

Risk Ref: Corporate Risk 11 (13-14)		Date template updated: 14 June 2013	
Cross reference the risk to the Corporate and Service Delivery Plan Objective to which it relates, only key risks that require monitoring will be recorded in the Corporate / Significant Risk Register.			
Corporate Priorities / Service Delivery Objective / Project Objective :		Risk to all Council Plan Outcomes – <ol style="list-style-type: none"> 1. OUR LOCAL COMMUNITIES ARE STRONG AND SUPPORTIVE 2. CHESHIRE EAST HAS A GROWING AND RESILIENT ECONOMY 3. PEOPLE HAVE THE LIFE SKILLS AND EDUCATION THEY NEED TO THRIVE 4. CHESHIRE EAST IS A GREEN AND SUSTAINABLE PLACE 5. LOCAL PEOPLE LIVE WELL AND FOR LONGER ❖ BE A LEADING, COMMISSIONING & RESPONSIBLE COUNCIL	
Risk description should include the cause of the impact and the consequence to the objective which might arise.			
Identified Risk Description: Commissioning and Service Delivery Chains: Risk that as the Council moves into a more active “market making” role, it will progressively form complex and more fragmented supply chains for both back office and front line services (i.e. outsourcing, contracted suppliers and providers, shared service delivery, joint ventures, private finance initiatives and partnership working) increasing the materialisation of commissioning and service delivery chain risks which would prevent the Council from achieving its planned objectives, priorities and outcomes. Examples of these risks include:- <ul style="list-style-type: none"> ➤ inappropriate, ineffective and inefficient provider commissioning ➤ failure to meet/deliver service expectations/standards ➤ supplier/partner financial failure ➤ increase in supplier incidents, non-compliance ➤ tension between profit motives and public sector ethos ➤ budget overruns ➤ increase in systematic risks in increasingly shared services 			
Risk Comments: This risk has interdependencies with a number of other risks:- <ul style="list-style-type: none"> • CR3 Strategic Leadership and Management • CR4 Financial Control • CR6 Evidenced Decision Making • CR7 Reputation 		<ul style="list-style-type: none"> • CR8 Public Sector Effort • CR9 Workforce • CR10 Contract, Project and Programme Management Skills • CR14 Business Planning - Resource • CR18 Legal • CR19 Fraud Risk 	
Who owns and is accountable for the risk? Risk Owner: Kim Rley, Interim Chief Executive		Who is responsible for taking forward the actions? Risk Managed by: Lorraine Butcher, Executive Director of Strategic Commissioning	
Strategic Lead: Cllr Paul Findlow, Corporate Policy Portfolio Holder		Is the risk new, enduring, dying or re-emerging? Risk Status: New	
Assess the combined risk of the likelihood and impact of the risk being realised before taking account of any controls in place to manage the risk. This is the gross risk score.		Likelihood 4	x Impact 4
		= Gross Risk Score 16	
What controls are already in place to mitigate the risk? Controls could consist of authorisation and approval processes, governance arrangements and monitoring processes, physical controls, segregation of duties, organisational, personnel, management and supervisory controls or arithmetic and accounting controls. Where is the evidence for these controls kept?			
Existing Controls and Evidence: Constitution and Procedures We have established and embedded Contract Procedure Rules under Section E of the Constitution and a Procurement Strategy and Guidance on the Centranet and CE Website. Our collaborative, consortium and partnership arrangements are subject to all UK and EU procurement			

legislation and must also follow the Finance and Contract Procedure Rules at Section F of the Constitution.

Corporate Procurement Team

We have a small core team of procurement professionals that

- provide advice, guidance and training on procurement & related matters
- support services with procurements over £75,000
- facilitate collaborative procurements with other Councils
- create, maintain and implement procurement and commodity strategies
- procure and facilitate the management of Corporate Contracts

Our tendering processes ensure that the organisations we do business with comply with our requirements e.g. sustainability, business ethics, health and safety, etc.

As part of our procurement processes we undertake limited financial health checks on the organisations we do business with.

Finance Team

Our Finance Team support effective delivery of the Council's reform by providing professional financial advice on commissioning and service delivery.

- Finance Leads/Service Accountants attend all DMT/SMT meetings and provide regular advice to Budget managers on a one-to-one basis

Legal Team

Our Legal Team provide legal and procedural advice to support the Council in furthering its corporate aims and priorities in commissioning and service delivery.

Insurance Team

Our Insurance Team give advice when requested re specific contracts, partnerships or delivery models.

