

## OVERVIEW AND SCRUTINY BOARD

Tuesday 27<sup>th</sup> June 2006

<b>STRATEGIC RISK REGISTER, 2005-2006 YEAR-END MONITORING REPORT AND STRATEGIC RISK REGISTER FOR 2006-2007</b>
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### Summary

1. To inform Scrutiny of the results of year-end monitoring relating to the Council's Strategic Risk Register 2005-2006 and to present the Strategic Risk Register for 2006-2007 (Appendix B) for comment.

### Introduction

2. The focus of good risk management is the identification and treatment of risks. Risk management in public sector organisations has gained an increasing profile over the last few years. Previous internal and external audits identified the Council's risk management approach as in need of development. However, significant progress has been made and external auditors recently stated, "The Council is performing strongly on Risk Management" [1]. This progress included producing a revised Corporate Risk Management Strategy 'a sense of proportion', which builds upon the previous strategy 'Chance or Choice' and a revised Strategic Risk Register, aligned to the Community Strategy themes.

### Risk Management Strategy

3. The Risk Management Strategy includes the aims and objectives of risk management within Middlesbrough Council, details roles and responsibilities and provides a framework to ensure that the risk management process is effective and consistent across Middlesbrough Council.

4. The revised risk strategy introduced a new risk scoring system in which risks could score between 1 (lowest risk) to 35 (highest risk). However, the 2005/06 Strategic Risk Register is based on the previous risk scoring system where risks are scored between A – D with A and B risks being placed on the Strategic Risk Register. The 2005/06 Strategic Risk Register has been reviewed and the draft 2006/07 Strategic Risk Register uses the new scoring system with risks scoring 7 or above included on the attached register – see appendix B.

### **Strategic Risk Register**

5. The Strategic Risk Register identifies those risks assessed by CMT as being the main strategic risks that may prevent the Council from achieving its medium to long-term priorities. It also provides details of the actions needed to contain the risks to an acceptable level.

## **Evidence / Discussion**

### **Reviewing and Reporting Risk**

6. Progress against each identified strategic risk was monitored and reported on a quarterly basis. The quarterly monitoring periods for 2005/06 were:
  - April 05 – June 05
  - July 05 – September 05
  - October 05 – December 05
  - January 06 – March 06
7. After each monitoring period an update report was produced and presented to CMT and Scrutiny. This provided the opportunity to update the risk register with new risks, remove risks that are no longer assessed as being high and to update any actions needed to mitigate existing risks identified.
8. At the end of the financial year a full review of strategic risks was undertaken as part of the Council's strategic planning processes. This report provides details of the 2005/06 year-end monitoring and the 2006/07 Strategic Risk Register.

## Monitoring against strategic risks, April 2005 - March 2006

9. There are fifty-one identified risks which make up the Strategic Risk Register 2005/06 categorised in line with the Council's six Community Strategy themes and the 'Fit for Purpose' theme as detailed in table 1.

**Table 1 – Number of risks by Community Strategy Theme**

<b>Community Strategy Theme</b>	<b>Number of Risks</b>
Supporting children and learning	9
Promoting healthier communities and effective social care for adults	6
Creating safer and stronger communities	3
Transforming our local environment	8
Meeting local transport needs more efficiently	2
Promoting the economic vitality of Middlesbrough	5
Fit for purpose	18
<b>Total number of risks on the 2005/06 Strategic Risk Register</b>	<b>51</b>

10. A full version of the Strategic Risk Register 2005/06 complete with Q4 update is available upon request from the author of this report.

### Main Achievements

11. A full breakdown of those actions completed and those rolled forward are detailed in Appendix A. Out of the 51 identified risks:
- 14 risks have had actions completed to mitigate those risks to a level where they no longer need to be included in next year's Strategic Risk Register.
  - 37 actions are being rolled over to next year's Risk Database.

### 2006/07 Strategic Risk Register

12. Middlesbrough Council has reviewed and significantly changed the way in which it describes, scores and monitors risks. Therefore, the 2005/06 Strategic Risk Register (SRR) and the 2006/07 SRR are not easily comparable. However, all risks identified in the 2005/06 SRR have been reviewed and are dealt with in one of the following ways:
- Included in the 2006/07 SRR. For example, Emergency Planning.
  - Included in the 2006/07 SRR, but included as a 'risk factor' or an 'impact' and not necessarily as a risk description. For example, declining population is now an 'impact' arising from the risk attached to failure of key regeneration strategies.
  - Included in service plans, for example, Children, Families and Learning's risk "failure to deliver 'Every Child Matters' outcomes". There are several plans in

place to mitigate this risk; Operational Management Plan 2005 and the Single Children's Plan. In addition the Annual Performance Assessment by Ofsted and CSCI judgement's help to monitor and mitigate this risk.

