

MANCHESTER CITY COUNCIL

REPORT FOR INFORMATION / RESOLUTION

COMMITTEE **Audit Committee**

DATE: 29 June 2006

SUBJECT: **Risk Management**

REPORT OF: **The City Treasurer**

PURPOSE OF REPORT

To review and approve the Risk Management Policy and Strategy following the recent annual review, to outline the proposed approach to the further development of planning methodologies to better incorporate risk management processes and to review the recently updated Corporate Risk Register.

RECOMMENDATIONS

Members are requested to:-

- 1) Approve the Risk Management Policy and Strategy.
- 2) Note the intention to bring to this Committee a further report on the planning methodologies incorporating risk management procedures.
- 3) Note the content of the Corporate Risk Register and identify whether or not any particular matters need specific review at future meetings of the Committee.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS:

None

<u>CONTACT OFFICERS</u>	<u>Tel Number</u>	<u>E~Mail Address</u>
Richard Paver	234 3564	r.paver@manchester.gov.uk
John Bradley	234 1429	j.bradley@manchester.gov.uk
John Gill	234 1426	j.gill1@manchester.gov.uk

BACKGROUND DOCUMENTS

none.

WARDS AFFECTED N/A

IMPLICATIONS FOR KEY COUNCIL POLICIES

Anti-poverty Equal Opportunities Environment Employment

None

None

None

None

1. Introduction

- 1.1 The Terms of Reference for the Audit Committee include the requirement “*to oversee the effectiveness of the Council’s risk management arrangements*” There are three elements of this which are considered in this report. The Risk Management Policy and Strategy provide an overarching framework within which Risk Management arrangements should operate. Specific procedures and guidance provide the operational direction and control to provide consistent and effective processes across the Council and within partnership arrangements and the review of individual risk registers and the resultant management of those risks provides assurance that all is being done that should be to address key risks.
- 1.2 This report brings forward for approval the Risk Management Policy and Strategy, following an annual review by the Strategic Management Team. It outlines the way in which planning methodologies will be developed over the coming months to improve consistency in the effective embedding of risk management as part of everyday management processes and it provides details of the updated corporate risk register which has been subject to further detailed consideration by SMT.

2. The Risk Management Policy and Strategy

- 2.1 The previous Audit Sub Committee reviewed the Risk Management Policy and Strategy at its meeting on 7 September 2005. The Comprehensive Performance Appraisal “use of resources” assessment includes a level three criterion which outlines the requirement to review and update the risk management process at least annually. As a result, the Policy and Strategy have been reviewed and were considered and agreed by SMT at its meeting of 23 May 2006
- 2.2 The Policy and Strategy are attached at Appendix 1. No changes were made to the policy document on the basis that it provides a clear statement of organisational intent and there are no new factors which needed to be considered.
- 2.3 In relation to the Strategy, this was updated to provide a clear statement of the context in which new systems are emerging. It now explains the national imperatives that drive the process and directs readers towards the external documents that provide the framework for the Council’s programme. Referencing of these documents also directs managers towards the national standards set by the Institute of Risk Management in 2002, with which the strategic approach complies.
- 2.4 In addition, changes were made to the text to clarify the practical benefits of an active and unified approach to risk management; the intention being to ensure that managers understand that effective risk management is not a bureaucratic process added on to existing workloads but a dynamic and integrated method of management that assists in decision making and the delivery of core objectives. The text has also been updated to clarify senior management responsibilities within the risk management process.

- 2.5 Members are requested to approve the Risk Management Policy and Strategy.

3. Procedures and Guidance

- 3.1 While the Risk Management Policy and Strategy provide the overall framework for the effective operation of risk management, specific procedures and guidance assist management in effectively and consistently discharging this function.
- 3.2 Because the Council's arrangements for Risk Management are developing there are a number of elements which will need to be improved. At this stage in the process, efforts need to be focused on how planning methodologies address risk management (and its important relationship to performance management) and how risks are cascaded down through the Council for detailed consideration, where appropriate, together with how risks are escalated up through management tiers, ultimately, if necessary to the level of the Corporate Risk Register.
- 3.3 The council is currently awaiting the outcome of the recent Corporate Assessment under the CPA regime. This is likely to say the improvements have been made in risk management arrangements but that more need to be done to embed the approach consistently across the Council. An analysis of recent Management Action Plans has confirmed some inconsistencies and as a result, and anticipating the formal comments of the CPA inspectors due in August, it is intended to review planning methodologies to ensure risk management processes are effectively addressed at all levels. Further work will then be necessary to provide additional training and guidance to managers to better arm them with the appropriate skills to enable them to comply with the procedures.
- 3.4 Members are requested to note the proposed work to develop planning methodologies and to consider a further report on the outcome of the review at the January 2007 meeting of the Committee.

4. The Corporate Risk Register.

- 4.1 At its meeting on 23 March 2006, the Audit Sub Committee considered a report outlining progress on the production of a Corporate Risk Register. Since that time the register has been subject to further development and review by SMT, including the development of a more informative format which highlights linkages to the Corporate Plan, specific controls and those needing development and the identification of trigger events which would cause the matter to be given further scrutiny by SMT. The updated Register is attached at Appendix 2.
- 4.2 The Register should be seen as a live document and SMT have agreed to formally review it on a six monthly basis and to consider, on an exception basis and where necessary, individual issues as they arise.

