

Report to: Audit Committee

Date: 20 September 2006

Report of: Head of Internal Audit &SDT

Report No:

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Report Title: **Corporate Risks**

**Confidential /
Non Confidential:**

(Non-Confidential) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To inform Audit Committee of the corporate risks that have been identified through the approved risk assessment process.

Recommendations: Audit Committee is asked to note the current corporate risks.

Background Doc(s): Bolton Council Risk Register.

1. BACKGROUND:

At the training session for Audit Committee members in June there was a discussion on risk and the corporate process used within the authority. Members asked if a report could be brought of the next meeting of the Audit Committee listing the main corporate risks which have been identified.

2. RISK IDENTIFICATION PROCESS:

The authority has adopted the “Storm” methodology for identifying risks. This was introduced in 2001 by Zurich Management Services and is used both corporately by Executive Management Team (EMT) and by individual departments.

EMT reviews the corporate risks every two years and individual departments consider their risks on an annual basis. Appendix A to this report describes the process in more detail and this process has been reported previously to Audit Committee on 4 April 2006.

3. CURRENT RISKS:

Following the process described above the risk register contains a large number of risks identified by individual departments. These risks are currently being reviewed and rearranged to take account of management re-alignment and to ensure that the risks fit with the new departments.

A full list of risks can be provided for committee but this runs in to several hundred. Detailed below are the 7 current EMT corporate risks which were identified in May 2006. The Risk Management Action Plans are attached at Appendix B to this report. These plans list the actions that are planned to negate the identified risks:

- Bolton not having a loud enough voice to influence the Regional Agenda – Chief Executive
- Do not achieve recycling target – Director of Environmental Services
- Not improving the skills of local people – Director of Childrens’ Services
- Funding initiatives/projects/strategic issues not available or reduced – Director of Corporate Services
- Inadequate investment in the Town Centre – Director of Development & Regeneration
- Investigation, identification and remediation of contaminated land. – Brian Whittaker , Adult Services
- Contextual Value Added performance of 7 or 8 secondary schools. – Director of Childrens’ Services

4. RECOMMENDATIONS:

Audit Committee is asked to note the current corporate risks.

RISK MANAGEMENT PROCESS

The Council's risk management process is an integral part of its overall Corporate Business Planning Process (CBPP). In line with that wider process, risk management operates at all levels as outlined below: -

STRATEGIC

Corporate

Every two years the Council will undertake a corporate risk management identification exercise. This will involve both Members and senior officers in the Authority identifying all the significant risks that potentially could face the Council over the next 3/5 years. These risks are then evaluated and those with the highest incidence of the risk arising and the greatest impact, will be taken forward. For each of these risks an Action Plan will be produced to seek to reduce the risk or to manage any consequences in the event of the risk arising.

This Action Plan will be agreed by the Executive and monitored by the Executive Management Team with any significant departures from the Plan being reported to the Executive.

Should any new risk be identified during the course of the 2 year period these will be evaluated by the Executive Management Team and where appropriate an Action Plan developed and added to the existing Plans. In any event the Executive Management Team will review the whole Plan half way through the 2 year period.

Service Delivery

Each Service Department will go through an exercise similar to that undertaken at the corporate level but specifically focussing on the major risks facing that service. In the same way, an Action Plan will be produced which will be regularly monitored and reviewed.

Within each Service Strategy a section will be included on risk management. This will identify the major risks which might result in elements within the Strategy not being delivered. Any further risks identified this way will also have Action Plans produced which will be added to those identified in the previous paragraph.

Risk Register

All the risks identified at both the Corporate and Service level will be included on an overall Council-wide Risk Register which will be used to regularly review the risks identified, ensure monitoring is in place and seek to identify any correlation or overlap of risks so that efforts can be focussed effectively and efficiently on managing those risks.

SERVICE IMPROVEMENT ACTION PLANS

Each year Services produce Service Improvement Action Plans (SIAPS) which outline the actions they are proposing to take during the forthcoming year. Each SIAP should include a section on risk management which will identify any potential risk which may result in the Action Plans not being delivered. The Action Plan should then also identify further steps that will be taken to minimise and monitor these risks.

FINANCIAL

Issues and risks are identified as a matter of routine as part of the general Budget process. However, it is important to separately identify any major risks that a Service or the Council might be facing of a financial nature when considering the overall Budget. As part of the Budget process at both the departmental and corporate level, potential financial risks will be identified. Where these are significant they will then be reported to the appropriate Member forum as part of the overall Budget consideration.

