

Support Services Risk register

dated 7th December 2016

ID	Risk Description	Triggers	Consequences	Risk Owner	Rating at point logged			Treatment	Mitigations	Proximity	Current Risk Rating		
					Likelihood	Impact	Risk Rating				Likelihood	Impact	Risk Rating
1	Effective and efficient set up of the LACC	<ul style="list-style-type: none"> - Lack of expertise in technical areas such as VAT and Corporation Tax - Insufficient management capacity to complete project tasks and actions - Conflicting priorities for SLT e.g. Service performance v LACC implementation - Awareness of regulation and legislative requirements 	<ul style="list-style-type: none"> - Financial Model becomes unviable - Benefits are not maximised - LACC Cessation - Cash Flow issues - Lack of control of the LACC / ineffective governance - Monitoring and internal controls become complicated - Increased and unexpected set up costs 	Sophie Hosking	3	4	12	Mitigate	<p>Legal advice is being provided with Bevan Brittan, with LACC advice note and Pension advice notes received. They are being consulted on other issues as they arise. Specialist Financial advice is being provided with Grant Thornton.</p> <ul style="list-style-type: none"> - A draft Business Plan is being produced using an agreed CIPFA template - Active management of risk register for LACC throughout the project and into the operate phase - Clear gateways for the Joint Steering Group to make decisions on proceeding or not – part of project planning - Financial Modelling and Forecasts being prepared - Project Team examining issues, seeking specialist advice and preparing Implementation Plan . 	9 months Sept 2017	2	3	6
2	LACC financial viability	<ul style="list-style-type: none"> - Initial assumptions and predictions are inaccurate including those of set up and running costs - Market place not fully understood - Competitors not identified - Waste Management Contract not handled effectively. (i.e. not brought into LACC) - Service offering is not competitive - Unsuccessful in winning council contract - Growth / savings are not achieved - Modelling of profit margins is over estimated - Irrecoverable VAT - Continued Local Authority cuts 	<ul style="list-style-type: none"> - Costs of company set up not recovered - LACC dissolved and services taken back into the Local Authorities with associated costs - Ability to deliver council services for other Local Authorities reduced - Savings and profit not achieved - Economies of scale impacted if service reduction required - reputational damage stakeholder dissatisfaction 	Lisa Buckle	3	3	9	Mitigate	<ul style="list-style-type: none"> - Officer group to further develop market analysis work – ongoing - Mapping of market competitors and ongoing monitoring of potential trading pipeline from early stage – early engagement with sort market assessment activities which can commence 12 /18 months prior to a tendering opportunity becoming available - Continue discussions with FCC over current waste arrangements to ensure smooth transition - Ongoing modelling of irrecoverable VAT – to be built into project plan as key gateway for Joint Steering Group to agree - Commence discussion with HMRC once approval to proceed is granted re Corporation Tax exemption - Base budget review and full financial profiling of roles. 		2	3	6
3	Ability to meet LACC project implementation timescales	<ul style="list-style-type: none"> - Availability of staff to participate and support the delivery of the project work streams - Management Capacity - Availability of project management skills - Deadline for project not realistic - Delay in decision by members 	<ul style="list-style-type: none"> - Increased costs - Reputational damage - Failure to meet stakeholder expectations - Delays in realising benefits of becoming an LACC (savings / payback period) - Continued staff uncertainty - Loss of member confidence 	Neil Hawke	2	4	8	Mitigate	<ul style="list-style-type: none"> - Clearly defined project work streams and project governance. Regular Project Team meetings now supported by Project Support Officer - Implementation Plan being drawn up to cover tasks in Legal, HR and Finance - Project Team reporting monthly to Joint Steering Group and dates scheduled to February 2017 - Timeline and deadlines being kept updated , as well as widely circulated - Workshop, Drop In sessions and meetings all scheduled in advance - Formal risk management and project change process 	6 months Feb 2017	2	3	6

