

Wolverhampton City Council

OPEN INFORMATION ITEM

Cabinet / Cabinet Panel **AUDIT COMMITTEE**

Date **28.02.2011**

Originating Service Group(s) **CUSTOMER & SHARED SERVICES**

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Title **CUSTOMER AND SHARED SERVICES:
RISK MANAGEMENT AND GOVERNANCE**

SUMMARY

Members are recommended to note the contents of this report which sets out the key high level risks for the Customer and Shared Services service group.

CUSTOMER AND SHARED SERVICES: RISK MANAGEMENT AND GOVERNANCE

1. PURPOSE OF REPORT

- 1.1. To set out for Members the key high level risk facing the service cluster and to point to the way in which these risks are being addressed.

2. 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 key functions are delivered
- (iv) details of external inspection and assurance in relation to these functions
- (v) a brief review of significant issues faced over 09/10
- (vi) an outline of key risks

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

- 2.3. It should be noted that given the nature of the Service Group as the support service to the operations of the Council, the principal risk areas it is actively engaged in managing are of Corporate significance: the Savings and Transformation Programme, Single Status, BSF, MTFs, the Capital programme.

Other Customer & Shared Services Risk and Governance Matters

- 2.4 The schedule of outstanding minutes for Audit Committee includes the following matters that have been highlighted over the past year for attention by Customer & Shared Services:

(i) **Contract Compliance**

A report on contract compliance was scheduled in the Audit Committee Workplan for 2010/11 and was due to be discussed at the meeting on 28 February 2011 as part of the Annual Service Risk Register for Customer and Shared Services. Members will be aware that an external review of the Council's contracting arrangements has recently been commissioned by the Chief Executive and Chief Financial officer following recent internal audit reports that have been submitted to Audit Committee. This review by Ernst & Young LLP will examine the way in which the Council negotiates, lets, monitors and performance manages contracts and Audit Committee will receive regular reports on the progress of the review and the implementation of any remedial actions.

(ii) **Attendance Management**

A report on Attendance Management was scheduled in the Audit Committee Workplan for 2010/11 and was due to be discussed at the meeting on 28 February 2011 as part of the Annual Service Risk Register for Customer and Shared Services. Members will be aware however that a senior management re-structure is currently taking place and no progress has yet been made with regard to implementing a policy on attendance management which will address the issues raised in the original internal audit report. This matter will be raised with the Interim Strategic Director for Delivery and a progress report scheduled into the 2011/12 Audit Committee Workplan.

3. **FINANCIAL IMPLICATIONS**

- 3.1. Against a background of financial pressure and the introduction of the Transformation and Savings Programme, it should be noted that the delivery of savings workstreams is a key feature of the risk analysis.
[CB/18022011/P]

4. **LEGAL IMPLICATIONS**

- 4.1 There are numerous legal implications arising from the different work streams supported by Customer and Shared Services, these are considered and managed within the context of each of those projects. [MW/18022011/F]

5. **EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. A number of the work streams, in particular the delivery of a Single Status agreement, have direct quality implications.

6. **ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no direct environmental implications arising from this report

Customer & Shared Services
Review of Risk Management & Governance Arrangements

Key Issues	Summary of Responses
<p>What are the key functions that the service is required to deliver?</p>	<ul style="list-style-type: none"> – Shared Human Resources carries out statutory functions in relation to employment law and HR – Legal Services ensures the Council complies with statutory and internal controls. – Electoral Registration Service compiles the annual Electoral Register and up-dates it throughout the year. The Service administers European, Parliamentary and local elections in accordance with strict statutory procedures – Property Services is responsible managing the Authority's property assets and for ensuring council buildings are compliant with current building control legislation – Financial Services is responsible for: <ul style="list-style-type: none"> Strategic Finance: the provision of accountancy and financial management support to all Council services. This is underpinned by the efficient and effective discharge of statutory section 151 responsibilities, including: <ul style="list-style-type: none"> ○ publishing its accounts and publicising how local electors can exercise their rights, in accordance with the requirements of the Accounts & Audit Regulations 2003; and ○ publishing the annual audit letter in accordance with the requirements of the Accounts & Audit Regulations 2003. Revenues & Benefits <ul style="list-style-type: none"> ○ administers the Housing and Council Tax Benefit Schemes; this includes advice, assessment and payment of claims and fraud prevention/detection. ○ billing and collection of Council Tax and Business Rates from every household and business in Wolverhampton. Internal Audit: an assurance function providing an independent and objective view of risk management, control and governance procedures. Risk Management and Insurance Services: provides a risk financing and claims management service and assists in embedding effective risk management processes and control measures.

Key Issues	Summary of Responses
	<ul style="list-style-type: none"> - Procurement: carries out statutory functions in relation to contract letting and evaluation - ICTS – provides ICT services and support to the council - Shared Services Transition Programme a programme to replace the core mainframe applications and to improve the efficiency of some back office services by sharing with another council
<p>What arrangements are in place to ensure that key functions are properly delivered?</p>	<p>Service Plans are used to effectively plan the delivery of key services and ensure that there are links to key corporate priorities where applicable.</p> <p>Service Plans are monitored on a quarterly basis at Directorate level, and more frequently by Service Managers/Chief Officer where appropriate.</p>
<p>What are the main risks that the service group has to manage and how are these risks being managed?</p>	<p>For an overview of the main risks affecting the service this year please see the attached Assurance Report in Appendix One.</p> <p>Each service area also completes a more detailed register of all key risks affecting their service are and the mitigating actions to be taken.</p> <p>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.</p>

