

Audit Committee – 5 January 2015

Submission of corporate risk for scrutiny

1. Summary of report

1.1 This report provides feedback on one corporate risk selected for scrutiny by Audit Committee at their meeting on 24 September 2014:

- Risk 1 - Inability to deliver the right service to the right people at the right time/ place for the right price with the available resources.

2. Background papers

2.1 Corporate Risk Register (CRR)/files/working papers.

3. Recommendations

3.1 Audit Committee is recommended to:

1. Note the contents of the report.



James T Walsh

Assistant Director – Finance (Chief Finance Officer)

18 December 2014

4. Resource and legal considerations

4.1 There are no direct resource implications relating to this report. Statutory requirements are detailed in the governance section below.

5. Governance

5.1 Audit Committee's responsibility for risk management includes the following:

- Reviewing the mechanisms for the assessment and management of risk.
- Giving assurance about the process.
- Ensuring the council meets its statutory requirements, as stipulated within the Accounts and Audit Regulations 2011 as follows:
 - Regulation 4 (1) – The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective

exercise of that body's functions and which includes arrangements for the management of risk.

- 5.2 Audit committee is also required to ensure that it receives reports on risk management on a regular basis and takes appropriate action to ensure that strategic business risks are identified and being actively managed, including reporting to full Council as appropriate.

6. Performance management and risk management issues

- 6.1 Risk management is an integral part of the corporate governance framework. This recognises that the member committee with responsibility for risk management takes appropriate action to ensure that corporate business risks are identified and actively managed. By periodically selecting sample risks for scrutiny, Audit Committee fulfils this requirement and enables challenge where risks are not considered to be effectively managed. By periodically selecting sample risks for scrutiny Audit Committee exercises its regulatory function and enables challenge where risks are not considered to be effectively managed.

7. Summary of Risk Selected for Scrutiny

- 7.1 Corporate Risk No 1 – Inability to deliver the right service to the right people at the right time/place for the right price with the available resources

This risk first appeared on the Corporate Risk Register (CRR) in October 2014 after a decision made by the Corporate Management Team (CMT), at their meeting on 31 July 2014, whereby they agreed to the consolidation of corporate risks 1, 2 and 6 in principle subject to the wording of the consolidated risk. The former corporate risks are listed below.

Risk 1 – Loss of Funding and financial instability

Risk 2 - Cabinet/Council make short term decisions with long term implications

Risk 6 - With significant budget reductions, will the council have the right people with the right skills to deliver services in a different environment.

- 7.2 The wording for this risk was agreed by CMT at their meeting of 18 September 2014 and at their meeting of 13 November 2014 the risk owner was agreed.
- 7.3 Risk No. 1 relates to the council's ability to meet an increased demand for its services against the backdrop of reducing financial support from central Government coupled with the uncertainty of the general economic climate. In order to seek to address this the council must have a well defined medium term (1-7 year) plan in order to match the anticipated limited resources against the anticipated demand levels ensuring there is a flexible workforce that is capable, with the necessary skills to deliver these services.
- 7.4 The updated risk assessment is attached at **Appendix 1**.

8. Equality implications

- 8.1 None arising directly from this report.

9. Consultation

- 9.1 The officer with responsibility for managing the corporate risk selected for scrutiny has been consulted and updates included in **Appendix 1**. Officer(s) will be attending the meeting to discuss mitigating actions.

Author

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CORPORATE RISK REGISTER

1	Inability to deliver the right service to the right people at the right time/ place for the right price with the available resources.	Date of Assessment	Current Risk Score	Target Risk Score	Achieved by
		December 2014	(1xL) 4x5=20	(1xL) 3x5=15	March 2018

Risk Owner: Chief Finance Officer (JW)

Risk Description

- The council is facing a dual challenge of having to meet an increased demand for its services against a backdrop of reducing financial support from Central Government. Alongside this the uncertainty in general economic climate is placing further pressure on the council. Neither the country's deficit nor its debt is being reduced at the rate the government forecast. This places greater pressure on the government to reduce the public expenditure, both major parties are committed to this course of action. The reduction in public expenditure is set to continue into the lifetime of the new parliament. The volatility around this is beyond the council and individual officers' control.
- To meet this challenge the council must have a well defined medium term 5 year plan to match its expected limited resources against the anticipated demand levels and we need to make sure that we have a flexible workforce that is capable with the necessary skills to deliver these services in these challenging times.
- We need to be creative in terms of service delivery considering new ways of delivery including the involvement of the third sector.

Key mitigation activities

We have a well established financial strategy which is closely monitored. This is discussed and agreed with cabinet and council. Actual spend against budget is monitored on a regular basis and reported to officers and Members regularly with variations against expectations investigated and corrective action identified at an early stage.	Head of Finance (VB)
Medium term financial outlook is updated regularly with the impact of incoming changes and the levels of provisions reserves and contingencies are also reviewed on a regular basis. The medium term financial outlook forms the basis of budget setting decisions.	Head of Finance (VB)

Impact: 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)
 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)
Likelihood: 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

APPENDIX 1

We have produced a Walsall Plan and a Corporate Plan that lays out the priorities for the council in the short to medium term. These plans are produced in consultation with key stakeholders in the local community.	Executive Director: N/hoods (JM); Head of Programme Delivery & Governance (CW)
A Shaping the Future change Programme is being developed. This programme will contain the key corporate and substantial service changes that will be needed to deliver the Corporate Plan 2015-19 and its headlines will be contained within the Corporate Plan adopted by the Council in February 2015. One of the key purposes of the Programme will be to make best use of the resources available to protect and improve valued public services.	Head of Business Change (PG)
Staff members are kept informed of the tough decisions that need to be made via staff briefings and Core Brief and staff are able to contribute their ideas through staff consultation exercises.	Chief Executive (PS)
Clear and fit for purpose HR policies and procedures.	HR Manager:Strategy (NMCD)
Employee Benefits: <ul style="list-style-type: none"> a regular check is made to ensure that our pay and benefits package is competitive this is done via epaycheck. 	HR Manager:Strategy (NMCD)
Employee Development: <ul style="list-style-type: none"> Each directorate has a dedicated HR professional to support the development of their staffing needs and to develop a strategic approach to their short, medium and long term needs in terms of numbers, skills and knowledge requirements. 	Senior HR Manager: Specialist Services (MS)
<ul style="list-style-type: none"> Operational plans are in place for the key service areas of the council which lay out the plans for those areas and map their resources to their available resources including financial staffing and other resources. 	Individual Heads of Service

<u>Further Actions/Controls required:</u> Not Applicable.	<u>By Who:</u>	<u>When:</u>
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Progress to Date

Risk assessment is new and up to date and progress will be reported at the next review date or before dependent upon if circumstances change.

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