OPERATIONAL LEVEL

At the operational level it is important that risks are identified which may impact on the delivery of the service. These risks should generally be identified and dealt with as part of the service's SIAP. However it is also recognised that lower level risks may arise linked to general Insurance, Health & Safety and Property issues. These risks will be identified and managed at the operational level within Departments with the Council's Risk Officer providing advice and co-ordination so that operational risks that affect more than one Department can be managed in a co-ordinated way.

GUIDANCE

Guidance will be provided for Managers to assist them in undertaking effective risk management as part of the CBPP Process.

TRAINING

Training in Risk Management will be provided to all Members, Senior Managers and those staff involved in the CBPP Process. Other key staff in Health & Safety and Property Management will also be provided with more tailored training and greater awareness of risks and the need to manage risks will be provided to all staff. Risk management awareness will become part of normal induction training for all new staff.

INTERNAL AUDIT

Internal Audit's role is to validate and where appropriate challenge the risk management processes and provide assurance that the processes are effectively and comprehensively being followed.

LEAD OFFICER: Bernard Knight

APPENDIX B

CLUSTER: Regionalisation

TITLE: Bolton not having a loud enough voice to influence the Regional Agenda

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
F	B2		Regionalisation is still on the agenda in the North West and all Authorities/ areas want to influence the development of this to their own advantage

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
AGMA CE's bring together a number of regional strands. Departments have limited capacity to engage with the Regional Agenda.	Broadly adequate to protect Bolton's role as part of AGMA. Inadequate to position Bolton alone.	Clear focus for this work in new structure with adequate resource.	CE	Coherent process to address Regional Agenda and effective Bolton response.	Annually	

UPDATE OCTOBER 2005

Development & Regeneration Department will focus on economic/planning and transport issues through developing GM networks. New NWRA Executive Board will help to focus attention on main issues. Leader is a member. Good progress overall

UPDATE MAY 2006

The 2 main Chief Officer appointments in the D&R Dept have significantly increased our capacity in this area. City Regen initiative is now engaging some EMT members in addition to CE. Overall progress remains positive

LEAD OFFICER: Alan Fisher

CLUSTER: Environmental

TITLE: Do not achieve recycling targets

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
N	B2		The Council has to meet Government recycling targets and a new waste disposal contract (with neighbouring Authorities) is being drawn up which will have a major role in achieving them

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
Waste Management Strategy Document for Bolton agreed. Municipal Waste Management Strategy for Greater Manchester, Procurement Timetable for new Waste Disposal Contract agreed Memorandum of Understanding signed by Districts	Adequate, conditional on columns 5-7	Regular review of controls already in place. Regular reporting through Policy Development Groups and Executive Member Meetings. Continue to Support work at a Greater Manchester in relation to delivery of the Waste Management Strategy and Waste Disposal Procurement Contract	Alan Fisher Paul Crosbie	BVPI's 82a(i), 82a(ii), 82b(i), 82b(ii) 84a, 84b, 86, 91a, 91b Signed Inter Authority Agreement IAA	Monthly Review against BVPI targets	September 2005 March 2006 Recycling Waste Disposal Contract April 2007

UPDATE OCTOBER 2005

The actions have been extended to include research and the preparation of options to achieve the longer term statutory recycling targets.

A further Critical Success Factor is the need to move to a tonnage basis for calculating the domestic waste levy by 2008/09.

UPDATE – MAY 2006

Recycling target achieved for 2005-06. Substantial reduction in residual municipal waste presented for disposal. Disposal facilities provided in new contract not yet clear BUT this is critical to determining how the service can progress. Recent commencement of an AGMA project on collaborative working to gain service efficiencies.

LEAD OFFICER: Margaret Blenkinsop

CLUSTER: Local Economy

TITLE: Not improving the skills of local people

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
			A strategy has now been written and published and now requires implementation by all providers.

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
The Bolton 14-19 strategy now written, published and out for consultation with all key stakeholders	Progress being made	Implementation of strategy now published	M Blenkinsop	Increased provision in all areas of the Borough Improved qualification at ages 16-19	Annually	October / November 2006

Update May 2006

The three cluster geographical clusters are well established, the joint funded co-ordinators are all in post managed by the Life Long Learning Manager, there are regular meetings attended by school, college, work based learning providers, LA and LSC representatives.

