

Wolverhampton City Council

OPEN INFORMATION ITEM

AUDIT COMMITTEE

Date **12 MARCH 2012**

Originating Service Group(s)	EDUCATION AND ENTERPRISE
Contact Officer(s)/	CHARLES GREEN
Telephone Number(s)	5400
Title	<u>EDUCATION AND ENTERPRISE - RISK MANAGEMENT AND GOVERNANCE 2012-2013</u>

Summary

Members are asked to note the content of the report which sets out the key high level risks for the Education and Enterprise Directorate.

EDUCATION AND ENTERPRISE - RISK MANAGEMENT AND GOVERNANCE 2012-2013

1. **PURPOSE**

- 1.1 To set out for Members the key high level risks facing the Education and Enterprise Directorate and how they are being addressed.

2. **DETAILS**

- 2.1 The Assurance Framework is a key element in the Council's system of internal control and is designed to identify, evaluate the impact of and manage the high-level risks to the delivery of the Corporate Objectives.
- 2.2 All Directorates maintain operational risk registers that summarise the risks to the achievement of directorate objectives. This process ensures that risks are captured and monitored and that appropriate actions are taken to manage them within individual service areas.
- 2.3 The high level risks outlined in the Framework have been identified by the Strategic Director and lead Officers for each of the principal priorities/objectives.
- 2.4 The attached appendix to this report sets out:
- (i) The key functions of each service area
 - (ii) The key objectives of each service area
 - (iii) A brief description of measures to ensure functions are delivered
 - (iv) An outline of key risks in 2012/2013
- 2.5 Where operational risks become so severe as to pose a threat to the achievement of the Corporate Objectives there is a process by which they can be escalated for inclusion on the Assurance Framework.

3. **FINANCIAL IMPLICATIONS**

- 3.1 The application of appropriate risk management and governance procedures is integrated within the overall project and therefore does not incur additional financial resources.

[JJ/29022012/T]

4. **LEGAL IMPLICATIONS**

- 4.1 The legal implications in respect of all projects, workstreams or individual actions are incorporated within the overall project and performance management arrangements.

[MW/28022012/L]

5. **EQUAL OPPORTUNITIES IMPLICATIONS**

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

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The Education and Enterprise Directorate 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. SCHEDULE OF BACKGROUND PAPERS

- Previous reports to Audit Committee
- Significant individual projects will have been the subject of separate reports to Cabinet or relevant Cabinet Panels.

Education and Enterprise – Review of Risk Management & Governance Arrangements

Key Issues	Summary of Responses
What are the key functions that the service is required to deliver?	<p><u>Regeneration</u></p> <ul style="list-style-type: none"> • Transportation • Planning • Regulatory Services • Commercial Development • Housing • Performance and Service Support <p><u>Schools, Skills & Learning</u></p> <ul style="list-style-type: none"> • School Intervention, Support & Challenge • School Organisation & Development • School Funding & Financial Planning • School & Pupil Services • Skill Development • Adult Education <p><u>Partnerships, Economy & Culture</u></p> <ul style="list-style-type: none"> • Wolverhampton Partnership • Economic Partnerships & Investment • Communications & Marketing • Neighbourhood Partnerships • Entertainment & Events • Culture, Arts & Heritage <p><u>Major Projects</u></p> <ul style="list-style-type: none"> • Decent Homes Programme • Canal Side Quarter Regeneration • City Centre Regeneration • Targeted Asset Disposal • Bilston Centre Regeneration • Building Schools for the Future • Wilkinson Primary New Build • i54

Key Issues	Summary of Responses
<p>What arrangements are in place to ensure that key functions are properly delivered?</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 includes 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 will be monitored on a quarterly basis through divisional management team arrangements, and more frequently by Heads of Service/ Assistant Directors where appropriate.</p>
<p>What are the main risks that the Directorate 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 Appendix 2.</p> <p>Each service area also completes with 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, Heads of Service identify specific risks to achieving targets on an on-going basis and report these, and identify mitigating actions.</p>
<p>What external assurance is available e.g. external inspection reports?</p>	<p>An annual audit programme is agreed with Audit Services and a programme of Risk workshops with the Head of Risk Management and Insurance.</p> <p>Different areas of service have also been subjected to formal inspection/audit assessment i.e. Adult Education – Ofsted – good results.</p> <p>In all cases the respective Assistant Directors/project managers/divisional management teams are responsible for progressing any recommendations/actions.</p>
<p>What significant problems have occurred in the past year and what arrangements have been made to avoid such problems reoccurring?</p>	<p>With reference to project management, the report following the Axon review has been considered.</p> <p>In line with the Chief Executive’s commitment to its recommendations we are ensuring that these are incorporated into our project planning and operational practise.</p> <p>There have been some issues of capacity to deliver. We have reorganised the whole Directorate to ensure that resources are aligned to priorities. In the short term we have also brought in some short term capacity in Economic Development and Regeneration.</p>