- 4.3 Clearly, some of the matters outlined in the Register will already be included within the work programme of Scrutiny Committees, but Members are requested to consider whether or not any specific matters need to be brought back to Audit Committee for more detailed consideration.

Risk Management Policy

Manchester City Council recognises the importance of anticipating and seeking to manage circumstances which could cause death or injury, disrupt services to the public, treat individuals, businesses and organisations unfairly or circumstances which could lead to significant financial loss to the Council or reflect badly on the City, the Council, its partners and employees.

It acknowledges that risks occur in the day to day delivery of services, in seeking to press forward with individual projects and initiatives and in relation to any important decisions facing the Council and its key partners and that the Council should do what is reasonable to prevent or minimise the impact of these risks.

With these responsibilities in mind, the Council will:-

- Identify and effectively manage risks which could jeopardise the achievement of the Council's objectives and the delivery of services.
- Identify and effectively manage risks which may prevent or inhibit the Council in maximising opportunities to further the Council's objectives.
- Develop arrangements to manage risks jointly with delivery partners.
- Provide managers with the necessary training and support to identify, assess and manage risks effectively.
- Keep its risk managements arrangements under ongoing review to ensure the Council is doing all that can reasonably be expected.

Risk Management Strategy

Risk Management has emerged in response to national policy as a major driver within the work on Manchester City Council. Risk Management is not a new concept or process, indeed it is something that has always been done, albeit on an intuitive basis by managers; however, the drive to create clear methodologies and management structures that allow the development of a seamless and effective approach is new.

The rationale behind this new imperative is to develop a risk management approach as a key tool to support service improvement. Identifying areas where service delivery or planning carries risk provides rich information as to how services could be improved. In this sense open minded and objective risk identification assists managers in devising ways to develop improvements. The risk management process is a key component of the approach to performance management within the Council and also supports the delivery of service objectives at all levels within the Council. It is not a paper driven exercise; rather it is an invaluable tool for quality improvement.

The development of robust and integrated systems for managing risk within Manchester City Council will ensure that the degree of control exerted over potential adverse outcomes that may have a negative effect on the delivery of core council objectives is increased. The development of strong systems for risk management is an integral part of the Council's work programme and reflects the council's commitment to establishing good internal governance. It is also a key component of the Council's developing Performance Management framework.

Manchester City Council has developed an approach to risk management that is compliant with minimum standards laid out by the Institute of Risk Management, Airmic and ALARM in 2002.

Although ultimate responsibility for ensuring adequate risk identification, treatment and surveillance of key strategic risks lies with the Chief Executive Officer, supported by his strategic management team (SMT), managers at all levels are responsible for identifying and managing risks in accordance with the Risk Management Policy. This responsibility is a mainstream management requirement and represents a key component of the day to day work priorities of all managers within the Council.

Risks and how they are to be managed should be identified and documented as part of the annual process of establishing corporate, service and sectional budget and service strategies, management action plans and individual business plans to ensure that potential barriers to the achievement of objectives are identified and effectively managed. Guidance will be provided on the methodologies to be adopted to identify and assess risks, to establish mitigating controls and to allocate responsibility for the operation, monitoring and evaluation of these controls.

The Council is constantly seeking to improve its performance and the services it provides through the implementation of improvements. The successful implementation of these improvements is vital in ensuring that the Council progresses to excellence. Risks and how they are managed in relation to individual initiatives, projects and programmes should be based on the approach outlined in the Council's project management methodology.

Key decisions should include a balanced assessment of the opportunities and risks of taking the decision and an assessment of measures to mitigate the risks involved.

In discharging these responsibilities, Managers should approach risk management as an everyday part of their management role. The Council will provide a programme of training and awareness and managers can, more specifically call on assistance from:-

- The Risk Manager (Strategy) in relation to the overall approach to the identification of risks in service planning.
- Corporate and departmental Health and Safety teams under the overall control or guidance of the Personnel Manager (Health Safety and Welfare).
- The Head of Insurance and Risk Management in relation to the protection and insurance of the councils assets
- The Assistant Director, Environment and Operations in relation to business continuity and disaster recovery
- The Capital Programme Group in Corporate Services in relation to project management.
- The City Solicitor in relation to consideration of legal and contractual responsibilities.
- The Principal Audit Manager in relation to designing and reviewing managerial controls.

Over time the Council also intends to develop a network of risk champions, responsible for communicating key developments and priorities to managers and staff across the organisation.

Risk management arrangements will be subject to an ongoing programme of monitoring determined by the Head of Audit and Risk Management to ensure that risks are being effectively identified and appropriately managed.