4	Stakeholder perception of LACC	<ul style="list-style-type: none"> - Lack of understanding of LACC objectives and purpose e.g protecting public services - Councils' rationale is not understood or appreciated by the community - Inability to articulate the LACC's unique selling point - Lack of buy in of staff, unions and other stakeholders 	<ul style="list-style-type: none"> - Loss of identity of the Council by the public - Reputation adversely affected - Loss of community engagement - Loss of attractiveness as an employer - Increase number of change initiatives, impacting upon service delivery - Impacted staff morale 	Steve Jordan	2	2	4	Mitigate	<ul style="list-style-type: none"> - A draft Communication Plan has been produced and presented to JSG. - A Knowledge briefing item about LACC has been sent to all staff. Union engagement is ongoing and they attended the November JSG meeting. - LACC updates given at recent Staff Briefings - Updates on LACC given to Town & Parish Councils and other partners. - Ongoing liaison with Salcombe Harbour Board and AONB Member Joint Steering Group to become "champions" for the LACC ensuring key messages understood - Early discussions with Leaders of other Council and Senior Management Teams - Still some misunderstanding in the community about the purpose of the LACC 	Ongoing	3	2	6
5	Ability to maximise the benefits of the LACC	<ul style="list-style-type: none"> - Lack of flexibility to deliver potential future savings required due to further - Start up costs become unaffordable in the uncertain local authority financial climate - Potential lack of commercial skill set - Strategic business case is not effectively communicated to or understood by members including acceptance and awareness of ownership and profit share allocation - Market fails to materialise and mature 	<ul style="list-style-type: none"> - Council stays as is and T18 programme is refined to deliver further savings - Income cannot be generated to offset future government grant cuts - Reputational damage - Further cuts to services, required to meet budget reductions - Alternate service delivery models required - LACCs / other delivery models are established prior to set up 	Steve Jordan	3	3	9	Mitigate	<ul style="list-style-type: none"> - Contract will require a change process for change requests from LACC to the Councils and vice versa - managed by client contract management - Contract Manager post will be created - Start up budget has been agreed with Joint Steering Group within parameters set out to Members for far - Commercial skills pre-requisite for board members - Business and marketing plan to be developed 	2 years	3	3	9
6	Effective utilisation of the Teckal Exemption	<ul style="list-style-type: none"> - Lack of flexibility to deliver potential future savings required due to local authority cuts - Start up costs become unaffordable in the uncertain local authority financial climate - Potential lack of commercial skill set - Strategic business case is not effectively communicated to or understood by Members including acceptance and awareness of ownership and profit share allocation - Market fails to materialise and mature 	<ul style="list-style-type: none"> - Council stays as is and T18 programme is refined to deliver further savings - Income cannot be generated to offset future government grant cuts - Reputational damage - Further cuts to services, required to meet budget reductions - Alternate service delivery models required - LACCs / other delivery models are established prior to set up 	Sophie Hosking	1	3	3	Mitigate	<ul style="list-style-type: none"> - Strong project management and governance throughout implementation phase (with assistance of the JSG) - Careful contract construct and reserved matter decision points to enable flexibility - Mapping of market competitors - Active management of sales funnel / pipeline for LACC throughout the project and into the operate phase – CRM tools to be employed - Monitoring of contract values against third party business won - Consider utilisation of a s95 company or Servaco if thresholds likely to be breached - Invite potential customers to become shareholders as opposed to customers to increase threshold limits - Clear legal advice on Teckal received from Bevan Brittan - Early establishment of marketing strategy and focus on quality, effective & efficient public sector service 	Ongoing	1	3	3