- Mitigating actions in-place have reduced the risk score to a level where inclusion on the SRR is no longer required. These risks remain on the database of risks maintained by Performance and Policy and are reviewed at least annually.
13. There are 13 risks that make up the 2006/07 SRR. The definition of strategic risk, used in compiling the SRR is:
- risks that will affect the achievement of two or more of the Community Strategy themes
  - risks that score seven or above (high and very high risks in the Council's risk matrix).
14. This has resulted in a shorter SSR that is clearly focused on the key risks facing the Council. The full list of risks considered when compiling the SRR 2006/07 is available from the author of this report. High and very high service specific risks are included within service plans. The 2006/07 SRR is attached as Appendix B.
15. There have been two pieces of legislation impacting upon identified risks:
- Civil Contingencies legislation March – April 2005 with full implementation by the end of 2005.
  - Freedom of Information Act.
16. All specific strategies, processes and actions to manage the 13 identified strategic risks in the 2006/07 Strategic Risk Register appear robust.
17. Middlesbrough Council's approach to risk management has been deemed by external auditors to be strength. However, the review of the 2005/06 SRR, the development of the 2006/07 SRR and the integrating of risk management with performance management have all further strengthened the Council's approach to risk management.

## CONCLUSION

18. For Scrutiny to note and comment upon this report.

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[1] CPA Use of Resources, annual auditors scored judgment, December 2005.

## APPENDIX A

Table 1 below details risks where actions have been completed to mitigate the risks. None of the risks are carried forward to the 2006/07 Strategic Risk Register.

**Table 1 Risks that are no longer included within the 2006/07 Strategic Risk Register.**

Risk Factor & Potential Risk	Completed Action
<b>Supporting Children and Learning</b>	
Failure to successfully develop the CFL department resulting in a failure to deliver the 'Every Child Matters' outcomes.	Have in place a planned approach to rolling out the newly created department. Also have in place the Operational Management Plan CFL 2005 and the Single Children's Plan for the CFL department.
<b>Promoting healthier communities and effective social care</b>	
Aging population leading to an inability to provide statutory care services.	Appointment of a Commissioning manager. Block contracting arrangements for domiciliary care and nursing home care in place.
Increasing number of people with Learning Disabilities coming through Transitions resulting in the inability to meet Statutory responsibilities within current budget.	Introduction of banded payments for residential care. Shifting emphasis from residential care to Independent Living arrangements. Establishing a Transitions forum meeting quarterly.
Independent Sector providers do not provide the services required by the Social Care department at an agreed, affordable cost.	Regular meeting with Independent sector established. Contract Review Working Party established with Independent Sector Executive to calculate 'true cost of care'.
Partnership working with Independent Sector.	Methodology for monitoring quality of service of the Independent Sector agreed.
Middlesbrough Health and Social Care partnership fail to deliver the Local Strategic Partnership (LSP) agenda for improvement.	The LSP themes, structure and roles are reviewed as necessary with involvement of all relevant partners leading to an agreed way forward for the medium to long term. Uses of accountability clinics - led by the Mayor are in place. Regular monitoring of LSP and delivery plans via annual LSP performance management framework by neighbourhood renewal unit is in place. Regular monitoring is also in place via Performance Clinics.

<b>Creating safer and stronger communities</b>	
Alcohol related disorder – reducing uncontrolled outdoor drinking	Alcohol free zone is now in place and new licensing arrangements since November 2005.
<b>Risk Factor &amp; Potential Risk</b>	<b>Completed Action</b>
<b>Transforming our local environment</b>	
Middlesbrough Partnership fail to deliver the Local Public Service Agreement (LPSA) agenda for Improving the Public Realm.	Draft report completed for a Green Spaces Strategy and presented to CMT.
Improvements to BVPI 199 are not maintained.	Monitoring taking place on a weekly basis and discussions with area managers. Year-end figures achieved overall score of 21% for litter and detritus and 18% for Graffiti–target achieved.
Funding for new estates in not provided and resources are taken from other areas resulting in a lower score.	Complete. Executive approved £150k funding on August 2 <sup>nd</sup> 2005.
High quality key facilities not provided, for example the new skate park.	Opened November 6 <sup>th</sup> 2005 with very good initial attendance figures.
<b>Promoting the economic vitality of Middlesbrough</b>	
Regional and sub-regional documents. Changes at regional and sub-regional levels aggregate decision-making responsibilities so as to disadvantage small authorities at the expense of larger ones and advantage Tyneside at the expense of Teesside.	Active engagement with Government over population figures complete. Population figures have been increased. The Mayor's Raising Hope Agenda is built into key documents, e.g. Service Plan, and informs, for example, the Local Development Framework.
<b>Fit for purpose</b>	
Central Government controls - failure to develop a clear Council vision which complements the community strategy and which is based upon the shared national and local priorities.	Completion of Community Strategy 2005, Corporate Performance Plan 2005/06 and embedding of Performance Management Minimum Standard with revised standard taken to CMT in December 2005.