A town Centre curriculum development group has been established and a work based learning provider form started in partnership with Bury, this also meets on a regular basis.

The 14-19 strategy has been written and published in draft form it is currently out to consultation with all key stakeholders and the launch of the final version is set for the Summer Cluster Collaboration meeting.

A buildings group has been established in partnership with the Regeneration & Development Department.

LEAD OFFICER: Steve Arnfield

CLUSTER: Financial

TITLE: Funding for initiatives/projects/strategic issues
not available or
reduced

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
6	B2		There is limited financial resource within the Council to deal with strategic issues with the Council using a lot of external funding sources

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
The majority of external funding is utilised on time limited/fixed term contracts/initiatives. However, these are a major factor in the Council's Regeneration work	Adequate but significant change in Government policy could undermine the Council's investment in key areas of activity	Annual monitoring – review of programmes over 3 years as part of Medium Term Financial Plan	DF	Completion of 3 Year Financial Strategy for these schemes. Effective Exit Strategies	Annually	March

UPDATE OCTOBER 2005

The impact of reducing external funding was highlighted in the draft Investment Strategy and will be picked up as an issue in the 3year financial Strategy. Immediate issues in Social Services Adults are being picked up in the current Budget process.

UPDATE MAY 2006

The issue of reduced external funding was highlighted in the Medium Term Financial Strategy. Other immediate issues particularly around Social Services were picked up as part of this 2006/07 budget with the major impact being in 2 years time when we potentially may lose the Neighbourhood Renewal Fund.

Work on developing an Exit Strategy needs to take place in the latter part of this year.

LEAD OFFICER: Keith Davies

CLUSTER: Local Economy

TITLE: Inadequate investment in Bolton Town Centre

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
33	C2		Many of Bolton's neighbouring areas are investing heavily in their Town Centres and shopping propositions (e.g. Liverpool) which will increase the competition for Bolton Town Centre

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
1. Town Centre Action Framework approved as a strategic programme document to guide eight work streams aimed at improving Bolton town centre's viability and vitality. 2. Partner identified for the Central Street development.	1. TCAF is recent and comprehensive as a programme document and management arrangements are in place for each work stream and overall programme. 2. Wilson Bowden have been appointed as developer and agreement approved by Council.	Press the programme forward in a co-ordinated fashion. Monitor progress and act upon deviations from the plan.	Director of Development and Regeneration and Town Centre Strategy Group reporting to Corporate Resources PDG.	Keeping to the action and timescales specified. Milestones will include: (a) Securing development agreement on the Central Street project (b) Committing the transport interchange project. (c) Securing the funding and commitment for the Cultural Quarter project	Quarterly review of the overall programme by the Corporate Resources PDG	Central Street development agreement by April 2006 Cultural Quarter HLF Lottery bid early 2007 Completing Phase 1 Master Plan April 2006 Distinctiveness study by Nov 2005 Baselining study Dec 2006

3. The Market Hall project now has planning permission and a development agreement with Agora has been secured.	3. The project will commence in 2007 with the commercial risk carried by Agora.			(d) completing the distinctiveness and baselining studies		
4. Further development sites and actions are identified (e.g. transport interchange, cultural quarter, Church Wharf)	4. Initial consultant studies have been completed on the interchange and cultural quarter to show how these two projects can be progressed					
5. Town Centre Baselining Plan to be completed to guide investment	5. The Council needs to complete these studies to ensure we have the best chance of continuing to attract investment.					
6. Distinctiveness study of Bolton Town Centre commissioned to help market and guide development proposals.	6. The public consultation process has been completed. We need to ensure it co-ordinates with the wider marketing of the borough.					

UPDATE OCTOBER 2005

Outline planning permission has been granted for the Central Street project. Full planning permission has been granted for the Market Hall project and the development agreement has been signed.

UPDATE – MAY 2006

- Development Agreement re Central Street with Wilson Bowden has been approved. Work to be done to resolve third party land interests in relation to the scheme
- Market Hall development deferred to early 2007 but agreement reached with all traders
- Development briefs now approved for further 4 key development sites in the town centre and positive indications of developer interest in these sites
- New Brand Strategy in place to support promotion of town centre and investment opportunities

LEAD OFFICER: Brian Whittaker

CLUSTER: Adult Services

**TITLE: Investigation, identification and remediation of
contaminated land**

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
K	C2		A map of potentially contaminated land in Bolton is being compiled as part of the Council's duties under Part 2A of the Environmental Protection Act.

