

BABERGH DISTRICT COUNCIL

FROM: Head of Finance

REPORT NUMBER

G149

**TO: OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE**

DATE OF MEETING

27 November 2007

MONITORING SIGNIFICANT BUSINESS RISKS

1 PURPOSE OF REPORT

To provide an update following the regular monitoring of steps taken to manage the significant business risks facing the Council.

2 RECOMMENDATIONS

2.1 That the position on managing each of the Council's significant business risks be noted.

2.2 That an annual report, which will be submitted to Strategy Committee and Council and covering the matters referred to in para. 5.4 is brought to the Committee's next meeting.

The Committee is able to resolve the matters, subject to reporting any findings to Strategy Committee.

3 FINANCIAL IMPLICATIONS

3.1 None.

4 RISK MANAGEMENT

4.1 This report is most closely linked with the Council's Significant Business Risk No. 7 – Financial, Performance & Risk Management. Key risks are set out below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Significant Business Risks are not regularly reviewed and managed.	Low	Critical	Regular reviews undertaken. Recognised that overall 'refresh' needs to be done more frequently.
Risk Management not embedded and integrated with Performance and Financial Management	Significant	Critical	One of the significant business risks. Work on embedding being undertaken as part of the Use of Resources Action plan to achieve this.

5 KEY INFORMATION

- 5.1 Members agreed nine significant business risks facing the Council that will impact on achieving its corporate aims and priorities earlier this year (Paper G21, approved by Strategy Committee on the 28 June 2007).
- 5.2 Our Risk Management Strategy states that:
- It is this Committee's responsibility to ensure that risks are being actively managed
 - The Committee will report its findings to Strategy Committee, who will then report to full Council annually
 - Risks associated with key partnerships will be regularly reviewed
- 5.3 The Audit Commission's annual Use of Resources assessment judges how well the Council manages its significant business risks. In 2006, we were judged as performing adequately (level 2). We are awaiting the 2007 judgement. Our aim is to achieve level 3 (performing well) by 2008. The criteria for 2008 are shown in Appendix A and are similar, at levels 2 and 3, to the 2007 criteria.
- 5.4 Our current Risk Management Strategy almost fully addresses these criteria, although the following actions are needed before 31 March 2008 in connection with an overall level 3 score:
- Review the risk management process and report to Council on this and other relevant issues
 - Ensure assurances are obtained about the management of risks related to significant partnerships
 - Undertake any additional training for staff to enable them to manage risks within their own areas
- 5.5 The position on managing the nine significant business risks is detailed in Appendix B. Members are asked to consider this and decide whether any issues should be reported to Strategy Committee and Council.
- 5.6 Key conclusions in relation to progress on managing each of the risks are:
- A lot is being done to put in place and strengthen arrangements to manage the risks. Measures to mitigate against them are being put in place
 - Some areas are under development and are at early stages eg Suffolk Pathfinder
 - The Council is using Risk Management and embedding it effectively
 - Monitoring arrangements are working well
- 5.7 Further updates to the Committee will be provided in due course.

6 **APPENDICES**

Appendix A – Audit Commission Use of Resources criteria 2008

Appendix B – Update on managing the Council’s Significant Business Risks

7 **BACKGROUND PAPERS REFERRED TO**

None.

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Appendix A

Audit Commission Use of Resources Criteria 2008

Level 2	Level 3	Level 4
<p>* The council has adopted a risk management strategy/policy that has been approved by members.</p> <ul style="list-style-type: none"> • The risk management strategy/policy requires the council to: • • identify corporate and operational risks • assess the risks for likelihood and impact • identify mitigating controls • allocate responsibility for the mitigating controls. • <p>and is complied with.</p> <p>* The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk.</p> <p>* Member responsibility for corporate risk management is identified in the terms of reference of one or more committees as appropriate.</p> <p>* Reports to support strategic policy decisions and initiation documents for all major projects include a risk assessment.</p>	<p>* The risk management process is reviewed and updated at least annually.</p> <p>* The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.</p> <p>* All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.</p> <p>*The members with specific responsibility for risk management have received risk management awareness training.</p> <p>* Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being identified and effectively managed, including reporting to full council as appropriate.</p>	<p>A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council.</p> <p>The council can demonstrate that it has embedded risk management in its business processes, including:</p> <ul style="list-style-type: none"> • strategic planning • financial planning • policy making and review • performance management • project management. <p>All members receive risk management awareness training appropriate to their needs and responsibilities.</p> <p>The council considers the opportunity side of risk management in the successful delivery of major innovative and challenging projects.</p> <p>Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.</p>

