

Risk Management, Update for 1 April 2015 – 30 June 2015

Report by Chris Lawson, Risk Manager

1 Purpose of Report

The purpose of this report is to provide Audit Committee with the 2015/16 quarter 1 update, covering the period 1 April to 30 June 2015.

2 Background

2.1 Audit Committee have requested regular reporting on the Council's Corporate Risks, the highest risks facing the Council at this time are:

- Balancing Budgets in future years, including the Impact of Budget Reductions and the Financial Strength of Council
- Corporate Change and Transition
- Integration of Health and Social Care

3 Critical and High Corporate Risks

3.1 Balancing Budgets in future years/Impact of Budget Cuts/Financial Strength of Council

The Delivering Excellence framework approved by Council 23 June 2015 is now being implemented. The updated Financial Strategy for 2016/17 to 2020/21 was presented to Council 22 September 2015.

In the report to Council the Chief Financial Officer advised of the Remaining Budget Gap facing the Council in future years as follows.

Year	Budget Gap
2016/17	£1.852m
2017/18	£7.117m
2018/19	£12.649m
2019/20	£18.032m
2020/21	£23.344m

3.2 Corporate Change and Transition

A review of the current Transformation Programme has taken place with three areas transitioning out of the programme into either business as usual or Delivering Excellence Framework.

There remain five transformational strands that will continue to be monitored through the Programme Boards with regular updates to Business Transformation Board and Steering Group.

Whilst it's recognised that the Transformation Programme alone will not deliver the budget gap, Council have approved the Delivering Excellence framework. The Delivering Excellence framework has been developed to respond to the financial and service challenges the Council will face in future years as a consequence of wider public sector reform and predicted financial outlook. The Delivering Excellence framework focuses on reshaping service delivery as the most sustainable way to address the financial and service challenges, to deliver excellence and maintain service and financial sustainability through a continuing period of public sector constraint. The framework will provide a means to refocus the Council's overall approach to service planning, priority setting and resource allocation, whilst also addressing the need to consult and engage with communities. While it is a refocus rather than a fundamentally different approach its success will require a shift in culture and thinking, requiring a more innovative and entrepreneurial approach across the Council, and therefore be underpinned by strong leadership.

3.3 Integration of Health and Social Care

New arrangements have been established from August 2015 at the meeting of the Integration Joint Board. Although a range of project plans and controls are in place to ensure the transition is a smooth one it is nevertheless a major change in the governance of Health and Care Services and requires to be considered a high risk at this stage. The changes are monitored on a monthly basis through reporting to the council's Business Transformation Board.

The Head of Adult and Social Care and Head of Healthcare supported by Midlothian Council's Risk Manager and Joint Future Manager have generated a draft Risk Register for the Integration Joint Board. A report on Risk Management Policy was presented to the Integration Joint Board on 20 August 2015 by Midlothian Council's Risk Manager and Joint Future Manager.

At its meeting the Integration Joint Board agreed that:-

- The Integration Joint Board develops its own Risk Management Policy
- That a workshop be held to allow Board members consider a draft Risk register.

3.4 Risk Management Development

The Council's Risk Management Group has met during Quarter 1 15/16 with the initial focus being to ensure Service Risk Registers are updated. Work has been completed to realign the Service Risk Registers to the Council's organisational structure. The revised risk rating model presented to Audit Committee as part of the Council's revised Risk Management Policy was applied to the newly formed registers at the start of quarter 1 2015/16.

Work is now required to align Corporate Risks and Service risk with the delivery of the Council's strategic objectives. This will be progressed

as the Single Midlothian Plan is revised with Community Planning Partners.

During this quarter the Risk Manager became involved in the Delivering Excellence program with the objective of ensuring risk management is embedded within the framework an integrated part of the process of service planning and redesign and not as an add on.

The Risk Management-Process Guide is being aligned to support those responsible for managing risk to do so in a structured manner. This will directly support the process of embedding risk management into routine management practices. In support of this an intranet micro site is being created to provide managers with the range of management tools needed to identify and manage new and emerging risks.

4 Report Implications

4.1 Resource

There are no direct resource implications in this report although individual risks will have associated resource implications which are considered within the Risk Registers.

4.2 Risk

Corporate Risks are generally those that impact on all parts of the Council. It appears that the presence of risk is understood and action is being taken to manage risk on an ongoing basis.

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

4.4 Impact on Performance and Outcomes

The purpose of the council's risk management approach is to support the authority to deliver on its key outcomes by highlighting and taking steps to mitigate potential disruption to delivery of services.

4.5 Adopting a Preventative Approach

The Risk Management approach being taken by the Council is founded on a preventative approach to managing risks where appropriate.

4.6 Involving Communities and Other Stakeholders

Consultation has taken place with Senior Managers responsible for corporate risk management.

4.7 Ensuring Equalities

There are no direct equalities issues arising from this report.

4.8 Supporting Sustainable Development

Senior Managers must ensure the sustainability of the Council, which entails identifying, understanding and managing Corporate Risks.

4.9 IT Issues

No additional issues other than those relating to the Risk Register.

5 Recommendations

Audit Committee is invited to note the 15/16 quarter 1 report on Corporate Risks and consider the current response to the risks highlighted.

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Background Papers: