

CYNGOR SIR POWYS COUNTY COUNCIL

AUDIT COMMITTEE

11th October 2013

**REPORT AUTHOR: County Councillor Dai Davies
Portfolio Holder for Finance**

SUBJECT: Risk Management

REPORT FOR: Information & Decision

1. Background

1.1 Audit Committee is responsible for reviewing the effectiveness of internal control. The Financial Regulations state that it is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority.

2. Risk Management Outcomes

- 2.1 The current business planning process has identified, using the risk management toolkit (2012), the key risks facing each Service of the Council. A total of 67 risks have been placed into four categories based on the likelihood of an event occurring and the potential impact.
- 2.2 In addition, a further 20 risks were identified as being in previous risk registers that had not carried forward into current service plans.
- 2.3 Examination of the consolidated risk register identified a number of duplications i.e. where similar risks had been recorded, but in slightly different ways by multiple services. It was felt that these were corporate risks that were applicable to the majority of services. Therefore, these have been placed on the risk register as a single entry.
- 2.4 Given below is a table outlining the number of risks on the revised risk register as at September 2013:

Risk Rating	Number
Catastrophic	0
High	26
Medium	32
Low	4
Not Rated	6

2.5 Appendix A contains the 26 high risks currently identified on the register.

3. Way Forward

The following actions are proposed:

3.1 A complete review of the risk management strategy and practice:

Action: Internal Audit Manager

By: 31st Dec 2013

3.2 Engage with all Service Heads over the next three months to specifically focus on:

- validating and reviewing the prescribed risks
- identifying new and emerging risks
- Ensure control measures are identified
- Identify where risk remains uncontrolled and has therefore has been accepted
- monitor progress of mitigating control measures

Action: Internal Audit Manager / Service Heads By: 31st December 2013

4. Powys Change Plan

Risk management is a tool that can assist the Council in achieving the key outcomes of the Powys Change Plan through better decision making and service delivery with increased certainty and fewer surprises.

Recommendation:	Reason for Recommendation:
Audit Committee monitor the implementation of risk management and escalate any concerns with progress to the Executive.	To ensure the adequate management of risk.

Relevant Policy (ies):	Risk Management Strategy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	N/A
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Person(s) To Implement Decision:	Internal Audit Manager
Date By When Decision To Be Implemented:	ASAP

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Background Papers used to prepare Report:

Service Business Plans 13/14

Powys County Council - High Risks - as at 26th September 2013

APPENDIX A

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1211-RR-1	Risk Register 21/11/12 12.04	Corporate	Adverse reaction to Job Evaluation	1) Detriment to staff morale, increased absence/ sickness levels. 2) Inability to meet financial implications. Additional workload dealing with appeals.	H	H	High		All Service Heads supported by H.R	
1211-RR-2	Risk Register 21/11/12 12.100	Corporate	The Council is not prepared to manage the level of financial cuts required by the Welsh Government	The Council incurs significant overspend. Projected budget will suffer an overspend. Penalties and fines may be imposed Council reputation damaged	H	H	High	Medium Term Financial Plan	All Service Heads supported by Financial Services	
1211-RR-3	Risk Register 21/11/12 12.58	Corporate	Inability to recruit skilled staff in certain areas	Council unable to effectively deliver services	H	H	High	Workforce Planning	All Service Heads supported by H.R.	

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1211-RR-4	Risk Register 21/11/12 12.11	Corporate	Data Protection Breaches	Information Commissioners Intervention. Financial Penalties	H	H	High	Information Governance Plan - verbal update provided to Audit Committee by Director of Social Services 12/10/12	All Service Heads supported by Information Governance Group	
1211-RR-5	Risk Register 21/11/12 12.92	Corporate	Inadequate Corporate Governance arrangements for shared services and partnerships	Failure to effectively deliver services	H	H	High		All Service Heads supported by Partnership Support Programme	
1211-RR-14	Risk Register 21/11/12 12.98	Corporate	Issues arising from regulatory reports (Check WAO, CSIW, Estyn, HMRC etc.)	Issues are not addressed	H	H	High		All Services supported by Programme Office	
1309-LES-7	SIP.LES.V 2	Corporate	Responding to new legislation	Council fails to meet its statutory obligations.	H	H	High		All Service Heads supported by	Track emerging legislation and respond to consultation and Bills raising implication with Portfolio Holders and Cabinet as required

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1309-ASC-1	SIP.ASC.V3	Adults (Previously Adults & Commissioning)	Adult Social Care experiences a significantly higher level of demographic pressure than was expected at budget setting	Budget will suffer an overspend	H	H	High	Current year budget pressures are being reviewed to identify the budget pressure up to March 2013 and to identify areas where savings can be achieved to mitigate some of the pressures.	Geoff Sherlock	Plans for the introduction of an across the board reablement service are underway.
1309-COM-2	SIP.COM.V2	Communications	Capacity to effectively manage organisation's reputation		H	H	High		Anya Richards	
1309-CS-1	SIP.CS.V1.5	Childrens Services	Increased LAC population and its direct impact on budget deficit	Budget will suffer an overspend	H	H	High	As a SMT we continue to actively monitor the activity around our looked after children, and also the associated budgets.	Pauline Higham	In order to mitigate what is a volatile are of activity within the services we continue to invest in our Early Intervention program via the Powys Change Plan but also within the majority of activity within our Service Improvement Plan.
1309-CS-3	SIP.CS.V1.5	Children Services	Retaining the grant funding around posts within the Early Intervention Program and the 16 Plus, YOS provision.	Loss of funding leading to inability to provide the service.	H	H	High		Pauline Higham	We continue to work towards achieve all funding streams available to the service.