In addition, the Council has established a high level Performance and Risk Management Group, that includes representation from within the Divisional Management Teams, that

- Supports SMT,
- Manages the corporate risk register
- Provides advice and guidance in relation to new developments within the local and national risk agendas
- Steers progress with the integration of Performance and Risk Management systems within the Council.
- Provides the forum for regular corporate management scrutiny
- Tracks progress within the council against its strategic management priorities for performance and risk.

The Council's arrangements for risk management will be reviewed annually by SMT as a contribution to the legally required annual review of internal controls and will be overseen by the Audit Sub Committee which reports to the Finance and General Purposes Scrutiny Committee.

Further Reading:

“Worth The Risk: Improving Risk Management in Local Government”.

Audit Commission. July 2001.

“A Risk Management Standard”. Joint publication: Institute of Risk Management, Airmic, ALARM. 2002.

“Risk Management- Vocabulary- Guidelines for Use in Standards”(2002).
ISO/IEC Guide 73

“New Systems for Risk Management: Implementation Guide”. Internal Document:
Manchester City Council. April 2006

Corporate Risk Register:

Reviewed by Strategic Management Team:
23 May 2006

Corporate Risk Register: Reviewed by SMT: 23 May 2006

Risk Number 1	Failure to effectively integrate Children Services and to deliver the Children's Plan	OWNER Pauline Newman					
Relates to Corporate Objectives	12, 13, 14, 15, 19 (The 5 Key outcomes for Children)						
Trigger Events	Budget and Service Strategy scrutiny shows slippage.	Risk Rating		Likelihood			
	Project Plans show slippage against timescales/targets.	Consequence			H	M	L
	Adverse impact noticed against high level performance indicators/monitored dataset.	H		X			
		M					
Existing Controls	<p>Programme of activity utilising project management techniques to deliver necessary changes.</p> <p>All developmental outcomes and associated risks integrated into MAP.</p> <p>Key deliverables and outcomes identified; these are being monitored</p> <p>Multi-agency plan developed, managed and monitored.</p> <p>Programme Manager will be recruited.</p> <p>Scrutiny of resourcing is ongoing through Project Boards and by Programme Manager.</p> <p>Monthly performance monitoring against high level performance indicators and indicators in Children's Plan and Children's directorate monitored dataset.</p>						
Additional Actions Required?	Risk Management methodology to underpin project delivery.						

Likelihood – Medium:
Complexity and scope of programme and number of dependencies increases likelihood of difficulties.

Consequence - High:
Developments are fundamental to the delivery of 5 key outcomes for children and other corporate strategic objectives.

Corporate Risk Register: Reviewed by SMT: 23 May 2006

<p>Risk Number 2</p>	<p>Housing market fails to develop in line with council objectives. Population increases do not materialise and economic growth in key deprived areas is slowed or reversed. Lack of housing choice fails to attract new residents”</p>	<p><u>OWNER</u> Eamonn Boylan</p>																											
<p>Relates to Corporate Objectives</p>	<p>3, 25, 26, 29</p>																												
<p>Trigger Events</p>	<p>Adverse themes emerging from Tracking Neighbourhood Change programme. Absolute value of property in target areas starts to fall. Relative value of property in target areas starts to fall.</p>	<table border="1"> <tr> <td align="center" colspan="2">Risk Rating</td> <td align="center" colspan="4">Likelihood</td> </tr> <tr> <td align="center" rowspan="4">Consequence</td> <td></td> <td align="center">H</td> <td align="center">M</td> <td align="center">L</td> <td></td> </tr> <tr> <td align="center">H</td> <td></td> <td></td> <td></td> <td align="center">X</td> </tr> <tr> <td align="center">M</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td align="center">L</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <p>Likelihood – Low: Strong evidence exists that initiatives are being effective Consequence – High: Effective housing market is fundamental to the delivery of Councils strategic objectives. Level of resources involved is significant.</p>	Risk Rating		Likelihood				Consequence		H	M	L		H				X	M					L				
Risk Rating		Likelihood																											
Consequence		H	M	L																									
	H				X																								
	M																												
	L																												
<p>Existing Controls</p>	<p>Independent HMR board and secretariat oversees progress. Periodic Review by GONW and Audit Commission Research Foresight Intelligence Programme provides sophisticated analysis and monitoring of direction of travel re strategic issues that may impact on the Housing Market. Tracking neighbourhoods change programme provides trend analysis, which informs strategic thinking re responses.</p> <p>New East Manchester (urban development company) Board (includes English Partnership, NWRDA, GONW etc) oversees specific developments in their area.</p> <p>Strategic Regeneration frameworks for the remainder of the city receive Executive scrutiny. Scrutiny includes risk analysis. Individual projects are risk assessed although a structured approach to risk assessment is still to be developed.</p>																												
<p>Additional Action Required?</p>	<p>HMR to develop its own risk register including issues such as accountabilities of lead bodies (partnership risks) Introduce continuous market based review using tracking neighbourhood change process, ensuring strategy for correct housing mix is delivered. Develop neighbourhood client function that sets out requirements for partner agencies and continuous performance review.</p>																												