<p>Health and Safety legislation. (Property Only)</p>	<p>Agree and implement appropriate processes for asset management A report has been drafted and will be taken to CMT setting out the procurement of Legionella management, management of asbestos and hazardous waste.</p> <p>There is in place robust processes for procurement asset management services for Portable Appliance Testing (PAT). New Boiler and Engineering and Heating and Ventilation maintenance contracts are in place.</p>
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Table 2 below details risks, below each Community Strategy theme, rolled over to next year's Strategic Risk Register.

**Table 2 Actions rolled over to next year's Strategic Risk Register 2006/07.**

Risk Factor & Potential Risk	2006/07 Risk Database Reference
<b>Supporting Children and Learning</b>	
Failure to meet legislative and best practise processes in Child Protection leading to failure to adequately protect vulnerable children.	Mitigating actions completed for 2005-06. CFL 10
Ineffectiveness of the partnerships delivering the SC &L theme forward leading to inter-agency disagreement resulting in loss of focus on outcomes and reduced ability to deliver these outcomes.	CFL 08
Building Schools for the Future (BSF). Not identifying potential problems (legislative, financial, capacity, competency etc). All risks leading to programme stalling.	Mitigating actions completed for 2005-06. CFL 09
Failure to deliver Vulnerable Children's services within budget. Council cannot afford to provide a full range of services to vulnerable children. Preventative work cannot be developed, potentially increasing the number of children in need and creating future pressures. Risk of harm to a child.	Mitigating actions completed for 2005-06. CFL10
Reliance on HBS to deliver ICT school infrastructure on Middlesbrough's behalf.	Mitigating actions completed for 2005-06. CFL 07
Failure to deliver East Middlesbrough Primary Review (EMPR).	CFL 01

<b>Risk Factor &amp; Potential Risk</b>	<b>2006/07 Risk Database Reference</b>
Falling school rolls results in an increase in surplus places causing poor value for money in use of resources.	Mitigating actions completed for 2005-06. CFL 11
Failure to achieve smooth transfer of Connexions Service from Tees Valley to Middlesbrough.	CFL 3
<b>Promoting healthier communities and effective social care</b>	
Inability to react to the requirements of the Adults Green paper due to a lack of understanding and /or lack of capital.	Mitigating actions completed for 2005-06. SC 02
<b>Creating safer and stronger communities</b>	
Crime does not reduce.	EN 02
Fear of crime not reduced.	EN02
<b>Transforming our local environment</b>	
Proximity to high concentration of petrochemical premises and the nuclear power station.	Mitigating actions completed for 2005-06. EN07
Changing and unpredictable weather patterns.	Mitigating actions completed for 2005-06. EN 05
Recycling level does not improve.	EN 04
Community not engaged in 'Future of Local Environment' - Failure to recruit recycling and waste awareness staff.	EN 04
<b>Meeting local transport needs more efficiently</b>	
Failure to submit Local Transport Plan (LTP)	Mitigating actions completed for 2005-06. EN 08
Failure to achieve reduction in casualty figures	EN 08
<b>Promoting the economic vitality of Middlesbrough</b>	
Art Gallery - contract going over budget.	RG 10
Population decline - Adverse impact upon the Town's regeneration capacity, particularly through the loss of economically active people and a reduction in government grant.	RG 01
Central Government approach to area initiatives.	RG 01 & RG 05