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1309-CS-4	SIP.CS.V1.5	Children Services	Safeguarding and managing high risk families.	Inability to prevent harm, injury or death for child or children.	M	H	High		Pauline Higham	Continued delivery of high quality interventions and commitment to the work of the LSCB
1309-CS-6	SIP.CS.V1.5	Childrens Services	The ability to identify a building for the Integrated Children with Disabilities Team.	Unable to ensure the delivery of a co-located hub.	H	M	High		Pauline Higham	Development of a "virtual team"
1309-CUST-3	SIP.CUST.J13	Customer Services (Change and Governance)	Engagement and funding from LHB		M	H	High		Julie Nicholas-Humphreys	
1309-F-1	SIP.F.V4	Finance (Professional Services & Commissioning)	Valuation of Pension Fund, pension contribution impact on revenue budgets, timely reliable data from PCC payroll, JE implications included.	Incorrect valuation of Pension Fund giving inaccurate picture of Council's financial situation.	H	H	High	Highly regulated	Jane Thomas	To monitor the effect on councils financial resources
1309-F-4	SIP.F.V4	Finance (Professional Services & Commissioning)	Inadequate financial planning and control in Education, Adults Social Care, Local & Environmental Services & Regeneration.	Council will incur expenditure over and above its resources.	H	H	High		Jane Thomas	To monitor expenditure and costs, and to work with services to encourage a higher level of financial awareness in expertise amongst managers.

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1309-HS-1	SIP.HS.V 5	Housing and Commissioning (Previously Housing Services)	Inability to implement changes to housing benefit to meet Welfare Reform legislation	Council fails to meet its statutory obligations.	H	H	High		Ian Fraser	
1309-HS-5	SIP.HS.V 5	Housing and Commissioning (Previously Housing Services)	Implementation of new Housing IT system	Problems with IT systems could lead to failure to deliver services.	H	H	High		Ian Fraser	
1309-HS-6	SIP.HS.V 5	Housing and Commissioning (Previously Housing Services)	Uncertainty over funding private sector		H	H	High		Ian Fraser	
1309-LES-1	SIP.LES.V 2	Operations (previously Local Environment Operations)	Reductions in Public Transport Funding	Inability to fund public transport	H	H	High		Richard Hobbs	Explore opportunities to increase community sector transport provision, using funding available through Regional Transport Consortium

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1309-LES-2	SIP.LES.V2	Operations (previously Local Environment Operations)	Failure to ensure Health & Safety of public and workforce	Risk of prosecution and duty of care to the public and staff	M	H	High		Richard Hobbs	Introduction of robust site supervision and monitoring processes internally and externally with contractors.
1309-LES-3	SIP.LES.V2	Operations (previously Local Environment Operations)	Failure to meet statutory recycling targets.	Incurring financial penalties.	M	H	High		Richard Hobbs	Procurement of new refuse and recycling vehicle fleet in 2013/14
1309-LR-1	SIP.LR.V4	Leisure & Recreation	Impact of recession/financial climate	Reduced take up of Leisure Activities and reduction on income.	H	H	High		Neil Mathews Stuart McIntosh	To improve the promotion and marketing of the service to maximise takeup including cluster operation and review of opening times of facilities, developing effective web and mobile technologies to assist customer access and information and enable improved booking and payment options. Improvement objective 6,7 & 8

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1309-LR-3	SIP.LR.V4	Leisure & Recreation	Lack of capital/revenue maintenance funding is resulting in a failure to adhere to statutory testing and environmental management	Fines and penalties imposed. Reputation Accidents	H	H	High		Neil Mathews Stuart McIntosh	Investment of £1.3 million secured for leisure to deal with urgent Statutory Testing and Safety issues in short term. Medium term, In line with Cabinet report implement the Alternative Management and Delivery model for Leisure and use savings to invest in improving building infrastructure and condition. Conclude the options appraisal for cultural services and agree alternative delivery model/s. Release some assets to reduce revenue spend, and invest in alternative provision and devolve some asset management to local communities

Risk Reference	Source	Service Area	Risk Identified	Potential Consequence	P	I	Risk Rating	Current Controls	Risk Owner	Proposed Further Action/Controls
1309-PPP-1	SIP.PPP.V 1	Regeneration and Property & Commissioning (Previously Property and Public Protection)	Failure to ensure Health & Safety of public and workforce		M	H	High		Susan Bolter	Introduction of robust site supervision and monitoring processes internally and externally with contractors.
1309-PPP-4	SIP.PPP.V 1	Regeneration and Property & Commissioning (Previously Property and Public Protection)	Liabilities arising from closed landfill site portfolio		H	H	High		Susan Bolter	Restructuring of functions so that closed landfill are managed within the Public Protection Service (particularly) contaminated land division to improve capacity and capability to resolve pollution issues

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