TRAFFORD COUNCIL

Report to: **Accounts and Audit Committee**
Date: **29 July 2019**
Report for: **Information**
Report of: **Audit and Assurance Manager**

Report Title

Strategic Risk Register 2019/20 (July 2019 update)

Summary

The Accounts and Audit Committee is asked to consider this report which provides an update on the strategic risk environment, setting out developments relating to the management of each of the Council's strategic risks.

Recommendation

The Accounts and Audit Committee reviews the report.

Contact person for access to background papers and further information:

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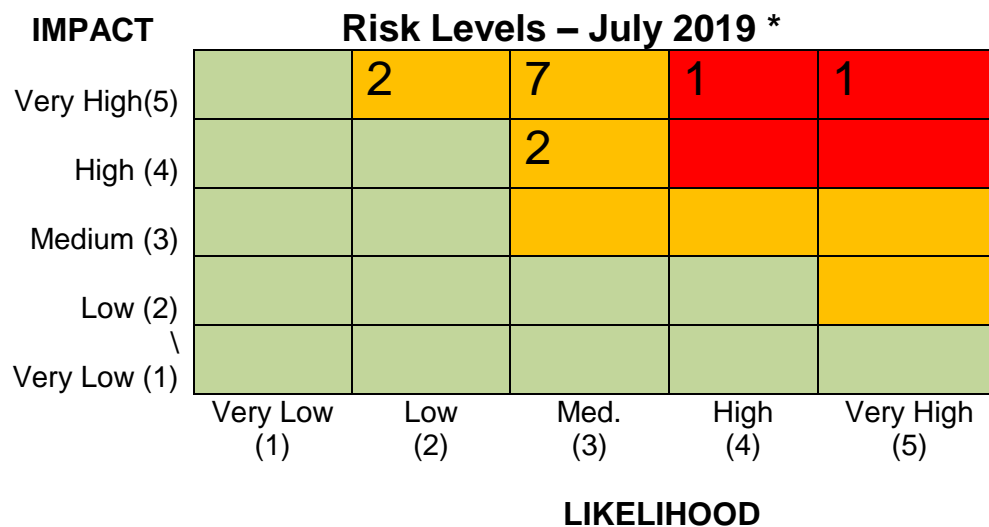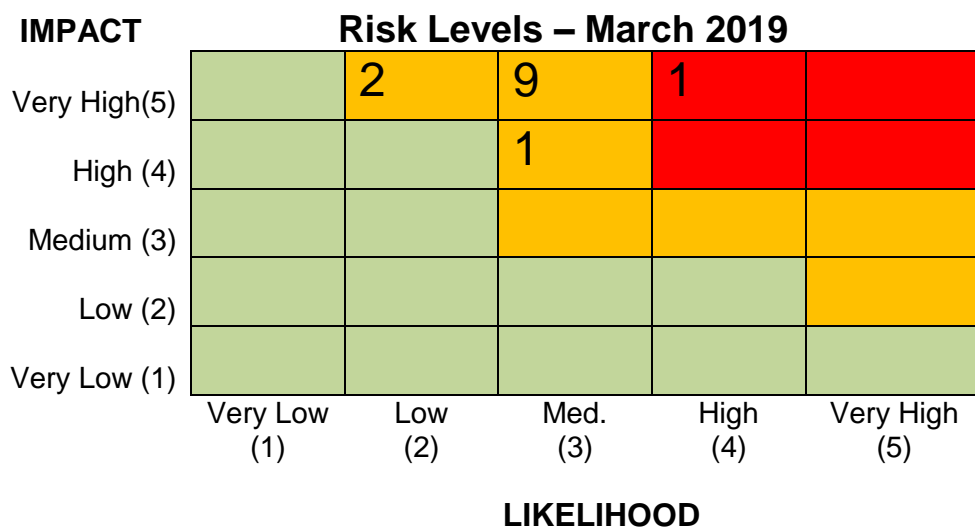
Background Papers:
None

1. **INTRODUCTION**

1.1 The Council's Strategic Risk Register (SRR) contains the strategic risks the Council is likely to face in achieving its high level corporate objectives.

1.2 In accordance with the Council's Risk Management Policy, the Corporate Leadership Team (CLT) provides regular periodic updates on the strategic risk environment and in particular performance in managing the specific risks incorporated within the SRR.

1.3 This report is based on information provided by risk owners in June and July 2019 for each risk unless otherwise stated.

2. **THE STRATEGIC RISK ENVIRONMENT – RISK EXPOSURE AND PERFORMANCE MANAGEMENT**

2.1 The Council continues to review and monitor its strategic risks. Progress has continued to be made in addressing the strategic risks as detailed in this report.

2.2 The Audit & Assurance Service liaised with CLT and senior managers to agree the risks to be included in the strategic risk register and provide updates on risks under their remit, including progress in managing these risks. Section 3 of this report contains an update on the strategic risks identified. (The Accounts and Audit Committee previously received an update in March 2019).

2.3 The risk chart on page 3 shows an analysis of the current strategic risks. The chart analyses the levels of risk exposure in terms of impact and likelihood. The number of strategic risks for each risk level is shown. There are now 13 strategic risks.

2.4 For each risk listed in Section 3, this includes the relevant Executive Portfolio and Service Directorate, reflecting the changes in these during the year.

2.5 Since the previous update:

- The risk relating to the Transformation/Vision 2013 Programme savings not being delivered in full has been removed as a Strategic Risk (refer to risk 12 in the March 2019 report). The risk has been incorporated into the Council's Medium Term Financial Position, (refer to risk 4).
- The Safeguarding Vulnerable Children (SR2) increased from a medium risk score of 15 to a high risk score of 25, reflecting the outcome of the recent Ofsted review.

2.6 The next strategic risk update will be completed in October with an update report to be provided to the Accounts and Audit Committee at its meeting on 30 October 2019.

Comparison of Risk Levels March and July 2019

IMPACT

Risk Levels – March 2019

	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)
Very High(5)		2	9	1	
High (4)			1		
Medium (3)					
Low (2)					
Very Low (1)					

LIKELIHOOD

IMPACT

Risk Levels – July 2019 *

	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)
Very High(5)		2	7	1	1
High (4)			2		
Medium (3)					
Low (2)					
Very Low (1)					

LIKELIHOOD

High Risk
Medium Risk
Low Risk

* Note: Strategic Risk 1 is only reflected in the July 2019 chart when the risk score had been confirmed.

3.   Strategic Risks (July 2019)

Red	Amber	Green

Risk	Strategic Risk Title / (Directorate / Portfolio)	Risk Score / Level / Direction of Travel	Management of Risk - Direction of Travel ** (Refer to the key at the end of the report for a detailed explanation)	Comments
1	Impact of Brexit. (Authority-wide)	**12 Medium** (No previous risk score).	N/A	In late 2018 the Council commissioned a study, Brexit: An Economic Impact Assessment for Trafford (published in February 2019) to understand the implications on the economy under a Deal and No Deal scenario, and on Council service delivery. A number of the recommendations identified in the Assessment have been enacted including the Council's Brexit co-ordination role being formalised with the Corporate Director for Place acting as the Senior Responsible Officer for monitoring its impact and reporting to CLT. Also an internal project group, the Trafford Brexit Impact Group, has been established to provide the cross-Council mechanism to plan, coordinate, monitor and mitigate against the impacts of Brexit on the Council. It will also work with key stakeholders to help deal with the impacts of Brexit on the economy of borough as a whole, such as the GM Combined Authority. The Trafford Resilience Forum leads on emergency planning and works closely with GM Resilience Forum that is co-ordinating with all 10 LA's on civil contingency planning for a No Deal Brexit. One Trafford Partnership service provider, Amey LG has confirmed there are no implications locally for Trafford services as a result of Brexit, by way of labour and supply implications and their Head office have required them to have robust plans in place across all their business.
2	The Council does not fulfil its statutory duties and all accompanying policy requirements in terms of identifying and safeguarding vulnerable children.	**25 High** (Increase in score from 15 Medium).	⬇	Safeguarding children is an area of Council responsibility that requires constant high levels of vigilance to guard against the risk of harm or abuse to children that could have been prevented through early help, identification, assessment and support of services. Trafford Children's Services was inspected under the Inspection Local Authority Children's Service

	(Children's Services / Children's Services).	<td style="background:red"></td>		Framework in March 2019 and received an overall rating of inadequate. The sub-judgements were Requires Improvement for children in need of protection, Requires Improvement for children in care and care-leavers and Inadequate for Leadership. Following this judgement a number of actions are being progressed to address the issues: • A full Improvement Board has been established with an Independent Chair and attended by senior politicians and senior officers from the Council and key partners. • A full and comprehensive Action Plan is being finalised to drive forward the improvements required. • Progress towards improvement is now being monitored by the Department of Education regularly. • Ofsted will now conduct a series of quarterly Monitoring Visits with published outcomes to measure our progress. • Work has been done to identify the budget for additional resources needed and some actions have already been implemented to strengthen our capacity to improve. There is a Sustainability Process in place to change delivery models within Children's Social Care. We have additional investment from the Department for Education to innovate and have two key projects reducing the need for adolescents to come into care.
3	Demand for school places under-estimated and/ or additional school places are not delivered to satisfy increased demand. (Children's Services / Children's Services).	**15** **Medium** (No change).	⬅➡	(This risk was last updated in March 2019). • The demand for primary and secondary school places continues to be monitored and capital resources allocated to ensure sufficient places are provided to meet our statutory duty. • Public consultation for how SEND Provision Capital Funding allocation of £1.75m for 2018-2021 can be spent to create new places or improve facilities in existing provision has been completed focusing on 6 schemes in 2018/2019. Another consultation is due to take place to determine the 2019/2020 schemes from March 2019.

| 4 | Continuing uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government, cost pressures within the existing budget and major changes that are planned concerning the reform of local government funding (Fair Funding) and the review of the business rate retention system with a planned full reset of business rate baselines expected from April 2020.

(Finance & Systems / Finance and Investment). | **15**
Medium

(No change). | ◀ ▶ | • A positive outcome was achieved for 2018/19 with an overall budget underspend of £1.8m which was transferred to budget support reserve to cover budget pressures in future years. The outturn position also allowed for the creation of a specific reserve of £1.5m to cover additional investment in children's services required to address the issues identified in the recent Ofsted inspection.
• Despite underspending across the Place and central directorates and additional business rate funding there are underlying pressures on demand led social care services.
• The overall savings programme of £9.98m was exceeded with an outturn performance of £10.49m.
• The 2019/20 budget was agreed on 20th February 2019 by Council in the sum of £169.94m.
• The funding gap addressed for 2019/20 as part of the budget proposals presented to Council on 20 February 2019 was £13.44m caused by overall cost pressures of £12.55m and funding reductions of £0.89m have contributed to the gap and these include additional client demand pressures in social care services.
• The budget gap in 2019/20 was met by a combination of new funding, additional income and new savings including:-
  o A 3.99% increase in the council tax (2.99% general increase and 1% for adult social care) £3.78m;
  o Income from strategic investments and the Asset Investment Strategy £3.13m;
  o Use of Budget Support Reserve £2.80m;
  o Other £0.15m, and;
  o New and continuing savings programmes of £3.58m.
• At this stage in the year a cautious approach to monitoring forecasts will be undertaken but it is expected that the pressures in demand led services will continue, particularly in children's and adults social care. The specific reserve referred to above will be used to cover some focussed investment in children's services in 2019/20 during which the full year impact for 2020/21 will be assessed and included in future years budget plans.
• The next few years is likely to give rise to significant turbulence due to national changes in the way resources are distributed to local government from 2020/21 as well as |

				significant changes to the business rate retention system which, subject to sufficient government time, could move to a 75% retention scheme from 2020/21. At this stage there is a strong chance that any changes are deferred until at least 2021/22. The volatility this could cause is steering the Council's reserves strategy to provide cushion in the event that the council's baseline funding or previously retained growth in business rates income is reduced. • The current budget gap for 2020/21 and 2021/22 is £15.71m and £12.81m respectively although a number of potential mitigating factors exist:- ➢ Government are currently consulting on transitional arrangements which, whilst these will unwind over a period of time, could protect the Council from a sudden and significant fall in resources. ➢ The Council's current budget contains a modest level of discretionary services which will be reviewed during 2019 as well as fees and charges ➢ Comprehensive Spending Review and the social care green paper could both signal the trajectory of funding in future years and specifically funding for social care. ➢ Population growth in Trafford is projected to rise faster than the national average which whilst meaning the pressure on Council services could increase is likely to mean improved levels of Government funding through the new formula as proposed which has its basis in population numbers.
5	Loss / absence and retention of senior managers to the organisation. (People / Finance and Investment).	**15 Medium** (No change).	◀▶	• Strengthening of the senior leadership team - introduction of new roles at Assistant Director level and new appointments will be made to Corporate and Directorate level roles. • A number of interim internal 'act-up' arrangements are in place, again aiding succession planning, pending permanent appointments while we transition to new delivery models. • Leadership development & coaching is available for all managers/senior managers across the organisation to support them in leading and engaging their staff through transformational change. • A succession planning strategy is being rolled out that formalises an approach to ensure that key skills are not lost to the Council, whilst up-