Local Government Review / Suffolk Pathfinder

Required management action/control	Current Position	Critical success factors & KPI's	Current position
<p>Political and managerial leadership in each council needs to endorse a clear shared message and regularly reinforce it within their organisations</p> <p>Governance and SIG work streams need drive and impetus</p>	<p>Shared services – services for review have been defined and priorities agreed. 2 work streams – managerial and governance.</p> <p>Member input to managerial work stream has been strengthen with the nomination of two Members. Governance work stream delayed as a result of Ipswich gaining unitary status. Away day for Leaders and Chief Executives was held on 31/10. District Council mergers will be explored.</p>	<p>Evidence of coherent approach to shared governance and service delivery arrangements</p> <p>Efficiency targets met/ exceeded. Increased community engagement and customer satisfaction.</p>	<p>Leaders and Chief Executives are the senior responsible owners.</p> <p>Desired outcomes to be agreed and achieved as the project develops.</p>
<p>Senior managers must consistently challenge actions that are not consistent with this agenda e.g. in procurement and contract letting</p>	<p>Debated through Management Team (MT) and Heads of Service (HoS) meetings. HoS acknowledge that they must challenge and understand their role. Evidence demonstrated through the Joint Waste partnership & the Building Control Partnership.</p>	<p>Clarity of community leadership</p>	<p>Will be an output of the Governance work stream.</p>
<p>Significant culture change must be driven forward in all councils</p>	<p>All leaders and Suffolk Chief Executives have signed up. Embedding culture will need ongoing commitment.</p>	<p>Efficiencies, savings and service improvements through partnership</p>	<p>Desired outcomes to be achieved as Pathfinder develops.</p>

Shared Services

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Develop consistent approach to management and monitoring of <i>shared service</i> partnerships at officer and Member level	Key PI's identified/being identified. Consistent approach to monitoring by MT and O&S Committees	Identify clear aims/outputs for each <i>shared service</i> project. Establish consistent approach to monitoring and reviewing progress by officers and Members.	Outputs identified for those shared service projects which proceed to Business Case stage.
Clear political and governance arrangements to be put in place	Shared service Joint Member Boards in place	Action Plan from SIG which identifies and prioritised <i>shared service</i> partnership opportunities	Priorities identified. Consideration of Business Cases underway. Extensive investigation work being undertaken to deliver shared services at countywide and sub-county level
Adequate. Target setting and appraisal in place. Inadequate: training and development of Officers to enable them to achieve targets	Training needs to be identified through appraisal process	Development and delivery of training programme	Training needs to be identified through appraisal process

Strategic Partnerships

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Review and streamline our membership of regional/sub regional groups in order our limited resources are focused on what matters	Review underway. "Best practice" gathered. Scoping report/methodology being prepared.	Decision by MT/Members on which groups/issues we will focus on, and allocate resources, including officer time, accordingly	Scoping report to Members: O&S (CS) 4/12/07
Development and support for Members in their roles as members of regional/sub regional groups or as spokespeople on issues of importance to Babergh	Officer support provided to Members.	Clear roles, responsibilities are support mechanisms for Members and lead officers	Roles allocated to Members, support mechanisms in place. Prospect of further refinement under Review of Constitution.

Political Leadership & Governance

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Review of constitution by new Council (post May 2007)	Constitutional Review Task Group set up, membership and Terms of Reference agreed. Task Group meeting dates set - timeframe for completion to be agreed	Fit for purpose constitution. Comparable strength of political leadership with other (Suffolk) councils	Desired outcomes to be achieved as the review develops.
		Clear community leadership and quicker decision-making	Desired outcomes to be achieved as the review develops.