ASSURANCE FRAMEWORK
EDUCATION AND ENTERPRISE DIRECTORATE

Principal Objectives	Principal Risks	Key Controls	Assurances on Controls	Positive Assurances	Gaps in Control	Gaps in Assurance
What the organisation aims to deliver	What could prevent this objective being achieved	What controls/systems do we have in place to minimise the risk	Where can we gain evidence that tells us whether the controls exist and are working	Where is the evidence that shows we are reasonably managing our risks and objectives are being met	Where are we failing to put controls in place and/or they are not effective	Where are there gaps in the evidence that control mechanisms are working
Regeneration						
Decent Homes Programme	<p>Future funding allocations beyond 2012/13</p> <p>Appropriate procurement arrangements in place to deliver future funding allocations from 01/04/13</p>	<p>Maintaining positive performance and VFM to move verbal assurances from HCA to written assurances of the last two years funding at the earliest opportunity</p> <p>Interim Head of Housing leading on work stream to complete procurement by Autumn 2012</p>	<p>Monthly update reports, reviews and actions by Project Board</p> <p>Individual workstream to scope and resolve any potential issues</p>	<p>Reports, review and recommendations by the Decent Homes Board</p> <p>Update reports to Cabinet</p>		

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Regeneration cont.						
Canal Side Quarter Regeneration	No alternative site suitable for LPG installation is found	A number of sites have been identified as potentially suitable – consortium considering progressing acquisition of the most suitable of these	Clear project plan with accountability through AD – Regeneration and multi disciplinary project team	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		
	Revocation or modification of existing Carvers Hazardous Substance Consent	This potential option has been openly discussed with Carvers and other consortium members. Costings have been prepared to quantify the risk in financial terms	A series of formal advice from Leading Counsel.	Reports to Cabinet, Cabinet Panels and Planning Committee on progress and resolution alternatives.		
	Build of Block D Victoria Halls commences.	Victoria Halls Ltd form part of the consortium – desire to build Block D has not been suggested	Project Plan. Notes & actions from Project team.	Our response to legal proceedings has secured the future planning status of Blocks A-C from legal challenge.		

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Regeneration cont.						
City Centre Regeneration	Absence of key personnel to maintain progress Availability of revenue and capital to deliver workstreams	Effective implementation of E&E restructure. And interim support Revenue and Capital requirements to be built into 2012/13 budget	Clear project plan with accountability through AD – Regeneration and multi disciplinary project team	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		
Targeted Asset Disposal	Developers may not be forthcoming in bidding for sites. Not obtaining statutory consents (S77) Lack of Member support for disposing of sites	Ensure effective marketing and developer friendly sale contracts to encourage bidders. Constant assessment of the market and market conditions. Clear consultation process. Dialogue with Partnership for Schools Regular Member consultation	Clear project plan with accountability through AD – Regeneration and multi disciplinary project team Individual workstreams to scope and resolve any potential issues	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		

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Regeneration cont.						
Bilston Centre Regeneration	That market conditions prevent the viable delivery of new housing & employment uses given scale of development risk.	Commissioning of feasibility study, a site constraints report to understand development risk. Consideration of public sector finance to de-risk site through up front provision of infrastructure & site remediation. Proposals included in 2012/13 Capital Programme.	Clear project plan with accountability through AD – Regeneration and multi disciplinary project team Individual workstreams to scope and resolve any potential issues	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		

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Schools, Skills & learning						
Building Schools for the Future	<p>ICT early Services failing to deliver on a timely or effective manner</p> <p>Phase 1 of first opening of BSF school not completed on time</p> <p>Failure to achieve programme outcomes due to lack of resource to manage the accelerated financial close</p> <p>Transformation proposals set out in LEP Business Plan not fully aligned with Council strategies</p> <p>Effects of savings programme leads to unsatisfactory solution for phase 2 schools</p>	<p>Work closely with LEP in day to day management of programme & subcontracts</p> <p>Close monitoring of programme & completion date</p> <p>Review resources requirements & agree availability of resource</p> <p>Ensure joint working with schools, joint steering group & terms of reference developed</p> <p>Require LEP to provide detailed analysis of cost plans to promote an effective assessment of value of money</p>	Clear project plan with accountability through AD – Schools, Skills & Learning and multi disciplinary project team	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		

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Schools, Skills & learning cont.						
Wilkinson Primary New Build	School building not completed in time for occupation in September 13	Close monitoring of programme & completion date	Clear project plan with accountability through AD – Schools, Skills & Learning and multi disciplinary project team	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		
Partnerships, Economy & Culture						
i54	<p>Sale of Plots A & B to JLR delayed.</p> <p>Local authorities / LEP(s) unable to agree on use of future i54 business rates to reimburse WCC and SCC for infrastructure costs</p>	<p>On-going discussions taking place between all parties.</p> <p>Joint local authority meeting taking place to discuss this issue. WCC and SCC in agreement. Retention of business rates only available at this stage under the Black Country Enterprise Zone designation.</p>	Clear project plan with accountability through Strategic Director – Education & Enterprise and multi disciplinary project team	Actions set out in the Project Plan and the strategic direction and key decisions agreed through Cabinet reports.		