7	Service Resilience	<ul style="list-style-type: none"> - Impact on service delivery for the Council and other 3rd parties - Unable to fulfil contract requirements - Financial liabilities - Reputation damage - Community needs not met 	<ul style="list-style-type: none"> External factors beyond Council and company control - Effective management of company - Effective contract specification, management and monitoring through out supply chain - Excessive pressure on service demands - Unexpected demand on finances e.g. unpaid debt, cash flow, disputes and claims 	Sophie Hosking	2	5	10	Mitigate	<ul style="list-style-type: none"> - Emergency change process to be developed and captured in Contract - Client side contract manager to be empowered to make speedy decisions (within councils delegated authority levels) - Building of company financial reserves - Performance Management framework for LACC to be developed to identify any downward trends in service delivery at an early stage 	Sep-17	2	5	10
8	Breach of statutory rules and obligations / regulations	<ul style="list-style-type: none"> - Lack of understanding around that the LACC can and can't do and how it should do it - Employment disputes / TUPE challenges due to incorrect procedures being followed - Failure to conform with TUPE and other proposal consultation requirements - Inequalities within workforce (i.e. Equal Pay Claims) - Failure to adhere to EU procurements rules 	<ul style="list-style-type: none"> - Possibility of trading ultra vires - Reduction in quality of services - Delay in implementation / cessation of LACC - Financial costs - Legal action - Reputational damage 	Steve Jorden	1	5	5	Mitigate	<ul style="list-style-type: none"> - Director responsibilities clear with in depth knowledge of contract . Board legal training to be provided by Bevan Brittan. - Specialist advice from Bevan Brittan (Legal) and Grant Thornton (Financial) received as part of implementation with clearly mapped procedures for the LACC 	from Feb 2017 onwards	1	5	5
9	Ability to achieve desired rates of growth and be competitive in the market place	<ul style="list-style-type: none"> - Lack of expertise and acumen - Failure to recruit the right executive team - New entrants to the market offer more competitive rates (i.e. other LACCs) - Uncompetitive due to cost of its workforce in comparison to competitor - Market does not materialise or mature 	<ul style="list-style-type: none"> - Loss of market share / customers - Unable to attract future partners / private customers - LACC model may become unsustainable in the longer term - Reputation for being expensive, if so, must maintain high standards - Alternate service delivery model required 	Sophie Hosking	3	3	9	Mitigate	<ul style="list-style-type: none"> - Ensure management team reflect LACC's behaviour & skill requirements to effectively deliver contract Continuous market research & analysis – map competitor wins / actions. - Use customer and market segmentation to understand where LACC fits in. Draft Business Plan to be drawn up. - Account manage customers to ensure service delivered exceeds expectations - Early establishment of marketing strategy and focus on quality, effective & efficient public sector service - Continuously seek efficiency improvements and income generation activities 	Ongoing	3	3	9
10	Retain and recruit competent and capable people to deliver the LACC vision	<ul style="list-style-type: none"> - Disillusioned workforce / lack of engagement - Ability to recruit the right executive team / board members - Inequalities across the workforce through inconsistent Terms and Conditions - Difficulties / times delay with recruitment 	<ul style="list-style-type: none"> - Management team and workforce that lack a commercial outlook / acumen - Increased workloads - Reduction in staff morale - Failure to achieve commercial goals - Negative impact on service quality 	Sophie Hosking	3	4	12	Mitigate	<ul style="list-style-type: none"> - Develop LACC recruitment strategy including profiles of roles that may require ongoing access of LGPS to attract staff - Clear communication with staff, which forms part of wider Implementation Plan 	from Sept 2017	3	4	12
11	Defined and Clear Exit strategy	<ul style="list-style-type: none"> - Contractual disputes - Failure to include appropriate break clauses in contracts and Service Level Agreements - LACC model becomes financially unviable due to changes in demand and complexity of user needs - Change of political will and direction 	<ul style="list-style-type: none"> - Service disruption / instability - workforce unrest - impact upon service quality / performance i.e delays - potential for LACC restructure Financial model assumptions require review - financial implication - Perception by stakeholders of LACC failure and therefore SHDC & WDBC failure 	Steve Jorden	2	3	6	Mitigate	<ul style="list-style-type: none"> - Exit strategy to be drafted as part of initial contract drafting, updated (where changes) and submitted on annual basis to councils. Initial draft contract would be drawn up by Bevan Brittan. - Break clauses to be agreed by Joint Steering Group – recommend first break in 5 years to ensure LACC has suitable opportunity to gain trading history - Contract change procedure to be developed during implementation - Active risk management by Councils and LACC 	from Sept 2017	2	3	6

12	Pension Liability leads to LACC proposal not being financially viable	- Unfavourable accounting regulations requiring bond of guarantee - pension liabilities to be met by Councils	- LACC project becomes unviable due to not achieving admitted body status - Other delivery models will need to be considered - LACC accounts would record a significant loss each year (insolvent / not a going concern)	Sophie Hosking	3	5	15	Mitigate	- To be established during implementation and be set out as a clear gateway in the project plan. Other LA's set up LACC's and Admitted Body Status typically achieved but will be assessed by Joint Steering Group. Various meetings with legal and financial specialists has taken place to discuss Pension options, considerations and impacts. The figures, modelling and results will be discussed at JSG on 12/12/16.	Oct-17	2	5	10
13							0						0
14							0						0

