
Report to Scrutiny Committee

Date: 24 June 2010

Subject: End of Year Risk Management Progress Report

Report by: Head of Strategy and Customer Service

1.0 Purpose

- 1.1. This report provides Scrutiny Committee with an update on significant risks facing the Council, together with actions being taken to mitigate their potential impact. The report also provides assurance on the adequacy of our current risk management arrangements.

2.0 Recommendations

- 2.1. It is recommended that Scrutiny Committee note:
- significant risks and actions being taken to mitigate them;
 - risks that have been downgraded during the course of the last year;
 - risk management assurance arrangements.

3.0 Considerations

- 3.1. The Council needs to consider the risks that might inhibit the delivery of corporate objectives and ensure that controls are in place to mitigate each identified risk through the application of a systematic risk management process.
- 3.2. The Council has had risk management arrangements in place for a number of years, with progress reports on Council-wide risks being reported to Scrutiny Committee on a regular basis. Each Council risk is 'owned' and reviewed by an appropriate senior officer.
- 3.3. The table in Appendix A summarises those risks regarded as significant risks facing the Council at the year end 2009/10. The table also indicates whether risk ratings have changed during the course of the year.
- 3.4. In some cases, irrespective of significant mitigating action, the risk remains high reflecting its impact should it occur, and its ongoing high probability. In other cases, mitigating action has reduced the risk, or other factors have

changed such that the risk is no longer thought to be significant. Where a previously significant risk has been downgraded, this is also indicated within Appendix A. Medium and lower category risks are normally monitored at a management level, however, in some cases, for example, child protection, the significance of the topic is such that it is considered worth maintaining a high degree of scrutiny.

- 3.5. Appendix B provides detailed information on mitigating actions being taken with regard to significant risks.
- 3.6. As part of an effective system for managing risks, elected members and senior management should be assured that the system of internal control is working. The following provides a risk assurance statement and outlines progress made over the course of 2009/10.

Progress

- 3.7. Progress was made during 2009/10 in the following areas:
- On 17 December 2009 a revised Risk management Policy & Strategy was approved at Council. The Risk Management Strategy is required to be reviewed annually;
 - Heads of Service received briefings on their role and responsibilities following approval of the policy;
 - All services have risk registers: systematic risk identification exercises were undertaken by all services. Each has a documented, revised risk register, with associated mitigation actions, setting out high, medium and low risks. The identification of risk and risk registers are embedded into the business planning process.
 - Progress against Council risks is monitored at Scrutiny Committee: a half year progress report on risk mitigation for 2009/10 was presented to Scrutiny Committee in December 2009.
 - Internal Audit undertook an audit of risk management approaches during 2009. All but one recommendation has been implemented to date.

4.0 Sustainability Implications

- 4.1. The ongoing assessment and management of risk is an essential and inherent component of sustainable service delivery.

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. Staffing - there are no direct staff implications arising from this report.

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please tick)

The area has a positive image and attracts people and businesses	<input type="checkbox"/>
Our communities are more cohesive and inclusive	<input type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) **Council Policies** (Please detail)

RISK MANAGEMENT POLICY 17TH DECEMBER 2009

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A: Council Risks update 2009/10

Appendix B: Key Council Risks 2010/11

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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Angela Leitch	Chief Executive	Angela Leitch (signed)

APPENDIX A: SUMMARY OF RISK MITIGATION PROGRESS 2009/10

Key Council Risks	Change
THE COUNCIL DOES NOT SYSTEMATICALLY SET AND COMMUNICATE A CLEAR DIRECTION OR CULTURE	↓
THE COUNCIL DOES NOT MANAGE ITS RESOURCES (BUILDINGS/STAFF AND RESOURCES) EFFECTIVELY.+	↓
THE COUNCIL DOES NOT DEVELOP STAFF AND SKILL SETS TO FILL CURRENT AND CHANGING ROLES IN THE FUTURE.	↓
THE COUNCIL DOES NOT EFFECTIVELY PLAN FOR FUTURE CUSTOMER NEEDS AND EXPECTATIONS.	↓
THE COUNCIL IS NOT ABLE TO DEMONSTRATE THE QUALITY, EFFECTIVENESS OR COST OF ITS SERVICES OVERALL	↓
PROLONGED RECESSION	→
THE COUNCIL WILL LACK THE ABILITY TO PREVENT THE SERIOUS HARM OF CHILD(REN) UNDER COUNCIL CARE	↓
CURRENT EDUCATION MODEL IS UNABLE TO DELIVER CURRICULUM FOR EXCELLENCE AND GETTING IT RIGHT FOR EVERY CHILD	→
THE COUNCIL WILL OVERSPEND (>£0.5M) ITS BUDGET AS A RESULT OF AN INCREASE IN PRESSURE ON INDIVIDUAL SERVICES BUDGET	↓
PRESSURE ON FINANCES INCREASE ABOVE THE EXPECTED 12% CUT IN REAL TERM BUDGET BY 2013	NEW
Risks Downgraded During the Course of 2009/10	Change
KEY RISKS ARE NOT MANAGED AND MITIGATED AT AN OPERATIONAL OR SERVICE LEVEL	↓
INDUSTRIAL UNREST OCCURS AS A RESULT OF NEGOTIATIONS ON SALARIES OR TERMS AND CONDITIONS	↓
THE COUNCIL LACKS THE FACILITIES TO DELIVER ADULT CARE	↓
SHARING INFORMATION INEFFECTIVELY WITH PARTNERS AND SERVICES	↓