Training and Development

The procurement team deliver training inputs to support compliant procurement. These are provided through the Learning Lounge and the Corporate Training Programme and predominately feature technical advice on procurements under £75K. Bespoke training and support is also offered to teams / services to support key projects/ initiatives that require procurement activity.

Shared Services

We have a Shared Service approach in place with Cheshire West and Chester (CWAC) Council for back office, transactional HR, Finance and ICT operations.

- Shared Service legal agreements in place
- governance operating through Shared Services Joint Committee and Joint Officer Board (JOB)
- JOB Terms of Reference revised to provide for Client Board and Separate Legal Entity (SLE) Executive to assist development of SLE
- business planning approach linked to client's objectives and allocation of resources

Contract Management

Dedicated leads for contracts in adults commissioning and children commissioning. These oversee contract work and progress procurement (e.g. score bids, moderation, phasing in and out of providers).

These contract managers undertake performance monitoring and contract compliance work.

Commissioners

We have a small team of skilled commissioners that commission for Children, Families and Adults over the life course (pre-birth to death and continuing support needs).

We also have some strategic client capacity linked into the key Highways Contract (as the commissioning programme expands support around commissioning will likewise need to flex accompanying commissioning demands.)

Assess the combined risk of the likelihood and impact of the risk being realised after taking account of the existing controls in place to manage the risk. This is the net risk score – as it is now.	Likelihood 3	x Impact 4	= Net Risk Score 12
--	----------------------------	--------------------------	-----------------------------------

Is the net risk now acceptable or not? Are there further reasonable controls or planned actions you can take to manage the risk down to an acceptable level? If not, consider the need for a contingency plan for what will happen if the risk is realised. Members of the Corporate Risk Management Group are responsible for ensuring that actions proposed to mitigate corporate and significant operational risks are sufficient and proportional to the risk identified.

Future Planned Actions / Contingency:

- Staffing review - An essential opportunity is to ensure that commissioning and contract management skills are not only available but are positioned so that views are heard with respect and create activity.
- Ensure that staff and Members understand our own capabilities in managing the service delivery chain, whilst individual procurement and decisions on the make-up and management of the service delivery chain should be on a case-by-case basis, the Council must inform these decisions with an understanding of how well it is equipped to increase involvement and interactions with the service delivery chain, and also how well equipped our providers and suppliers are to manage service delivery chains.
- Management review of procurement.
- Currently re-shaping to position for a strengthened and consistent approach to performance management of contracts and of provider management.
- Strengthen current procedures and governance arrangements to ensure that the authority considers carefully before it passes crucial responsibilities to third parties, whether it has the right skills and experience available to make that relationship a success.
- Review and strengthen our due diligence process to understand precisely which dependencies have been outsourced, and, understand the importance, sensitivities and urgency of such dependencies. This review will include subjective due diligence which enables a top level overview of all the opportunities, threats, strengths and weaknesses and enables decisions as to whether or not to proceed.
- We will also assess the achievability of our exit strategy as all relationships will need to change, at some time in the future, and for a whole variety of reasons.
- The Council will implement its updated performance management framework and monitoring arrangements, which reflect its changed operating model. This includes a focus on achievement of outcomes, financial performance, and delivery of key projects and programmes. It will monitor performance of both internally and externally delivered services, and should therefore be able to identify delivery issues with new supply chains, so that mitigating action can be taken.

Next Review Date:

6 weeks (26 July 2013)

Some risks require weekly or monthly monitoring, others will only need to be revisited following the proposed date for the completion of the planned action.

The reason for monitoring key risks is to create an early warning system; risk registers should be regularly reviewed and amended. Questions asked during monitoring are: Is the risk still relevant? Is there any movement in the net risk score? Are the controls still in place and operating effectively? Has anything occurred which may change its impact and/or likelihood? Have any significant control failures or weaknesses occurred since the risk was last monitored? Is the risk increasing - do I need to devise more controls? Is the risk decreasing - can I relax existing controls?

Monitoring Arrangements:

Key Risk Indicators to be considered:-

- Number of complaints re service standards
- Budget overruns

- Supplier failures
- Legal challenges
- Internal procedural non-compliance

Predict the combined risk of the likelihood and impact of the risk being realised after taking account of the existing and planned controls in place to manage the risk. This is the target risk score.

Likelihood

3

x Impact

4

= Target Score

12

Comments

14 JUNE 13: The likelihood of this risk at present is a 3 'likely' and has a number of interdependencies with other corporate risks. We are working on strengthening our corporate infrastructure in order to become more strategic and commissioning and the staffing review plays an important role in this. The impact of this risk if it were to fully materialise would have a critical impact on the achievement of our corporate objectives and so is presently a 4, giving an overall risk rating of 12 'High Risk'.