

**AUDIT AND GOVERNANCE COMMITTEE**

**23 March 2012**

**CORPORATE RISK PROFILE**

**Report of the Executive Director of Commercial and Corporate Services**

**1. Purpose of the Report**

- 1.1 This report outlines the findings of the last review of the Corporate Risk Profile undertaken by the Executive Management Team, which they agreed on 13<sup>th</sup> March 2012.

**2. Corporate Risk Profile**

- 2.1 The new Corporate Risk Profile, agreed by EMT, is attached at Appendix 1. The Profile covers those risk areas that relate to the delivery of the Council's strategic priorities.
- 2.2 Seven strategic risk areas were identified. Given the breadth of a number of these areas they were sub-divided in order to ensure appropriate mitigating actions are identified.

The table below shows the strategic risk areas and the number of sub-risks that have been identified.

Strategic Risk Area	Number of Sub-risks
Economy	1
Reduced Resources	1
Community Needs	2
Social breakdown	2
Reputational and Influencing	1
Partnerships	1
Planning and Responsiveness to national agenda	1
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- 2.3 The Corporate Risk and Governance group (which will be re-shaped as the Corporate Assurance Group, as part of the introduction of the Integrated Assurance Framework) will oversee the identification of appropriate mitigating actions and their implementation. Progress will be reported to the Committee through the proposed quarterly updates of the Corporate Assurance Map.
- 2.4 The risk areas that have been removed from the profile are shown at Appendix 2 for information. It should be noted that assurance in relation to these areas will be sought as appropriate and monitored through Directorate Risk Management plans and the work of the Internal Audit and/or Risk and Assurance team.

### **3. Recommendations**

- 3.1 The Committee is asked to consider and endorse the Corporate Risk Profile set out in Appendix 1, and note that the strategic risk areas will be included within the Corporate Assurance Map

## Corporate Risk Profile

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
<b>ECONOMY</b>	<b>1) Adverse market conditions may delay progress and reduce momentum in achieving the benefits of the Economic Masterplan</b>	Janet Johnson, Deputy Chief Executive	<b>3x4=12</b>
<b>Context</b> Further decline in the national economy and reduction in public sector budgets will adversely impact the ability to grow the local economy, and impact on employment.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Prioritise existing work programme</li> <li>• Review programme and project governance / delivery arrangements</li> <li>• Creating, attracting and expanding business in the City</li> <li>• Youth Employment Programme</li> </ul>			
<b>REDUCED RESOURCES</b>	<b>2) Further significant budget cuts</b>	Malcolm Page, ED of Commercial and Corporate Services	<b>3x4=12</b>
<b>Context</b> The budget settlements, Local Government Resource Review and localisation of business rates may significantly impact on the council's financial position.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Business Transformation Programme</li> <li>• Commercial Programmes</li> <li>• Service assessment methodology</li> <li>• Cultural Change (e.g. accountability framework, collaborative leadership)</li> <li>• SWITCH and IJM</li> </ul>			

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
<b>COMMUNITY NEEDS</b>	<b>3) The scale of the compound change in the short/medium term within the City is such that the Council is unable to effectively respond to the needs of people and communities</b>	Keith Moore, ED of Children's Services & Neil Revely, ED of Health Housing & Adult Services	<b>2x4=8</b>
<b>Context</b> Welfare reforms may impact upon the ability of tenants to afford their current accommodation. The current choice of housing may not meet the changing needs of current residents or attract new residents. Levels of unemployment may increase given the state of the economy.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Analyse the impact of welfare reforms on Sunderland residents and mitigate</li> <li>• Type, choice and availability of housing</li> <li>• Health and Wellbeing Board</li> <li>• Joint Strategic Needs Assessment</li> <li>• Responsive Local services</li> <li>• Whole Family approach</li> <li>• Child and Family Poverty</li> </ul>			
<b>COMMUNITY NEEDS</b>	<b>4) The Council may not identify effective ways of influencing the school improvement agenda so that all children achieve their full potential</b>	Keith Moore, ED of Children's Services	<b>2x3=6</b>
<b>Context</b> Government policy changes have resulted in Local Authorities having reduced influence over schools. A reduction in Government grants has reduced funding for services such as school improvement.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Relationship with schools</li> <li>• Commercialisation of school support services</li> </ul>			