Capacity

Required management action/control	Current position	Critical success factors & KPI's	Current position
Front of house satellites to be set up and run for a six month period to test the capacity of the units and the capability of staff to deal with queries outside of their normal service expertise.	The satellites are successfully open and receiving call traffic from the public, partners and a range of queries are being handled in depth and resolved at first point of contact.	Front of house integrated and responding to customers – 60% Yr 1 resolution first point of contact 80% Yr 2. more integrated back office.	Current statistics indicate that the front office satellites are resolving a higher performance level than 80%. Integration amongst the satellites is improving and is on target for 2008/09.
Ongoing review of newly established teams within the divisions, to ensure that they are robust and that performance levels for key services are maintained and/or improved.	Further reviews being done in specific areas by Service Heads as business needs change and opportunities arise. Performance Management arrangements well established	KPIs improved upper quartile/customer satisfaction/positive direction of travel	Some BVPI improvements and actions agreed on outcomes of recent customer satisfaction results. Direction of Travel review by Audit Commission being undertaken.
Ensure that scope is created for response at strategic level to new initiatives. Frequent monitoring of the relevance of the OD plan to ensure it is a live document and is a proportionate response to the leadership needs of the Council including members' roles. Ensure succession planning for S151 and Monitoring Officer and other key roles in the Authority.	As required through Management Team (MT). The Head of Corporate Services and Human Resources & Organisational Development Manager to ensure that the OD Plan is regularly monitored and are to report to MT in December. Under ongoing review depending on what particular officers vacate posts that feed into S151 and monitoring officer.	Increased innovation and partnership working. Improved leadership styles/political leadership structure improved.	Pathfinder status is providing a very real driver for this. The Council has established a Constitutional Review group to look at political decision making models for Babergh.

Organisational Culture

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Strengthen communication arrangements with staff and Members	Have been strengthened through staff briefings, information bulletins, Member seminars, Internal Communication Strategy and by canvassing staff views through MT meetings with staff in all divisions.	Staff acceptance of need for change	There is increasing acknowledgement across the Council of the need for change and acceptance that change will happen. This can be demonstrated through Divisional and team meetings. Staff are now being to act and think differently.
Re-invigorate Managers/Team Leaders Forums	Will be achieved through the OD Plan.	Capacity of council to respond to changing demands	The structural review has created extra capacity, which has helped the Council to respond to changing demands. The re-invigoration of the Managers and Team Leaders forums will also help with this.
Deliver OD Plan	OD Plan has been reviewed and brought up-to-date and will shortly be reviewed by the HR panel. The plan is comprehensive and includes Performance Management, the Corporate Plan, the Managers and Team Leaders forums.	Capacity to engage with partners	Capacity is being created to engage with partnerships such as the Haven Gateway, Pathfinder and Local Strategic Partnerships.
Greater, more consistent staff engagement in Corporate Plan	Comprehensive timetable and approach to the development of the Corporate plan for the next 10 years. There have been meetings held with MT, HoS and managers to identify the issues. Next stage to engage with staff to convert the	Delivery of service improvements	Performance Indicator improvements and evidence of service improvements.

Required management action/control	Current Position	Critical success factors & KPI's	Current position
	issues into actions.		
Consistent approach to development of Service Plans	Has not yet been progressed. Will be picked up as a part of the review of the Performance Management Framework for 2008/09.	Delivery of savings/efficiencies	The Council has exceeded Gershon targets. Will need further step change to continue to achieve savings and efficiencies, 3% cashable target will not be achievable otherwise.
Review and improve individual target setting and performance management/reward	A review is under way. Review group contains representatives from all divisions. Review group to report to MT at end of December.	Customer satisfaction levels	User satisfaction survey showed varying satisfaction levels. Complaints handling was flagged as a significant concern.

