

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 10 DECEMBER 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **RISK MANAGEMENT UPDATE**

1.00 PURPOSE OF REPORT

- 1.01 To provide an overview of the key risks to the achievement of the Improvement Priorities set by the Council.
- 1.02 To advise members of the work in hand to further improve the Council's approach to risk management as part of streamlining business planning arrangements.

2.00 BACKGROUND

- 2.01 Audit Committee received a report in January 2014 which outlined the changes in risk management approaches following the adoption of the Council's Improvement Plan.
- 2.02 The Council adopted the Improvement Plan for 2013/14 in June 2013. The adoption of the plan and its priorities provided the Council with the opportunity to realign the strategic risks to these priorities and sub priorities.
- 2.03 The then new approach to improvement planning gave the opportunity to align and streamline business planning processes, in particular the bringing together of two previously separate key plans the Improvement Plan and the Strategic Assessment of Risks and Challenges (SARC).
- 2.04 The January report also referred to the method by which strategic risk was being captured and understood i.e. as industry good practice.

3.00 CONSIDERATIONS

3.01 Improvement Plan Strategic Risks

Overview & Scrutiny committees have received quarterly progress reports against the Improvement Plan for 2013/14. These have included a template for each risk capturing:

- the nature of each risk
- the gross, net and target RAG status for each risk

- current actions already in place to mitigate the risk
- further activity to mitigate the risk
- risk trend

Members suggested at the January meeting that a target date be added to the target RAG risk status; this has now been incorporated within the quarterly monitoring reports of the Improvement Plan 2014/15.

Members will note that trend arrows are shown which indicate if a risk is increasing (↑) or decreasing (↓) or staying broadly the same / stable (↔).

- 3.03 A summary of all of the risks monitored as part of the 2014/15 Improvement Plan is attached at Appendix 1. An analysis of the current 'net' status of the 79 risks is shown below:

Net risk status	Q1 (Jun '14)	Q2 (Sep '14)
Red	7	4
Amber	42	44
Green	30	31

The four red risks are as follows:

Priority: Skills and Learning

Sub- Priority: Modernised and High Performing Education

Risk: *Programme delivery capacity for the 21st Century Schools Programme*

Whilst the coordinator post has been filled the three project manager posts have yet to be recruited to.

Priority: Modern and Efficient Council

Sub-Priority: Financial Strategy

Risks:

1. *Ensuring that capital and revenue resources are sufficient to operate effectively.*
2. *Uncertainty in the level of Welsh Government Funding which represents 80% of the funding of council services.*
3. *Gaining agreement to the financial strategy.*

For all three risks the net and target risk levels are assessed as high. The provisional settlement from Welsh Government for 15/16 is a 3.4% reduction equating to a £16m budget gap. The final settlement is due in December, but unlikely to change significantly. For this reason the risks remain high. Initial budget proposals will be presented to Cabinet in December followed by Scrutiny consideration

3.04 In addition the following table provides an analysis of how our risk trends have changed between June and September.

Trend positions	Q1 (Jun '14)	Q2 (Sep '14)
Increasing	10	10
Decreasing	28	32
Stable	41	37

The ten risks which are increasing are as follows:

Improvement Plan Priority	Sub Priority	Risk	Commentary
Living Well	Independent Living	How we encourage greater independence	Outstanding action to provide young people and families in transition with information that supports a single pathway through transition.
	Integrated Community Social and Health Services	Ensuring effective working with BCUHB	Escalation process in place involving the Strategic Partnership Group
Economy and Enterprise	Business Sector Growth in Deeside	Ensure the DEZ has proportionate financial support from Welsh Government (WG)	Welsh Government flood mitigation works to be started Winter 2014 and spine road development to be completed pending WG finance, Utilities, energy and broadband infrastructure to be delivered.
Skills and Learning	Modernised and high performing education	Programme delivery capacity for the 21 st Century Schools Programme	Whilst the coordinator post has been filled the three project manager posts have yet to be recruited to.
Safe Communities	Traffic and Road Management	Being able to obtain timely decisions of statutory approval from Welsh Government	Review unsuccessful bids to inform quality of future bid submissions
Environment	Transport Infrastructure and Services	Ensuring County's infrastructure is adequate to support economic growth Securing funding for highways infrastructure to remain safe and capable of supporting economic growth	Loss of WG Prudential Borrowing Indicators funding will have an impact on road condition (Amber) Robust management and targeting of funding through Highways Asset Management Plan, active travel and general transport improvements

		Reductions in Welsh Government's grants for subsidising services	Explore alternative funding sources, e.g. Cadwyn Clwyd. RDP Funding will be available from June 2015 as part of a competitive bidding process with match funding required from FCC. Non-conventional transports such as Community Transport, Taxibus services, Demand Responsive Transport will be considered and developed as part of the bidding process and business planning process
Modern and Efficient Council	Procurement Strategy	Ensure internal adoption of revised procurement practice and process	On-going monitoring of compliance with CPR's. Compliance checks to be undertaken by Corporate Procurement Unit and Internal Audit
	Financial Strategy	Gaining agreement to the Financial Strategy	Initial budget proposals will be presented to Cabinet in December followed by Scrutiny consideration.

Details of all risks are provided in the mid-year Improvement Plan monitoring reports presented to the Overview and Scrutiny Committees.

3.05 Findings from the recent annual Internal Audit assessment on risk management has concluded that for strategic risks implementation of the new approach is consistent and well adhered to. Further work to fully embed this approach is required for operational risks, project and partnership risks. Initial feedback from the Corporate Assessment study undertaken by the Wales Audit Office also shared similar messages.

In response to this the following principles and commitments are being worked through by the Chief Officer Team and will be reported to a future Audit Committee as a refreshed approach:

- Consistency of approach for risk identification and management;
- Protocol for risk escalation from operational to business, and from business to corporate level;
- Consistent application at programme and project management level;
- Introduction of a quarterly risk threat and risk emergence report including consolidation of a risk register;
- More consistent addressing of risk management as part of decision-making within reports for Cabinet and committees.

4.00 RECOMMENDATIONS

4.01 Audit Committee note the summary of strategic risks related to the Improvement priorities of the Council.

4.02 Audit Committee endorse the intent to refresh the Council's approach to risk management as part of streamlining and integrating the business planning arrangements.

5.00 FINANCIAL IMPLICATIONS

5.01 None directly arising from this report; although some specific risks may have financial implications.

6.00 ANTI POVERTY IMPACT

6.01 None directly arising from this report; although some specific risks may have poverty implications.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly arising from this report; although some specific risks may have environmental implications.

8.00 EQUALITIES IMPACT

8.01 None directly arising from this report; although some specific risks may have equalities implications.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly arising from this report; although some specific risks may have personnel implications.

10.00 CONSULTATION REQUIRED

10.01 Overview and Scrutiny Committees will be considering the risks and their mitigations as part of the quarterly monitoring of the Improvement Plan.

11.00 CONSULTATION UNDERTAKEN

11.01 Improvement Priority leads and Chief Officers have considered the risks in relation to the improvement Plan.

12.00 APPENDICES

12.01 Appendix 1: Summary of Improvement Plan risks 2013/14

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985

BACKGROUND DOCUMENTS –

- i) Improvement Plan 2014/15
- ii) Monitoring reports of Improvement Plan as presented to Overview and Scrutiny Committees – December 2014

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