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
<b>REPUTATIONAL AND INFLUENCING</b>	<b>5) The reputation of the council may be seriously damaged through negative media coverage on a particularly sensitive issue</b>	Deborah Lewin, Director of Communications	<b>2x3=6</b>
<b>Context</b> Council actions are under an increased level of publicity scrutiny and there has been a huge growth in online and digital media allowing media stories to be spread very quickly.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Clear acceleration programme within media/ communications for sensitive media issues</li> <li>• Dedicated, senior media/ comms resource in place for all court cases and serious case reviews</li> <li>• Good relationship with Sunderland Safeguarding Children Board</li> <li>• Media training for key staff and members</li> </ul>			
<b>SOCIAL BREAKDOWN</b>	<b>6) Communities may be unable to positively respond to and cope with changes brought about by the Welfare Reforms and economic climate</b>	Ron Odunaiya, ED of City Services	<b>2x3=6</b>
<b>Context</b> Recent social unrest / 'riots' in other areas, increase in unemployment, reduction in benefits. Lack of resilience and ability to maintain and/or improve standards of living.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Community Resilience</li> <li>• Community Engagement and Leadership</li> </ul>			
<b>SOCIAL BREAKDOWN</b>	<b>7) If the City becomes unattractive to residents, businesses and visitors, this would adversely impact upon the ability to build lasting neighbourhoods</b>	Ron Odunaiya, ED of City Services	<b>2x3=6</b>
<b>Context</b> Economic conditions make it more difficult to attract investors and developers. Reduction in public sector budgets will adversely impact on investment.			
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• City centre development</li> <li>• City villages</li> <li>• Capital Strategy</li> </ul>			

Risk Area	Risk Description	Proposed Risk Owner	Score L x I
<b>PARTNERSHIPS</b>	<b>8) Inadequate engagement with partners may lead to missed opportunities to co-design services and to share or transfer responsibilities for delivering successful outcomes</b>	Sarah Reed, Assistant Chief Executive	
<b>Context</b> Financial pressures on Council and partners affecting local provision – varying standards of quality. Other organisations may develop joint working whilst the Council is developing its own business operating model.			<b>2x3=6</b>
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Effectiveness of strategic partnerships</li> <li>• Opportunities to improve outcomes through partnership working</li> </ul>			
<b>PLANNING AND RESPONSIVENESS</b>	<b>9) Unable to be responsive to changes in government policy direction and broader external environment in a timely way</b>	Janet Johnson, Deputy Chief Executive	
<b>Context</b> New government introducing a number of different policies in a short period of time.			<b>2x2=4</b>
<b>Mitigation areas</b> <ul style="list-style-type: none"> <li>• Horizon scanning</li> <li>• Policy and Strategy development</li> </ul>			

### Risk Scoring Matrix

<b>IMPACT</b>	Critical	4				
	Significant	3				
	Moderate	2				
	Minor	1				
<b>Risk Rating Matrix</b>			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
			Unlikely	Possible	Likely	Almost Certain
		<b>LIKELIHOOD</b>				

Risk Impact:  
 1 = Minor  
 2 = Moderate  
 3 = Significant  
 4 = Critical

Risk Likelihood:  
 1 = Unlikely  
 2 = Possible  
 3 = Likely  
 4 = Almost Certain





**Risks removed from Profile**

1) Adverse outcome in relation to Single Status & Equal Pay litigation
2) The Council's data is not adequately protected
3) The Council does not maximise the use of ICT to support the delivery of strategic priorities
4) The Council's Business Continuity arrangements are not resilient to change
5) The effective control and coordination of programmes and projects is not consistently applied across the Council
6) Unable to prevent a high profile safeguarding failure which results in the death or serious injury to a child, young person or vulnerable adult