Corporate Risk Register: Reviewed by SMT: 23 May 2006

<p>Risk Number 3</p>	<p>Stock Transfer fails and decent homes standards not achieved. Failure part way through the transfer process leaves the council with a residual stock of substandard housing and limited options for a management strategy.</p>		<p><u>OWNER</u> Mike Reardon</p>																													
<p>Relates to Corporate Objectives</p>	<p>24</p>																															
<p>Trigger Events</p>	<p>Intelligence suggests ballots may return a no vote.</p> <p>Investment strategy scrutiny suggests that choice of housing in all neighbourhoods is not improving.</p> <p>New agencies become distanced from corporate priorities as new roles emerge.</p>	<table border="1"> <tr> <td align="center" colspan="4">Risk Rating</td> </tr> <tr> <td align="center" colspan="4">Likelihood</td> </tr> <tr> <td align="center" colspan="2">Consequence</td> <td align="center">H</td> <td align="center">M</td> <td align="center">L</td> </tr> <tr> <td align="center">H</td> <td></td> <td></td> <td></td> <td align="center">X</td> </tr> <tr> <td align="center">M</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td align="center">L</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	Risk Rating				Likelihood				Consequence		H	M	L	H				X	M					L					<p>Likelihood – Low: 1st phase successfully implemented, subsequent phases on programme and on track.</p> <p>Consequence – High: Stock transfer is fundamental to the delivery of decent homes standard. Failure would have significant organisational impact on the Council.</p>	
Risk Rating																																
Likelihood																																
Consequence		H	M	L																												
H				X																												
M																																
L																																
<p>Existing Controls</p>	<p>Programme Management Board oversees the strategy. Programme Risk Register is scrutinised at all Board meetings. Project Boards established to manage individual project plans. Progress is overseen by the Corporate Board, which assesses impact on the performance strategy. Effective consultation strategy in place to secure positive ballots City wide procurement strategy in place to maximise capital investment to achieve Decent Homes Standard</p>																															
<p>Additional Actions Required?</p>	<p>No. Continue current strategies for delivery and scrutiny.</p> <p>Maximise investment opportunities to increase quality and range of houses.</p> <p>Develop corporate mechanisms to assess and manage agency engagement with corporate priorities.</p>																															

Corporate Risk Register: Reviewed by SMT: 23 May 2006

Risk Number 4	Failure to deliver new JVC structures that reflect value for money and establish partnership working has significant financial and organisational consequences for the Council.	<u>OWNER</u> Richard Paver																						
Relates to Corporate Objectives	No specific objective in Corporate Plan but successful transfer will protect resources available to address all objectives.																							
Trigger Events	JVC procurement approach rejected. JVC procurement costs do not match what is available in open market.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Risk Rating</th> <th colspan="4">Likelihood</th> </tr> <tr> <th rowspan="4">Consequence</th> <th></th> <th>H</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>H</td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>M</td> <td></td> <td></td> <td></td> </tr> <tr> <td>L</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <div style="background-color: red; color: black; padding: 5px; margin-top: 5px;"> <p>Likelihood – Medium: Preferred partner now identified but formal agreement still awaited. Whilst arrangements are progressing successfully there are considerable commercial pressures to secure VFM deal.</p> <p>Consequence – High: Significant numbers of staff lose job roles and require redeployment.</p> </div>	Risk Rating	Likelihood				Consequence		H	M	L	H		X		M				L			
Risk Rating	Likelihood																							
Consequence		H	M	L																				
	H		X																					
	M																							
	L																							
Existing Controls	Housing Options Corporate Board is chaired by City Treasurer and provides management and scrutiny of the procurement process. Regular progress reports received. Environment and Operations issues are reviewed fortnightly to monitor the ongoing viability of City Works. Contract specification delivered and shortlist of suppliers generated. Developmental projects tightly controlled within the Manchester Improvement Project. Restructuring of remaining housing services is supported by SIP processes.																							
Additional Actions Required?	No. Continue current strategies for delivery and scrutiny.																							

Corporate Risk Register: Reviewed by SMT: 23 May 2006

<p>Risk Number 6</p>	<p>Building Schools the Future, academies and the associated district model of governance fails to deliver a step change in improvement in key education performance targets</p>		<p><u>OWNER</u> Pauline Newman</p>			
<p>Relates to Corporate Objectives</p>	<p>Not specifically referenced as objectives in the Corporate Plan but BSF and academies are significant enabling vehicles for the delivery of 5 key outcomes for children and improved educational attainment.</p>					
<p>Trigger Events</p>	<p>Slippage in capital programme delivery.</p>	<p>Risk Rating</p>	<p>Likelihood</p>			
<p>Consequence</p>		<p>H</p>	<p>M</p>	<p>L</p>		
<p>H</p>		<p>X</p>				
<p>M</p>						
<p>L</p>						
<p>Likelihood – Medium: The programmes are actively managed but are in relatively early stages of development. The programme is complex, which increases likelihood.</p> <p>Consequence – High: Significant reputational risk to the Council (both local and national) if the BSF/Academies programmes are not delivered. The delivery of BSF is a core component of the regeneration and neighbourhoods of choice programmes and crucial to programmes for transforming learning.</p>						
<p>Existing Controls</p>	<p>BSF Board has a capital focus and is chaired by the Chief Executive. Chief Education Officer collates funding/supporting resources. Processes for transforming learning are managed specifically and as a discrete function. Project Manager is in place. Project initiation document will be ready May 06.</p>					
<p>Additional Actions Required?</p>	<p>Yes: Undertake full risk assessment for Academies. Fully review expressed risk and consider whether there is a need to split it to capture broader dimensions, for example, BSF programme is a crucial part of the regeneration strategy as high quality schools are a key component in developing neighbourhoods of choice and in retaining populations. Governance models for new districts need to be developed in the context of transforming learning. <i>NB Risk to be further considered by Strategic Director of Children's Services and Chief Executive. This may result in changes to the risk description.</i></p>					