APPENDIX B: COUNCIL RISK REGISTER 2010/11.

RISK	LEAD OFFICER	PROGRESS
THE COUNCIL DOES NOT SYSTEMATICALLY SET AND COMMUNICATE A CLEAR DIRECTION OR CULTURE	CHIEF EXECUTIVE	<p>Since the identification of this risk we have developed and deployed a more focused council communication plan. A system of cascade briefings to ensure key messages and communications reach all staff continues to be systematically rolled out across the Council. The Communications team is developing an intranet to further aid efficient communication.</p> <p>The Council has introduced a revised Performance Review and Development process to more effectively deploy priorities and key objectives to staff. Combined with this is the introduction of a competency framework we will improve behaviours in relation to communication. We have set a goal of attaining the IIP quality standard in 2011, achievement of which should provide greater assurance of the effectiveness of organisational communications.</p> <p>The ongoing restructuring of the organisation means that this risk will continue to remain high until it is fully embedded. As the new management structure is beds-in greater emphasis is being placed on leadership and the communication of direction.</p>
THE COUNCIL DOES NOT MANAGE ITS RESOURCES (BUILDINGS/STAFF AND RESOURCES) EFFECTIVELY. +	DIRECTOR SERVICES TO COMMUNITIES & CHIEF EXECUTIVE	<p>A revised PRD has now been deployed across the organisation supported by leadership development and the core competency framework. Deployment of the competency framework across the organisation ensures managers and staff have the right skills in place to manage resources effectively. This will be supported by the Finance, ICT and People strategies which were approved by Council on 17 December 2009 to embed this across the council. A major restructuring exercise has been undertaken this year to ensure that the Council is better placed to service common customer groups more effectively and efficiently. For example, Business Support staff have been pooled enabling staff to work more flexibly across the Council as customer demands fluctuate.</p> <p>An interim Asset Management Strategy is in place and a revised Asset Management Strategy will be brought to Council for approval this year.</p> <p>The Finance Strategy includes a 5 Year capital plan which and a 3 year revenue plan.</p>
THE COUNCIL DOES NOT DEVELOP STAFF AND SKILL SETS TO FILL CURRENT AND CHANGING ROLES IN THE FUTURE.	CHIEF EXECUTIVE	<p>This is being addressed as part of our People Strategy through the implementation of our competency framework and a leadership development programme. Learning and Development is linked to the competency framework, which overall will ensure that we have the right people with the right skills to take the organisation forward. There has been some delay in the deployment of the leadership programme due to the restructuring. Once teams are in place this programme will be fully deployed across the Council.</p>

