

Wolverhampton City Council

**OPEN INFORMATION ITEM**

**AUDIT COMMITTEE**

Date: **24.01.11**

Originating Service Group(s) **REGENERATION AND ENVIRONMENT**

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Title/Subject Matter **REGENERATION AND ENVIRONMENT - RISK MANAGEMENT  
AND GOVERNANCE 2011/12**

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**SUMMARY**

That Members note the content of this report which sets out the key high level risks for the Regeneration and Environment service cluster in 2011/12 and how these are being addressed.

## **REGENERATION AND ENVIRONMENT - RISK MANAGEMENT AND GOVERNANCE 2011/12**

### **1.0 Purpose of the Report**

1.1 To set out for Members the key high level risk facing the Regeneration and Environment service cluster in 2011/12 and to set out how these risks are being addressed.

### **2.0 Background**

2.1 The attached appendix to this report sets out:

- (i) the key functions of the service cluster
- (ii) the key objectives of the service cluster
- (iii) a brief description of measures to ensure functions are delivered
- (iv) an outline of key risks in 2011/12

2.2 Members should be aware that this is not a full risk analysis for the Regeneration and Environment service cluster. That work is more detailed and takes place at a divisional level. This report seeks to isolate the key high level risks.

### **3.0 Financial Implications**

3.1 The application of appropriate risk management and governance procedures is integrated within the overall project and performance management arrangements followed in Regeneration and Environment. These processes support the delivery of projects and workstreams within agreed resource provision. (AK/14012011/C)

### **4.0 Legal Implications**

4.1 The appropriate consideration of legal implications in respect of all projects, workstreams or individual actions is incorporated within the overall project and performance management arrangements to ensure compliance with legal requirements. (LC/14012011/V)

### **5.0 Equality Implications**

5.1 The application of risk management and governance procedures includes consideration, and addressing equalities implications in relation to projects and workstreams within Regeneration and Environment. Where appropriate this includes undertaking specific Equalities Impact Assessments and acting on the resulting outcomes.

### **6.0 Environmental Implications**

6.1 The Regeneration and Environment service cluster delivers a wide range of functions and services which have an impact on the physical, economic and community environment.

6.2 The application of appropriate risk management and governance procedures as part of the overall performance and project management processes enable appropriate consideration to be given to the environmental implications of collective or individual actions or workstreams.

## **7.0 Schedule of Background Papers**

- Regeneration and Environment Risk Management and Governance 2009/10 - Audit Committee 15 February 2010
- Relevant Cabinet/Cabinet Resources reports referred to in the Appendices

**Regeneration and Environment - Review of Risk Management & Governance Arrangements**

Key Issues	Summary of Responses
<p><b>What are the key functions that the service is required to deliver?</b></p>	<p><b><u>Regulatory Services</u></b></p> <ul style="list-style-type: none"> <li>• Trading Standards</li> <li>• Food and Environmental Safety</li> <li>• Licensing</li> <li>• Public Protection</li> <li>• Development Control (including Conservation)</li> <li>• Building Control</li> <li>• Business Support Services including Performance Management</li> <li>• Transformation Lead</li> </ul> <p><b><u>Regeneration and Neighbourhoods</u></b></p> <ul style="list-style-type: none"> <li>• Economic Development</li> <li>• Crime and Disorder</li> <li>• Local Neighbourhood Partnerships</li> <li>• Housing/Planning/Sustainability</li> <li>• Regeneration Delivery</li> <li>• Third Sector/Community Initiatives</li> <li>• Cross Service Functions (Strategy, Investment Planning)</li> <li>• Private Sector Housing</li> </ul> <p><b><u>Commercial and Public Realm Services</u></b></p> <ul style="list-style-type: none"> <li>• Catering and Cleaning Services</li> <li>• Markets</li> <li>• Street Scene Services</li> <li>• Transportation</li> <li>• Highways Maintenance and Operations</li> <li>• Car Parking and Parking Enforcement</li> <li>• Landscape Design and Ecology</li> <li>• Fleet Services</li> <li>• Waste Management</li> </ul>