Corporate Risk Register: Reviewed by SMT: 23 May 2006

Risk Number 7	<p>Failure to effectively manage the Council's budget in the light of volatile spending in some services, high overall expenditures judged as poor value for money and the need to generate efficiency savings to balance the medium term budget.</p>	<p><u>OWNER</u></p> <p>Richard Paver</p>																									
Relates to Corporate Objectives	<p>Maximising the use of financial resources provides funding across all objectives. Corporate Plan includes specific objective re demonstrating VFM (Objective 40).</p>																										
Trigger Events	<p>Poor outcomes within CPA Use of Resources assessment.</p> <p>Significant pressures on Council reserves.</p> <p>Scrutiny suggests developing serious uncontrolled budget deficit</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Risk Rating</th> <th colspan="4" style="text-align: center;">Likelihood</th> </tr> <tr> <th style="text-align: center;">Consequence</th> <th style="text-align: center;">H</th> <th style="text-align: center;">M</th> <th style="text-align: center;">L</th> <th style="text-align: center;">L</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">H</td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> <tr> <td style="text-align: center;">M</td> <td style="text-align: center;"> </td> <td style="text-align: center;">X</td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> <tr> <td style="text-align: center;">L</td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </tbody> </table> <div style="background-color: yellow; padding: 5px;"> <p>Likelihood – Medium Use of resources assessment level 2, new financial systems recently introduced potentially present short term risk to effective financial control.</p> <p>Consequence - Medium Effect on Councils financial strategy (including CTax levels) could be mid range given size of Council and past history of budgetary control</p> </div>	Risk Rating	Likelihood				Consequence	H	M	L	L	H					M		X			L				
Risk Rating	Likelihood																										
Consequence	H	M	L	L																							
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M		X																									
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Existing Controls	<p>Robust three year budget and service strategy in place. Effective in year monitoring undertaken. New financial systems implemented. Stabilisation underway Reports on budget monitoring for key spending areas are received by Executive. M.I.P Board considers assurance reports on progress and delivery of efficiency Action plan to improve "Use of Resources" assessment</p>																										
Additional Actions Required?	<p>Improved corporate mechanism for monitoring/challenging VFM needs introducing and integrating with MIP and budget setting process. Review guidance for monthly budget reporting.</p>																										

Corporate Risk Register: Reviewed by SMT: 23 May 200

Risk Number 8	External funding from Government and/or partners fails to materialise or is significantly reduced or withdrawn.		<u>OWNER</u> Richard Paver			
Relates to Corporate Objectives	Individual funding streams impact on a variety of corporate objectives.					
Trigger Events	Indications of policy change received from government departments and other organisations.	Risk Rating	Likelihood			
		Consequence		H	M	L
			H			X
			M			
			L			
<p>Likelihood – Low: Funding arrangements are normally transparent within a 2 year time horizon.</p> <p>Consequence – High Loss of Significant funding would affect the Councils ability to resource key initiatives to drive change.</p>						
Existing Controls	<p>Annual budget process identifies potential issues/problems and provides scrutiny of funding streams under pressure. Prospective budgetary analysis available for some areas e.g. HMR developments.</p> <p>Staffing/contracting protocols ensure that durations of commitment relate to known funding horizons.</p> <p>NRF projects are being absorbed into mainstream funding when and where possible.</p> <p>Council uses evidence based description of outcomes to support further bidding for funding.</p>					
Additional Actions Required?	<p>Budget risk assessment is retrospective; more formal mechanisms are required to systematise.</p> <p>Review strategies for removing services and managing staff when external funding is curtailed.</p>					

Corporate Risk Register: Reviewed by SMT: 23 May 2006

Risk Number 9	Failure to deliver key objectives within the Respect agenda has a destabilising effect within sensitive neighbourhoods and affects the overall programme to deliver neighbourhoods of choice.		<u>OWNER</u> Mike Reardon			
Relates to Corporate Objectives	43, 44, 45					
Trigger Events	Incidents requiring immediate response occur underlying problems). Satisfaction surveys show adverse trends.	Risk Rating	Likelihood			
		Consequence		H	M	L
			H			X
			M			
			L			
		<p>Likelihood – Low Current engagement arrangements robust and stable. Work programmes are already structured around priorities within Respect agenda.</p> <p>Consequence – High: Failure to continue improvements in neighbourhood cohesion will affect the City’s long term economic and social development and will make meeting key strategic objectives problematic.</p>				
Existing Controls	Extensive public consultation and engagements with representative groups and the voluntary sector. Public and transparent investment decisions enable understanding of Council decisions, within local communities. Racial incident reporting and effective response arrangements are designed to ensure a swift response to maintain community relationships.					
Additional Actions Required?	Develop improved intelligence and information pooling to support enhanced understanding of the changing nature of communities. <i>NB Further review of this risk will be undertaken by the Deputy Chief Executive (Public Service Performance) and Strategic Director of Neighbourhood Services who will consider 3 themes; neighbourhood services, Respect agenda and its impact on Council actions, community cohesion.</i>					