RISK	LEAD OFFICER	PROGRESS
THE COUNCIL DOES NOT EFFECTIVELY PLAN FOR FUTURE CUSTOMER NEEDS AND EXPECTATIONS.	CHIEF EXECUTIVE	<p>This is being addressed through the next stages of the customer services strategy and Phase 2 of Customer First which was approved by Council on December 17th 2009. The roll out of the Clackmannanshire Improvement Model, has reviewed 21 business units. This has supported some of the preparation work in relation to achieving Customer Service Excellence accreditation which will ensure we effectively meet customer needs and expectations. A major stakeholder consultation exercise is scheduled to take place over the summer of 2010 to better understand priorities, particularly in the light of growing financial pressures.</p> <p>Although the Council has a number of well established consultation processes in place there is still a significant risk that the findings of consultation are not fully used in the development of service delivery.</p>
THE COUNCIL IS NOT ABLE TO DEMONSTRATE THE QUALITY, EFFECTIVENESS OR COST OF ITS SERVICES OVERALL	CHIEF EXECUTIVE	<p>Although we have well established performance management arrangements, we know through our self assessment processes that we need to develop a wider scope and better balance of indicators that will enable this, particularly in relation to customers, staff, sustainability, efficiency and effectiveness. Following the role out of the CIM self Assessment we are now deploying core Best Value key performance indicators and more focused outcome indicators. We have revised our Performance Reporting and Monitoring arrangements and have taken onboard improvements from the Shared Risk Assessment and Improvement Plan to ensure this is more effective. This includes clearer Public Performance Reporting arrangements.</p> <p>The Council is developing a new set of KPIs with an increased focus on benchmarking with other providers particularly those who role out the PSIF/EFQM assessments.</p>
PROLONGED RECESSION	DIRECTOR SERVICES TO COMMUNITIES	<p>The revised local plan has been approved by Council. In addition, we have withdrawn from VFL to retain accrued funds for a focused approach to economic development. We have also transferring land to council use for economic development purposes.</p> <p>The Council has approved its largest development application in the area's history (Forestmill). The Council has also attracted substantial grant funding to help regenerate Alloa Town Centre which has seen a greatly improved the image of the town and the area. There has been an approval of new housing investment opportunities through reviewed Local Plan Housing Land Supply and the Council withdrawal of undeveloped land from Property JVC is stimulating speculative developments. The Council has also marketed units and land at Dumyat Business Park and is reviewing surplus Council property assets to promote development/investment opportunities (eg, College).</p> <p>Although this is still a significant risk the Council and its partners are performing well in relation to business start up rates and survival rates which exceed targets.</p>
THE COUNCIL WILL LACK THE ABILITY TO PREVENT THE SERIOUS HARM OF	DIRECTOR SERVICES TO PEOPLE	<p>There is a running programme of file audits undertaken by the child protection quality improvement manager which is supported by external auditing undertaken by HMIE. Inspections and self evaluation have all helped reduce this risk further. An intra-authority audit is now in place allowing each council to</p>

RISK	LEAD OFFICER	PROGRESS
CHILD(REN) UNDER COUNCIL CARE		<p>undertake a quality review of each partner organisation.</p> <p>The GIRFEC coordinator post has now been made mainstream within Council services embedding GIRFEC into Council services. A GIRFEC Training Programme is being rolled out across the organisation and will support the deployment of the Corporate Parenting Initiative reducing this risk.</p>
CURRENT EDUCATION MODEL IS UNABLE TO DELIVER CURRICULUM FOR EXCELLENCE AND GETTING IT RIGHT FOR EVERY CHILD	DIRECTOR SERVICES TO PEOPLE	<p>The Curriculum for Excellence is due to be deployed in August 2010. The Council is currently implementing this programme. As with all Scottish Council's there are still issues relating to this risk which are yet to be overcome nationally. However, the Council plan to address this risk through teacher training and the implementation of the national programme.</p>
THE COUNCIL WILL OVERSPEND (>£0.5M) ITS BUDGET AS A RESULT OF AN INCREASE IN PRESSURE ON INDIVIDUAL SERVICES BUDGET	CHIEF EXECUTIVE	<p>A more focused Financial Management Strategy is in place with tighter governance at a service and Council Level. We continue to regularly monitor budget on a monthly basis at a service and Council Management Team level. A 5 year capital is now in place which will be supported by a 3 year revenues plan. This will greatly improve the way the organisations manages its revenues and service costs. Over this year we will continue to analyse comparative data to help us assess how we perform relative to other similar service providers, thereby informing our improvement planning. Additionally, following Clacks Improvement Model self assessments, all services reviewing efficiency indicators to support them demonstrating best value. This work will have substantial and positive impact on our revenues and service costs in the medium to long term.</p> <p>The lack of foster care placements and subsequent use of 'out of authority' placements for looked after children continue to represent a significant ongoing financial pressure for the council and the council has developing a clear strategy to meet this challenge.</p>
PRESSURE ON FINANCES INCREASE ABOVE THE EXPECTED 12% CUT IN REAL TERM BUDGET BY 2013	CHIEF EXECUTIVE	<p>The Council is currently developing a 3-year Budget Strategy which includes prudent cost savings as approved in 2010/11 budget. The budget strategy will look at a range of strategies up to the 2013/14 period. This is based on the scenario of a 12% cut in budget and provides the Council with a series of flexible and responsive approaches.</p>