Key Issues	Summary of Responses
<p><b>What arrangements are in place to ensure that key functions are properly delivered?</b></p>	<p>Key projects/initiatives are subject to detailed delivery plans which are routinely reviewed and progress reported to the Corporate Programme Office. Part of the delivery mechanisms followed include Risk Workshops at appropriate points through the life of individual projects.</p> <p>In respect to core functions Service Plans are used to effectively plan the delivery of key services and ensure that there are links to key corporate priorities where applicable. Service Plans are monitored on a quarterly basis through divisional management team arrangements, and more frequently by Service Managers/Chief Officers where appropriate.</p>
<p><b>What are the main risks that the service group has to manage and how are these risks being managed?</b></p>	<p>For an overview of the main risks affecting the service this year please see Appendix 2.</p> <p>Each service area also completes within their Service Plans a more detailed register of all key risks affecting their service and the mitigating actions to be taken. In addition to this, as part of the Service Plan monitoring process service managers identify specific risks to achieving targets on an on-going basis and report these, and identify mitigating actions through the quarterly performance reviews (in accordance with the Corporate Performance Management Framework).</p>
<p><b>What external assurance is available e.g. external inspection reports?</b></p>	<p>An annual audit programme is agreed with Audit Services and in addition a programme of Risk Workshops is developed and agreed with the Head of Risk Management and Insurance.</p> <p>Different areas of service have also been subject to formal external inspection/audit/assessment eg. Wolverhampton Homes 3 star inspection/Age Concern audit review/Anti Social Behaviour Unit peer review/Food Standards Agency Inspection/Local Government Regulation Peer Review of Environmental Health and Trading Standards, Football Licensing Authority.</p> <p>In all cases ie. the resulting actions from audits, risk workshops, external inspections etc are the responsibility of the respective CO/Project Manager/divisional management teams to progress.</p>

Key Issues	Summary of Responses
<p><b>What significant problems have occurred in the past year and what arrangements have been made to avoid such problems reoccurring?</b></p>	<p>National decision to cease any capital funding support for private sector housing. As this is permanent, Cabinet decisions will be needed in respect of future local priorities.</p> <p>National decision to cease majority of short term funding streams. Cabinet decision will be needed re. possible or potential budget growth items.</p> <p>The national economic downturn has been a material factor in the delayed progression or instigation of a number of key regeneration schemes. Evaluation work has and is being progressed to maximise the opportunities to release such schemes if deliverable resourcing mechanisms can be identified.</p>

**APPENDIX 2**

<b>Principal Risks</b>	<b>Key Controls</b>	<b>Assurances on Controls</b>	<b>Positive Assurances</b>	<b>Gaps in Control</b>	<b>Gaps in Assurance</b>
<i>What could prevent the objective being achieved</i>	<i>What controls/systems do we have in place to minimise the risk</i>	<i>Where can we gain evidence that tells us whether the controls exist and are working</i>	<i>Where is the evidence that shows we are reasonably managing our risks and objectives are being met</i>	<i>Where are we failing to put controls in place and/or they are not effective</i>	<i>Where are there gaps in the evidence that control mechanisms are working</i>
<b>REGULATORY SERVICES</b>					
<p><b>Canalside Quarter/ Victoria Halls/Carvers project</b></p> <p>Unsatisfactory outcome from requirement to retake the planning decision in respect to Block D of the Victoria Halls development.</p> <p>Ongoing potential for an Advise Against response from the HSE in respect to development proposals and the impact this may have on developer confidence on the regeneration of the area.</p>	<p>Detailed evaluation of all of the planning considerations including a review of any safety risk.</p> <p>Develop and agree a politically endorsed and legally, financially appropriate resolution which provides a positive impact on the regeneration of the area.</p> <p>Expert external legal and technical advice.</p>	<p>Clear Project management and accountability through CRSO and multi disciplinary project team.</p> <p>Project Plan.</p> <p>Notes/Actions from Project Teams.</p> <p>A series of formal advice from Leading Counsel.</p> <p>A series of specialist external technical reports.</p>	<p>Our response to legal proceedings have secured the future planning status of Blocks A-C from legal challenge.</p> <p>Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.</p> <p>Reports to Cabinet, Cabinet Panels and Planning Committee on progress and the resolution alternatives.</p>		