Customer and Shared Services

Principal Risks	Key Controls	Assurances on Controls	Positive Assurances	Gaps in Control	Gaps in Assurance
<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>
Shared Services Transition Programme					
<p>A lack of maturity in the market prevents the Council concluding a satisfactory partnership</p> <p>The City Council cannot sustain the leadership focus and direction sufficient to secure a deal with a partner</p> <p>Conflict between the requirements to implement Single Status, meet HMRC requirements and implement new payroll systems results in delay</p> <p>The planned senior management restructure could result in a lack of leadership and negotiating resource</p> <p>The City Council lacks the ability to change because it does not release or apply resources in the right amount at the right place at the right time;</p>	<p>Clear programme and project management disciplines.</p> <p>Escalation points established through governance arrangements</p> <p>Access to expert legal and technical advice</p> <p>Senior officer and Member engagement in the programme through governance bodies</p> <p>Strategic oversight by CMT</p> <p>Key "failsafe" review points established to aid decision making process</p>	<p>Reports provided to Cabinet for key decisions and progress</p> <p>Weekly meetings of Clienting Group</p> <p>Programme and Project Boards established</p> <p>Members Steering Group established</p>	<p>Regular highlight reports to governance groups and corporate programme office</p> <p>Minutes of governance groups recording decisions reached</p> <p>Programme and project risk register</p> <p>Legal and technical advice documentation</p>	<p>A forum and process needs to be established to manage the key dependencies between this programme and Single status</p>	

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<p>The City Council is changing its makeup in an organic way in many dimensions at once</p> <p>Despite following appropriate legal processes during the procurement process there is a risk that the agreed arrangement is subject to legal challenge</p>					

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Property Services					
<p>Failure to meet customer expectations. Loss of customer - could then lead to reduction in workload and subsequently manpower. Increase in complaints Loss of reputation Loss of work would reduce commissions to Jacobs/Bruton Knowles and increase cost of partnership.</p>	<p>Continue to develop and improve systems of client management. Introduction of QMS. Retain support roles designed to improve customer services. Review and improve consultation process with customers and clients. Clarify interface between CSM's and Customer Service and Quality Manager. Ensure all CSMs follow best practice. Upgrade & re focus on marketing to stakeholders Review Customer Services training for all staff</p>	<p>Communication and customer relations strategy implemented.</p> <p>Shared Service client survey.</p> <p>Corporate Facilities Management Group established to focus on Customer Service</p>	<p>Quarterly reports to Management Team.</p> <p>Post project review and analysis</p>		
<p>Retention and recruitment of staff Unable to meet workload requirements Lost customer satisfaction</p> <p>Demotivation of workforce and increased stress</p>	<p>Strategic Partnership and external consultants to provide support. Strategic Partnership renewal July 2008 on target, workforce plan in place. Implemented career grade structure Maintenance of IIP accreditation Monitoring of market forces</p>	<p>Review of succession strategy and career grade structure.</p> <p>IIP accreditation</p> <p>Home working policy implemented.</p>	<p>Workforce plan.</p> <p>Establishment figures.</p>		

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Inability to recruit leading to increased errors of those covering.	Use of recruitment agencies Management Team to review consistency of Single Status process with co-ordination of outputs and full communication with staff. Increase risk due to potential impact of Single Status, transformation. VR, Compulsory Redundancy.				
Collapse/recession of property market Unable to meet target of capital receipts. Unable to sell assets. Unable to continue (or slow down) with regeneration projects, Retail Core, I54, Interchange.	Asset base under continual review. In connection with sustainable communities consider measures to restore viability to regeneration projects.	Review of assets in the context of the National and Local Property environment.	Review of estimates in conjunction with the Financial Planning team. Reports into the Capital Programme Board		

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Legal Services					
Insufficient resources to enable the service to meet client objectives Failure to meet statutory and legal responsibilities. Stress to officers covering additional duties	Approved restructure Use of agency staff to backfill key roles.	Recruitment and retention policy. Service plan and work force plan underway 2011/12	Reports into DMT - Business as Usual monitoring	Restructure only partly implemented in one key area	Increased pressure on key areas; regeneration, litigation, child protection

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Human Resources					
Inadequate resources to support the numerous programmes (SS, MRP, Systems Thinking, Organisational Restructure, Redundancy exercise, Black Country Consortium etc). Reduces the ability to carry out Business as Usual in support of the organisation. Results in poor service and the potential for breach of/failure to comply with employment practice	Use of agency staff to backfill key roles. Prioritise work load. Use of redundancy pool	Recruitment and retention policy. Service plan and work force plan underway 2011/12	Reports into DMT - Business as Usual monitoring.	Instances of unavailability or unsuitability of agency staff Redundant staff skills not always suitable	Continuing pressure on some aspects of BaU resulting in delays and reduction in service levels

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ICTS					
<p>Retention and recruitment of ICT staff to maintain mainframe operations such that it will continue to operate well whilst the Council implements a more strategic Solution</p> <p>Failure of critical systems .</p> <p>Financial impact to recover position due to service disruption..</p>	<p>Review the ICTS skills matrix for mainframe related staff and identify any opportunities for increasing the number of people able to support each application.</p> <p>Ensure that mainframe hardware and software support is contracted for until at least the end of 2011.</p> <p>Evaluate potential revenue savings by upgrading mainframe hardware without having to upgrade software levels.</p> <p>Identify any options we may have to buy relevant programming skill expertise from the market place to supplement existing staff skills</p>	<p>Recruitment and retention policy; monitoring programme in conjunction with HR</p> <p>ICT Governance Board to prioritise initiatives.</p>	<p>Workforce plan.</p> <p>Establishment figures</p> <p>ICTS performance data</p>		