Corporate Risk Register: Reviewed by SMT: 23 May 2006

Risk Number 10	Failure to deliver single status and achieve the necessary skilled, stable and representative workforce including effective recruitment and retention.	<u>OWNER</u> Richard Paver
Relates to Corporate Objectives	38, 39	
Trigger Events	Progress with job evaluation not in accordance with programme goals. Adverse levels of recruitment and retention. Adverse impact on industrial relations	Risk Rating
		Consequence
		Likelihood
		H M L
		H M L
		Likelihood – Medium: Programme is delayed but being actively managed by Board level. Consequence – High: Serious financial and service disruption possible if there is an inadequate or incomplete implementation.
Existing Controls	Review programme established. Single status issues reflected in SIPs. Advanced projects monitored by Manchester Improvement Programme Board. Completed reviews scrutinised at a corporate level. Revised HR policies under development to address retention, recruitment and succession planning.	
Additional Actions Required?	Develop projection dates for advanced project progress. Develop Action Plans for all employee groups.	

Corporate Risk Register: Reviewed by SMT: 23 May 2006

Risk Number 11	Failure to secure the development of a workforce that has the capacity and flexibility to manage and deliver the programme of internal changes to service delivery.	<u>OWNER</u> Steve Mycio																								
Relates to Corporate Objectives	37																									
Trigger Events	Divisions report increasing incidence of projects/work streams being delayed by lack of appropriate staff to deliver.	<table border="1"> <tr> <td></td> <td align="center" colspan="3">Risk Rating</td> </tr> <tr> <td></td> <td align="center" colspan="3">Likelihood</td> </tr> <tr> <td></td> <td align="center">H</td> <td align="center">M</td> <td align="center">L</td> </tr> <tr> <td>Consequence</td> <td align="center">H</td> <td align="center">X</td> <td></td> </tr> <tr> <td></td> <td align="center">M</td> <td></td> <td></td> </tr> <tr> <td></td> <td align="center">L</td> <td></td> <td></td> </tr> </table>		Risk Rating				Likelihood				H	M	L	Consequence	H	X			M				L		
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	Consequence	H	X																							
	M																									
	L																									
Divisions escalate related risks from their registers to SMT on the basis of an inability to exert sufficient control.	<p>Likelihood – Medium: The size and scope of the change agenda necessitates significant changes in job roles and skills. The complexity increases likelihood of delay.</p> <p>Consequence – High: Failure to adequately resource change programmes will delay progress and put at risk efficiency savings and potentially hamper the delivery of existing services.</p>																									
Existing Controls	<p>People Strategy Framework for Manchester agreed by SMT. Initial Workforce Plan developed containing gap analysis. People Strategy Project Board established. People Strategy Working Group established to develop proposals and background information for consideration by People Strategy Project Board. Stakeholder engagement planned through people strategy initiation workshop, planned for summer 2006. Project management methodology adopted to provide effective control over change projects.</p>																									
Additional Actions Required?	Risk Owner to consider on an ongoing basis whether Additional Actions are required to manage risk.																									

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Risk Number 12	IT and Council-wide infrastructure (including staff resources and appropriate skills) fails to deliver service improvement dependent on new technologies.	<u>OWNER</u> Richard Paver																
Relates to Corporate Objectives	Not specifically contained within Corporate Plan but robustness of IT systems underpins the delivery of all corporate objectives.																	
Trigger Events	Reliance on external providers is prolonged.	Risk Rating																
	Services report significant difficulty with IT infrastructure.	Consequence																
		Likelihood																
		<table border="1"> <tr> <td></td> <td align="center">H</td> <td align="center">M</td> <td align="center">L</td> </tr> <tr> <td align="center">H</td> <td></td> <td align="center">X</td> <td></td> </tr> <tr> <td align="center">M</td> <td></td> <td></td> <td></td> </tr> <tr> <td align="center">L</td> <td></td> <td></td> <td></td> </tr> </table>		H	M	L	H		X		M				L			
			H	M	L													
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<p>Likelihood – Medium: Major system implementations progressed largely to programme but structural resourcing issues in Corporate Technology still to be resolved.</p> <p>Consequence – High: Effective IT underpins all Council services and functions.</p>																		
Existing Controls	SIP for ICT underway supported by dedicated project team. Manchester Improvement Programme addresses IT impact of other SIPs.																	
Additional Actions Required?	Undertake full review of risk in light of roll out of SAP. Produce briefing note for SMT; consider removal of risk from the register in light of progress with SAP.																	