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<b>REGULATORY SERVICES (continued)</b>					
<b>Courtaulds Remediation</b>  Availability of accessible resources to discharge remediation duties in a timely manner and mitigate any associated potential for reputational impact on the Council.	Developing proposals to secure a politically endorsed and timely remediation strategy which includes legal and resource considerations.  Expert external legal and technical advice.	Clear Project management and accountability through CRSO and multi disciplinary project team.  Project Plan.  Notes/Actions from Project Teams.  Progression of the remediation programme.	Reports to Cabinet and Cabinet Resources Panel.  Delivery of actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		
<b>Project/Service Management Capacity</b>  Lack of availability or capacity of personnel with key experience and competencies	Robust project and performance management procedures including the routine monitoring of progress and risks.  Where necessary this generates a reprioritisation of projects/services and/or delivery plans and timescales.  If appropriate source external expert advice to support key projects, workstreams.	Service Plans.  Performance Management review programme.  Project plans and their review.	Report to Cabinet.  Key projects being delivered in accordance with parameters and timescales set out in Project Plans.  Performance against core services mainly on target and subject to ongoing review and prioritisation.		



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<b>COMMERCIAL AND PUBLIC REALM SERVICES</b>					
<p><b>Reconfiguration of the Waste and Recycling Service</b></p> <p>Failure to deliver the rollout plan for the new service resulting in the following:</p> <ul style="list-style-type: none"> <li>• The incorrect delivery of food caddies;</li> <li>• Missed collections because of properties being left of the round sheets or incorrect detail being recorded on assisted collections.</li> <li>• Low levels of participation in the new service if the promotions and awareness campaign is not delivered in full.</li> </ul>	<p>A business case for the reconfiguration was prepared and approved by Members.</p> <p>Robust project management arrangements in place.</p> <p>A comprehensive roll out plan having been developed which includes the independent auditing having been built in during its delivery.</p> <p>The assisted collections schedule has been refreshed.</p> <p>City Direct Business rules have been re-written and staff training carried out against these new rules</p>	<p>Clear project management and accountability through the Chief Officer supported by a multi disciplinary project team, that reports through to the Waste &amp; Street Scene Partnership Management Board</p> <p>Monthly reports to the Waste &amp; Street Scene Partnership Management Board and to the Cabinet as required.</p> <p>These reports include a detailed Risk Register that is reviewed and updated on a monthly basis.</p>	<p>Monthly reports to the Waste &amp; Street Scene Partnership Management Board and to the Cabinet as required</p>		

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<b>COMMERCIAL AND PUBLIC REALM SERVICES (continued)</b>					
<ul style="list-style-type: none"> <li>Problems in the new anaerobic digestion facility in process the food waste delivered to the plant.</li> </ul>	<p>With external specialist advice a comprehensive promotions and awareness campaign has been developed and is being delivered to encourage participation in the new service.</p> <p>Maintenance of expert external technical advice.</p>				
<p><b>Creation of the Wholly Owned Trading Company/JV</b></p> <ul style="list-style-type: none"> <li>Failure to delivery the projected savings incorporated into the Savings Programme.</li> <li>Failure to continue to provide the 4 Star services provided to residents as the budget cutbacks take affect.</li> </ul>	<p>A business case for the preferred option will be prepared and approved by Members.</p> <p>Robust governance and project management arrangements for the development/ procurement of the WOC/JV will be agreed by the Cabinet and put in place.</p> <p>The governance arrangements for the running of the WOC/JV will be prepared for the Cabinet to approve.</p>	<p>On confirmation of the preferred option for the Council's future trading vehicle a next phase of work will begin that will include the development of clear project management and governance arrangements through the Chief Officer supported by a multi disciplinary project team, reporting to a Members Special Advisory Group and Project Board.</p>	<p>Monthly reports will be made to the SAG and to the Cabinet as required. These reports include a detailed Risk Register that is reviewed and updated on a monthly basis.</p>		