Financial, Performance & Risk Management

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Increased attention to member roles and structure of scrutiny arrangements in Babergh. Further strengthening of quarterly reporting arrangements.	Reports to O&S and MT/DMT detailing new quarterly reporting have now been agreed and a subset of key indicators have been identified.	Set of more integrated and consistent service/business plans for the Council.	A new Corporate Plan is being prepared and will set the foundations for a service and financial planning framework for the Council.
Integrated set of business/service plans that underpin the Corporate Plan for the Council that clearly set out financial, performance and risk issues	See Organisational Culture	Use of Resources improved.	Awaiting the Audit Commission's 2007 assessment.
Constant attention to strong financial management and achieving efficiencies – both cashable and non-cashable.	Savings and efficiencies targets for 2007/8 & 2008/9 have been agreed and are likely to be fully met.	Scope for greater innovation and partnership and cross-division comparison joint working.	As part of Suffolk Pathfinder.

Required management action/control	Current Position	Critical success factors & KPI's	Current position
New initiatives including shared services, contracts and partnerships to be based on a business case methodology for recouping investment as a min., through to setting out when efficiencies will be realised	Doing Business Better Initiatives / joint waste contract / shared Procurement Officer and other examples including whole life costing business case prepared to assist the decision on Hadleigh Pool.		

Comprehensive Spending Review

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Increased attention to national lobbying opportunities and input to the CSR as appropriate.	Lobbying by Finance Officers on 3% cashable efficiency target proposals. CSR 07 early indications are available and SFP is fully active in ensuring the financial strategy for 2008/9 and beyond is robust and enables the Council's priorities to be achieved.	More Govt. resources provided	Final details of the grant settlement for 2008/09 and subsequent years will be available late November. Pessimistic view on share of public spending resources that District Councils are likely to receive.
Constant attention to cashable and non-cashable efficiencies. Improved forward planning and monitoring. New initiatives including shared services/contracts/partnerships to be based on a business case methodology for recouping investment as a minimum, through to setting out when efficiencies will be realised	See above and also Financial, Performance and Risk Management. Future efficiency targets now confirmed at 3% cashable per annum for next 3 years. See also Suffolk Pathfinder/Shared services. Update Strategic Procurement Framework being developed that will address this.	Meet Govt. efficiency targets; sufficient to improve services and support overall Financial Strategy	The 2007/08 efficiency targets are expected to be fully met. Have significantly exceeded Gershon targets for the last 3 years. Constant challenge and review of Efficiency plans for the future.

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Agree Financial strategy to keep council tax levels appropriate for our needs, avoiding capping and keeping to optimum borrowing levels for capital funding.	Meetings of SFP and Corporate Plan working group are working comprehensively towards a Financial Strategy that will support Babergh's priorities and keeps Council Tax at a level that is appropriate.	Council tax levels and capital programme at optimum for policy requirements. Asset base and capital investment maintained effectively.	To be determined at February budget setting meeting with various opportunities for Member debate. A revised Asset Management Strategy and revised Priority Issues Paper have been agreed by Committee.

Management of Major Programmes and Projects

Required management action/control	Current Position	Critical success factors & KPI's	Current position
Develop prioritised, resourced timetable for all key projects/programmes	Allocation of resources with timetable in place for highest level major strategic projects, e.g. CAST, with Member/Officer monitoring in place. Consistent comprehensive approach to monitoring of all projects/programmes being developed.	Timetable in place, with clear outcomes from projects	In place for highest level strategic partnerships. Consistent approach to all partnerships being developed.
Define clear roles and responsibilities for officers/Members for each project	Roles/responsibilities deferred for highest level major strategic projects. The role out of a consistent approach to all projects/programmes being developed.	Clear roles and responsibilities defined	In place for highest level strategic partnerships. Consistent approach to all partnerships being developed.
Training/workforce development programme to be established, agreed by MT/Members and provided to all relevant officers/Members	Training needs to be identified through the appraisal process.	Delivery of agreed training plan	Training needs to be identified through appraisal process.

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