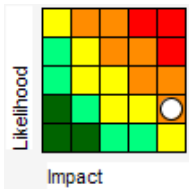
Julie Grant



The ICO performed a Consensual Audit in December 2012 that has resulted in a comprehensive action plan covering information management training and awareness, records management and information security. Progress is being made with the continual development of the required policies however these need to be imbedded across the organisation with Heads of Service becoming responsible for information management compliance. The implications of breaching the statutory legislation remain high due to the significant financial penalties that can be imposed following any breaches.

Failure to safeguard vulnerable adults results in serious abuse or harm

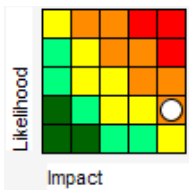
Joan Beck



New Safeguarding Adult Risk Assessment Matrix to be implemented 22nd July 2013, Case File Audits measuring safeguarding process, commissioned work investigating reasons behind high Unsubstantiated cases, validation of Health partner performance figures, and review of South Yorkshire procedures on-going.

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

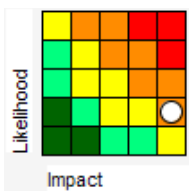
Howard Monk



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. **This risk has been demoted as part of the 2013/14 review of the Council Plan.**

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

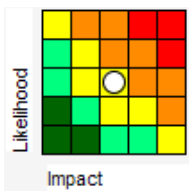
Steve Butler



Full Council approval of the Sites and Policies DPD to go through the statutory process is a big step, but much remains to be done and the level of opposition from Publication (June) remains unknown.

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

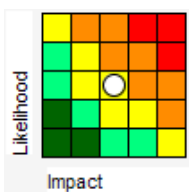
Steve Mawson



A provision for the likely cost has been included in the 2012/13 accounts, funded from the overall underspend. **This risk has been demoted as part of the 2013/14 review of the Council Plan.**

Failure to comply with procurement legislation

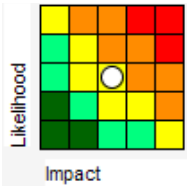
Steve Mawson



The Procurement Transformation Board includes Assistant Directors from across the Council and the Head of Procurement, and has been set up to review compliance and monitor the delivery of the transformation programme. The Board meets every month and its primary function is to drive improved procurement practice and financial update on the delivery of procurement savings. The Board also acts as a forum for change, helping to remove blocks to progress and facilitating transformational change as quickly as possible
As previously reported, the transformation plan is progressing well. Non-compliance continues to be monitored/recorded by Category Managers and the quality and content of the Contracts Register continues to improve. The implementation of P2P will also improve quality and governance regarding how and where the Council spends its money. **This risk has been demoted as part of the 2013/14 review of the Council Plan.**

Equal Pay Claims and the financial impact of any successful JE appeals

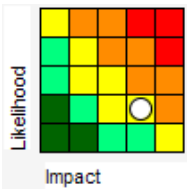
Jill Higgs



There are still a small number of claims outstanding - agreements not yet received and signed off and/or cheques uncollected. There are still small numbers of claims being lodged by GMB which are being dealt with as they arrive. The possibility of equal pay claims, resulting from the implementation of the outcomes of the job evaluation process in December 2009, remains until 2015. **This risk has been demoted as part o the 2013/14 review of the Council Plan.**

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 was 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 approved a series of changes to the Constitution reflecting a balance of changes required by legislation and those which improve our working arrangements, incorporate best practice and allow for appropriate corporate oversight. For example, the period for consultation between the Mayor and Overview and Scrutiny on the annual budget, was reduced from 6 weeks down to 4 weeks to reflect later Autumn announcements from the Chancellor.

Similarly, a requirement was incorporated into the Constitution for Members to present any proposed amendment to the budget to the Section 151 Officer at least 2 days before the meeting. This will allow the S.151 to appropriately consider his duties to oversee a proportionate and balanced budget. Call-in arrangements were amended to allow a collection of Members from one political group to trigger a call-in. This is a reflection of the balance of political power within the Council and is in addition to the current position, which requires 5 members from at least two political groups to trigger a call-in. All of these small changes in combination represent a further step forward in modernising and improving practices within the Council. 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. The Audit Commission's report of April 2010 demonstrated both the importance of good corporate governance and the consequences of failing to live up to minimum governance standards. Good governance is fundamental to the proper running of a public authority and without it an authority is unlikely to make the necessary improvements in service delivery as required by law and expected by the public. **This risk has been demoted as part of the 2013/14 review of the Council Plan.**

Inability to provide sufficient quality, affordable housing for the residents of Doncaster

Tracey Harwood



The 2012/2013 affordable housing target is anticipated to be slightly less than target due to severe weather conditions affecting many developers making a start on site. New build on some of the smaller sites has also had an impacted on the target due to some delays caused by legal issues. Confirmation of the final figure for delivery of affordable housing is dependent on information from the developers for their shared ownership sales and this information is not available until the second week in April. Next year's target is still to be clarified but is likely to be in line with the current target of 100 units. The proposed 86 units in the care extra care facility on the Thompson/Dixon site will now be delivered in 2014/2015 rather than 2013/2014 due to legal issues and the Adults Services funding models being finalised in the first few months of the new financial year. Work is progressing with the Delivery Model and should be rolled out during 2013/2014. Additional work being carried out on the council owned smaller sites is progressing and delivery of some of these sites is now looking more favourable due to a packaging programme with the more valuable sites.