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<p>Risk Number 13</p>	<p>Inability of Councils business continuity arrangements to cope with scale of interruption. The Council is unable to restore services to local population quickly.</p>		<p><u>OWNER</u> Pete North</p>																					
<p>Relates to Corporate Objectives</p>	<p>No specific corporate objective. There is an over-riding public duty to reinstate services following adverse incidents.</p>																							
<p>Trigger Events</p>	<p>Adverse evaluation of systems following an event.</p> <p>Repeat incidence of same/similar event.</p>	<p>Risk Rating</p> <p>Consequence</p>	<table border="1"> <thead> <tr> <th colspan="4">Likelihood</th> </tr> <tr> <th></th> <th>H</th> <th>M</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>H</td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>M</td> <td></td> <td></td> <td></td> </tr> <tr> <td>L</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Likelihood					H	M	L	H		X		M				L			
Likelihood																								
	H	M	L																					
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L																								
<p>Likelihood – Medium: Systems for Business Continuity are the subject of continuous development. Coverage of contingencies with individual services will be completed by 31/7/06.</p> <p>Consequence – High: Disruption of services may put staff and public at emotional, physical or financial risk. Any delays in service resumption compounds the consequences.</p>																								
<p>Existing Controls</p>	<p>Project established to deliver responsibilities from Civil Contingencies Act. Dedicated resources established for business continuity.</p> <p>Resilience strategy in place.</p> <p>Corporate business continuity plan and emergency preparedness plan in place and tested.</p> <p>Emergency Management Team established.</p> <p>5 stage model adopted that is compliant with national guidance.</p> <p>Likelihood will reduce as BCP systems become more mature, reducing likelihood of significant impacts.</p> <p>Progress is monitored and steered by Civil Contingencies Act Project Board.</p> <p>Regular reporting to SMT established.</p> <p>Classification system for assessing and prioritising priority service risks is in place and in use.</p> <p>Rolling programme of priority 1 risk mitigation underway.</p>																							
<p>Additional Actions?</p>	<p>No: Continue with implementation plan.</p>																							

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Risk Number 14	<p>Adverse inspection outcomes, in particular, CPA and JAR.</p> <p>Risk deleted from Register following discussions with Strategic Directors; all possible actions taken, inspection in progress.</p>	OWNER Steve Mycio				
Relates to Corporate Objectives						
Trigger Events		Risk Rating	Likelihood			
		Consequence		H	M	L
			H			
			M		X	
			L			
Likelihood – Medium						
Consequence - Medium						
Existing Controls	Dedicated team overseeing responses to inspections to ensure achievements of the council are properly and fully reflected.					
Additional Actions Required?						

N.B. Additional consideration will be given to risks relating to the Council's action planning response to external accreditation outcomes at the SMT Away Day in July 2006.

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Risk Number 15	Failure to deliver critical initiatives directly related to the City Council's strategy for economic growth.	<u>OWNER</u> Sir Howard Bernstein																					
Relates to Corporate Objectives	1, 2, 10, 11																						
Trigger Events	<p>Mainly contained within individual plans and initiatives. Economic growth as expressed through GVA and employment targets is seen to falter.</p>	<table border="1"> <tr> <td align="center" colspan="4">Risk Rating</td> </tr> <tr> <td align="center" rowspan="4">Consequence</td> <td align="center" colspan="3">Likelihood</td> </tr> <tr> <td align="center">H</td> <td align="center">M</td> <td align="center">L</td> </tr> <tr> <td align="center">H</td> <td align="center">X</td> <td align="center"></td> </tr> <tr> <td align="center">M</td> <td align="center"></td> <td align="center"></td> </tr> <tr> <td align="center">L</td> <td align="center"></td> <td align="center"></td> <td align="center"></td> </tr> </table>	Risk Rating				Consequence	Likelihood			H	M	L	H	X		M			L			
		Risk Rating																					
Consequence	Likelihood																						
	H	M	L																				
	H	X																					
	M																						
L																							
<p>Likelihood – Medium: MCC has a good track record of success and is highly regarded but success is dependent on relationships with many individuals and organisations.</p> <p>Consequence – High: Economic growth is fundamental to all aspects of the Council's objectives for the city.</p>																							
Existing Controls	<p>Personal attention given by Chief Executive in lobbying, generating appropriate cost benefit analyses and monitoring key initiatives.</p> <p>7 key sector areas for economic growth identified and SMT and Chief Executive continuously seek opportunities for further development within sectors.</p> <p>Priorities and actions are clearly mapped and progress is tracked at the following levels:</p> <ul style="list-style-type: none"> • City Regional development Plan is underpinned by developmental action plan and milestones, signed up to by all partners; • Greater Manchester Economic Development Plan scrutinises wider economy and develops appropriate strategies; • Manchester Employment Plan seeks to link together initiatives and realised outputs. <p>Manchester Enterprise board provides multi-agency strategy development, oversight and delivery; MCC is represented on Board with both officers and members.</p>																						
Additional Actions?	Develop risk management template for use within all related initiatives.																						