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
<p>1. An initial screen of potentially contaminated land is underway using the GM Geological Unit. In the current year the budget to complete this process has been increased by £40k.</p> <p>2. Sites identified as high priority for action will then be investigated in detail to determine the appropriate steps for remediation. Council land is likely</p>	<p>The initial screening exercise is a required preliminary if good decisions are to be made. It will undoubtedly identify the need for action and expenditure by the Council. The exercise will allow a planned approach to the development of a risk based programme of work.</p>	<p>Close attention to the results of the initial screening exercise will be needed so far as Council land assets are involved.</p> <p>A series of briefings will be required for Council land-holding departments once the results of the exercise are known.</p> <p>A budget will need to be established</p>	<p>The regulatory aspects are the responsibility of the Director of Adult Services (Assistant Director, Environmental Health and Trading Standards Services).</p> <p>The response to the Council's obligations as landowner falls to the</p>	<p>Map of potentially contaminated land completed.</p> <p>Sites owned by the Council and identified as a high priority will be subject to a more thorough investigation. This will confirm (or otherwise) the need to include them in a programme.</p> <p>Current sites known to be contaminated placed within an</p>	<p>Once established, the programme should be reviewed quarterly thereafter, possibly as part of new management arrangements for all Council land holdings.</p>	<p>Completion of the contaminated land initial screening exercise – April 2006.</p>

<p>to feature in this list.</p> <p>3. Persons deemed responsible for land contamination will be required to show how they intend to remediate the land or remove the risk of contamination.</p> <p>4. Where land is proposed for development the Council require a study of potential contamination and remediation measures as part of the planning control process.</p>		<p>when the scope and depth of the problem is known. Special funding should be sought in particular.</p> <p>The need to tackle contamination should feature in strategic partnership arrangements to help manage the Council's land assets.</p> <p>Contamination may be treated by a combination of locking pollution into sites, managing access or promoting development which tackles the pollution as a by-product.</p> <p>Land in Council ownership currently known to be a potential hazard needs to be actively managed to ensure</p>	<p>Director of Central Services (Corporate Property).</p> <p>In some cases the responsibility for regulation may fall to the Environment Agency.</p>	<p>active management regime.</p> <p>Budgets established to manage the Council's obligations.</p>		
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		contamination cannot affect health. Land proposed for development within the Council's portfolio will be assessed for contamination and its treatment.				
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UPDATE OCTOBER 2005

Desk top study now completed for whole Borough (September 2005 Phase 1). List of potentially contaminated sites provided. Next step is to "screen" the list for more in depth study and to determine if contaminated. By February 2006 sites owned by the Council which may be contaminated are identified and prioritised into a programme to determine whether contaminated.

UPDATE MAY 2006

List of potentially contaminated sites (and GIS layer) being checked for consistency – some corrections/updates are necessary. GM Geological Unit working on this. Work on the more detailed inspection of highest priority sites (including Council owned sites) not yet started. Central Government guidance on assessment of contaminated land being revised.

Large workload being undertaken, at the planning stage, in dealing with sites (some of which are Council owned) where development is proposed. Proper record keeping for this work is a major issue.

NEW RISK

LEAD OFFICER: Margaret Blenkinsop

CLUSTER: Schools

TITLE: Contextual Value Added performance of 7 or 8

Secondary Schools

Risk Number	<u>Current Risk Score</u>	Target Risk Score	Description
			As a result of the implementation of the latest OfSTED Inspection framework which focuses on outcomes; 7 or 8 secondary schools are at risk of receiving 'Notices to Improve' or being judged to 'Require Special Measures'. This is as a result of their Contextual Value Added (CVA) performance placing them in a low position in relation to their statistical neighbours.

Action/Controls already in place	Adequacy of action/ control to address risk	Required management action/control	Responsibility for action	Critical success factors and KPI's	Review Frequency	Key Dates
<p>Senior School Improvement Advisers working with schools:</p> <p>Supporting the implementation of Secondary National Strategies.</p> <p>Supporting the development of effective Self</p>	Progress being made	Schools responding effectively to the National Strategies, designed for KS 3 and 4.	M Blenkinsop	Performance at KS 3 and KS 4 and in particular the Contextual Value Added performance between KS 2 and 3 / 4.	Annually	October / November 2006

Evaluation Processes						
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