<b>Risk Factor &amp; Potential Risk</b>	<b>2006/07 Risk Database Reference</b>
Housing Market Renewal (HMR) Programme.	RG 06 RG 07 RG 08
<b>Fit for purpose</b>	
Service delivery through partnership working.	CS 20 CS 37
National changes to the methodology used to assess Council performance.	Mitigating actions completed for 2005-06. CS 03
Mayoral System.	Mitigating actions completed for 2005-06. CS 02
Executive and CMT decision-making processes.	Mitigating actions completed for 2005-06. CS 18
Executive and Scrutiny separation of responsibilities.	Mitigating actions completed for 2005-06. CS 04
Health and Safety legislation. (excluding property).	Inspection Plan Completed CS 17
Equal pay legislation.	Timetable agreed for 2 <sup>nd</sup> Phase of Job Evaluation. Extra Job Analysts in place. CS 15 CS 16
Recruitment and retention of staff.	CS 21
Sickness absence.	Corporate Manager's Best Practise Group established. Attendance Management Action Plans in place.  CS 07
Potential for the Council website not to meet Government deadlines.	CS 12
Dependency on technology to support service delivery and manage infrastructure.	CS 11
Resource implications of implementing new IT solutions and refreshing existing infrastructure.	CS 10
Corporate Complaints procedures.	Corporate Complaints System went live in December 2005.  CS 14 CS 22
Pension legislation.	CS 06
Investment capacity in trading areas.	CS 08
Public aspirations.	CS 25

# **APPENDIX B**

## **Strategic Risk Register 2006/07**

## Strategic Risk Register (High and Medium Risks)

RISK DESCRIPTION	Residual			Mitigating Actions
	Probability	Impact	Score	
The Council's resources do not match the demands arising from the Equal Pay claims process and outcome, reducing the Council's financial viability, skewing its priorities, diverting staff away from the Council's priorities and impacting upon service delivery.	4	5	20	Strategic Plan FP 1 and FP 2
The economic vitality of Middlesbrough is at risk because of changes in government/local policy or lack of political direction leading to inappropriate partnerships, population decline, reduced economic activity and poor reputation.	3	5	15	
The failure of key regeneration strategies results in partnership opportunities missed and failure to maximise the benefits of various partnership initiatives.	3	5	15	Strategic Plan actions contained within the Economic Vitality theme (EV 1 to EV 29)
Regeneration strategies do not encourage the rejuvenation of housing stock and as a consequence the housing stock deteriorates, the value of property falls, confidence in older housing areas falls and first-time buyers are reluctant to purchase.	3	5	15	
The CFL department's failure to implement policy and/or processes, due to capacity issues, directly contributes to a child death or significant child protection concerns.	2	7	14	Children, Families and Learning Service Plan – Staying Safe theme
The Council cannot implement Single Status to the nationally agreed timetable due to a lack of capacity or knowledge to implement the job evaluation element and to manage the whole process, resulting in statutory deadlines not being met.	4	3	12	Strategic Plan - FP 1 and FP 2
A large-scale incident occurs that prevents the Council from functioning or requires diversion of Council staff / resources, impacting upon the Council's ability to deliver key services and strategic priorities.	2	5	10	The Emergency Management Framework and Procedures

## Strategic Risk Register (High and Medium Risks)

RISK DESCRIPTION	Residual			Mitigating Actions
	Probability	Impact	Score	
The Council is reliant upon one key partner, HBS, to deliver its customer-facing services and back-office functions. Failure of this partnership would have a serious impact upon the Council's ability to deliver its services effectively and efficiently resulting in poorer service delivery and negative publicity.	2	5	10	Partnership agreement
Regeneration strategies do not enable the production of major cultural projects and flagship events and as a consequence Middlesbrough's reputation is not enhanced, people are not aware of the potential of the town, mima may not open on time or be a success and it may go over budget.	2	5	10	Strategic Plan - EV 10 to EV 11
Failure to ensure effective community engagement to strengthen community partnership working, promote diversity and community cohesion and to underpin neighbourhood renewal and management.	2	5	10	Strategic Plan – Fit for Purpose
Failure to deliver the council's Building Schools for the Future project on time and/or to budget, thereby failing to secure the educational benefits expected from the project.	2	5	10	Strategic Plan - SCL 15 and BSF Project Plan
Changes in the demographic make-up of the population stretch the Council's capacity to deliver services leading to an inability to meet customer requirements, loss of public confidence and failure to meet the diverse needs of the population.	2	5	10	Strategic Plan – Economic Vitality Theme
The Council suffers from a high level of sickness absence, poor management of sickness absence, low staff morale, lack of assistance for staff suffering from long-term sickness, high levels of ill-health amongst general population. Contribute to a high level of ill-health	3	3	9	Strategic Plan – Fit for Purpose