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<b>COMMERCIAL AND PUBLIC REALM SERVICES (continued)</b>					
<ul style="list-style-type: none"> <li>Failure to protect good quality jobs in the local economy.</li> </ul>	<p>Detailed service specifications, availability criteria and performance standards tied to payment mechanisms will be developed for each service stream to be delivered by the WOC/JV that the Cabinet will approve.</p> <p>Maintenance of expert external legal, financial and technical advice.</p>				

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<b>COMMERCIAL AND PUBLIC REALM SERVICES (continued)</b>					
<p><b>Delivery of cross Service Group savings e.g. Caretakers cleaning Community Centres, reconfiguration of the Delivered Meals Service etc.</b></p> <p>Failure to progress the savings proposals to the set deadlines because of the following:</p> <ul style="list-style-type: none"> <li>• Customer Resistance;</li> <li>• Unresolved employee relations issues;</li> <li>• The projected savings not being deliverable in full because of the cost of the residual service or implementation costs being high.</li> </ul>	<p>Project groups established with Clients were relevant with associated action plans and also when relevant EIA being completed.</p> <p>A business case for a reconfigured Delivered Meals Service to be developed for Member approval.</p>	<p>Report to Cabinet. Performance Management review programme. Project plans.</p>	<p>Report to Cabinet. Performance Key projects being delivered in accordance with parameters and timescales. Performance against core services mainly on target.</p>		

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<b>REGENERATION AND NEIGHBOURHOODS SERVICES</b>					
<b>Employment Skills and Enterprise Plan</b>  Commissioned partners unable to deliver to defined timescales.	All commissioned services regularly monitored against SLAs/ contracts by programme manager and performance reported to joint governance group.	Performance assessments/ reports to Cabinet.	Performance to PIs reported to CMT/ PMP/ LSP Board. Outcome assessment of impact of WNF externally commissioned by LSP.	Controls all in place.	N/A
<b>Capital funding gap</b>  Negative impact on Delivery of Decent Homes (Public Sector) programme.	Clear project management and accountability to CRNO and through joint WCC/ WH Asset Management Grp. Reported into Cabinet/ Scrutiny Board.	Reports to Cabinet/ Scrutiny Board.	Key targets being achieved. Programme reviews through Asset Management Grp	Controls all in place	N/A

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<b>REGENERATION AND NEIGHBOURHOODS SERVICES (continued)</b>					
<b>Bilston Urban Village</b>  Cannot be delivered by tendered partner due to economic conditions and regeneration benefits not secured.	Clear project management and accountability to CRNO. External challenge by HCA.	Reports to Audit Committee/ Cabinet Panels	External challenge/ review of options	Decision required re tendered partner	
<b>I54</b>  Unable to fulfill city's scale of regeneration ambitions (including higher level skills jobs, major inward investment and transportation improvements - Vine Island/Wobaston Road/ new motorway junction not delivered	Cross local authority MRG	Reports to Cabinet Panels.	Written support for relocation from private sector firms.	Agreement needed on LA lead for bids.	
<b>Interchange Phase II</b>  Economic conditions mean that Interchange Phase 2 cannot be delivered and regeneration benefits not secured.	Clear project management and accountability to CCSO	Reports to Cabinet Panels	Support by Neptune to lead RGF phase 1 submission of expression of interest.		

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<b>REGENERATION AND NEIGHBOURHOODS SERVICES (continued)</b>					
<b>Summer Row</b>  Cannot be delivered due to economic conditions and opportunity for CPO lapses. Regeneration benefits not secured and ranking of City Centre continues to fall.	MRG	Reports to Cabinet Panels	Commissioned partner accessed funding support to address gap. Cabinet to consider Jan 2011.		
<b>ABCD Succession Strategy</b>  Unable to deliver housing element due to cessation of capital funding and impact of economic conditions.	Succession Strategy Working Group.	Report to Cabinet (next report 02/11 Cabinet).	Cross-agency working group challenges delivery of Strategy.		
<b>Cessation of Area Based Grant (Working Neighbourhoods Fund)</b>  Withdrawal or reduction of services.	Clear accountability to LSP Exec/thematic partnerships.	Reports to Cabinet Panels.	External evaluation of outcomes/outputs delivered via WNF.		