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Risk Number 16	Relationships with key public partnership agencies (for example, Health, Police) fail to deliver anticipated outcomes in joint working initiatives.	<u>OWNER</u> Steve Mycio
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N.B. The Strategic Management Team discussed this risk in detail and the wording was adjusted to reflect potential risks in working with public sector partner organisations.

It was agreed that a full risk assessment should be undertaken to reflect the new focus. This work will be led by the Deputy Chief Executive (Public Service Performance).

Following completion of the risk assessment additional consideration will be given to the possible need to generate a new risk relating to working with partner organisations, additional to the public sector. The Deputy Chief Executive (Regeneration) will lead consideration of the possible need for an additional risk.

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Risk Number 17	The Manchester Improvement Programme generally fails to deliver the step change improvement in customer service delivery and / or generate required levels of financial savings.		<u>OWNER</u> Pete North			
Relates to Corporate Objectives	30, 31, 32, 33, 34, 35, 36					
Trigger Events	Key projects fail critical test of being fit for purpose (PID, review report, implementation plan). Key projects begin to slip from agreed milestones.	Risk Rating	Likelihood			
			Consequence		H	M
		H			X	
		M				
L						
<p>Likelihood – Medium: Clear structure in place for delivering key outcomes but the overall scope and complexity of the programme ensures that there are risks to delivery of all key priorities.</p> <p>Consequence – High: The MIP is central to the Council's vision for re-engineered user focussed services. Efficiency savings are a vital source of funding for re-investment within the Council's key objectives.</p>						
Existing Controls	Manchester Improvement Board drawn from SMT oversees programme. Programme Director post and associated team dedicated to effective management of programme. Pathfinder projects have clarified best practice. MIP is adequately financed to deliver key outcomes. An over-arching project plan is under development.					
Additional Actions Required?	Undertake an assessment of whether challenging change culture is being embedded and will deliver long term benefits.					

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<p>Risk Number 18</p>	<p>Failure to implement key strategies to reduce worklessness and improve the quality of work opportunities, impacts on individual well being and affects the ability of the Council to deliver its aims for the city (neighbourhoods of choice, individual and collective self esteem, reaching full potential).</p>		<p><u>OWNER</u> Eamonn Boylan</p>				
<p>Relates to Corporate Objectives</p>	<p>5, 7</p>						
<p>Trigger Events</p>	<p>Public sector agencies struggle to deliver accuracy within programmes in the city.</p>	<p>Risk Rating</p>		<p>Likelihood</p>			
	<p>Failure to deliver outcomes within the Greater Manchester Economic Development plan or the Manchester employment Plan.</p>	<p>Consequence</p>		<p></p>	<p>H</p>	<p>M</p>	<p>L</p>
		<p>H</p>	<p></p>	<p>X</p>	<p></p>	<p></p>	
		<p>M</p>	<p></p>	<p></p>	<p></p>	<p></p>	
		<p>L</p>	<p></p>	<p></p>	<p></p>	<p></p>	
<p>Likelihood – Medium Consequence - High</p>							
<p>Existing Controls</p>	<p>Strict agreements between Public Sector agencies in plans governing specific activity and performance and outcome requirements.</p> <p>Training and skills development to support planning and deployment is delivered through the Skills Board.</p>						
<p>Additional Actions Required?</p>	<p>Set up city wide task force with DWP/Job Centre Plus to target employment initiatives at those furthest from labour market.</p> <p>Develop a spatially focussed Action Plan that highlights volume of employment opportunities and the localities where they are situated.</p> <p>Skills Board to develop a comprehensive performance management framework for public sector agencies.</p>						

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<p>Risk Number 19</p>	<p>The Council is retrospectively found to be in breach of regulations regarding the use of grant funding producing a demand for clawback of funding (for example to ERDF).</p>		<p><u>OWNER</u> Eamonn Boylan</p>			
<p>Relates to Corporate Objectives</p>	<p>The imperative to attract funding streams to support economic and community growth is a core theme running throughout corporate objectives.</p>					
<p>Trigger Events</p>	<p>Council comes under scrutiny re use of grant funding.</p> <p>Projects start to fail to deliver interim project milestones putting pressure on project plans/protocols.</p> <p>The Council becomes aware of circumstances where it cannot demonstrate compliance with due process.</p>	<p>Risk Rating</p>	<p>Likelihood</p>			
<p>Consequence</p>		<p>H</p> <p>M</p> <p>L</p>	<p>x</p>	<p></p>	<p></p>	<p></p>
		<p>Likelihood – High. There is an existing example of possible clawback, therefore, likelihood = certain</p> <p>Consequence - High. Significant impact on both budgets and reserves.</p>				
<p>Existing Controls</p>	<p>“Blue Book” guidelines in place for all managers.</p>					
<p>Additional Actions Required?</p>	<p>Ensure continuous review of adherence to process (Blue Book process).</p> <p>Initiate internal review of post 1999 European Grant programmes within the city to identify prospectively any potential problems and ensure active management.</p>					