				skilling staff to take on higher graded roles. Successors will be identified at senior manager level and targeted development initiatives provided to ensure that we are equipped to flex our workforce to react to resource and skills gaps. Each successor will also have access to a coach. • EPIC values and a supporting behaviour framework have been developed in line with Trafford's new vision aligned to corporate priorities. • Pro-active attendance management strategy developed and will be rolled out across Trafford with refreshment training for managers. • A Health & Well-being strategy is in place with actions to maintain and improve employee morale and well-being.
6	Trafford Council must ensure that information held about citizens, employees, partners, contractors, members and organisations in Trafford is safe in their hands. To be able to assure its partners and the public that this is the case they need to demonstrate that they are handling personal/ sensitive and commercial data securely both in technology and physical terms. They also need to ensure that 3rd parties acting on their behalf are handling their data sets in accordance with Trafford Council's policies and procedures. There are currently compliance issues to be addressed around records management	**15** **Medium** (No change).	⬅➡	• Citizens and businesses have a right to expect data held about them to be treated in a secure manner and only shared on a need to know basis. • Employees, Partners, Contractors and members have the right to expect data held about them to be treated in a secure manner. • Trafford Council have a responsibility to protect their data and information. • The Council has a dedicated Corporate Information Governance (IG) team which provides advice and guidance in relation to compliance with Data Protection and Freedom of Information legislation. It also investigates data security breaches and reports these to the ISGB and quarterly to CLT, providing services concerned with recommendations to improve their working practices. The IG team structure has been reviewed because of increased workload and additional resource has been allocated to the team. • The team now comprises of: IG Manager (Council), IG Manager (CCG), 4x Information Governance Officers, 1x support officer (joined the team 26 February 2019). The support officer is a dedicated resource to support the Information Governance Officer who has responsibility for handling Children's Services subject access requests. The role was created in recognition of the demanding caseload in this area and it is anticipated will help in efforts to address the outstanding volume of cases. • The Council has an Information Security Governance Board (ISGB), which is comprised of officers from key service areas across the

(retention of both physical and electronic records) and subject access requests. In the case of the latter there is an outstanding backlog of subject access requests (consistently between 60-70 requests over the last 6 months) awaiting response covering Children's Services.

The council has also recently been contacted by the Information Commissioner's Office in relation to a number of complaints about delayed FOI/EIR responses. In the most recent case concluded in June, the ICO indicated that the procedural breach (delay) had been recorded as part of their monitoring activities and any further similar complaints may result in consideration being given to enforcement action.

Recent data incidents have reinforced that the most common problem involves correspondence (email or by post) being sent to the wrong address/recipient. This is happening

council who "champion" good information governance practice within their Directorates. The ISGB has terms of reference which provide a direct reporting line to CLT, underlining the importance of information governance and information security within the Council. The ISGB takes the corporate lead on all Data Protection related matters and in progressing the embedding of information governance into the Council's day to day activities.

- The ISGB is in the process of being reformed in order to operate more effectively. It will be replaced by a smaller Board level group called the Information Assurance Board (IAB), and an operational Information Governance group (IGG). Members of the IAB will include the Data Protection Officer, Senior Information Risk Owner, Chief Digital Officer and Council/CCG IG leads.
- The Council achieved "reasonable assurance" following a voluntary audit from the Information Commissioner's Office (ICO) in January 2017 but cannot be complacent and, having identified a number of risks, these will feature highly in the ISGB work plan.
- Progress has been made and will continue with General Data Protection Regulation (GDPR) implementation activities.
- Physical CCG moves will enable closer collaboration with the CCG Information Governance Manager, bringing a holistic approach to addressing information governance matters across both organisations.
- A report is being produced and discussions to be held involving the Corporate Director of Governance and Communities, the IG Manager and Directors in Children's Services around resource requirements to tackle the backlog of subject access requests.
- The regulatory attention in relation to delayed FOI/EIR responses has been brought to the attention of CLT. Steps are being taken to tighten processes and the monitoring of requests to ensure that the minimum expected compliance rate of 90 % is consistently met.
- A meeting has been held with the Account Director of the offsite storage contractor (restore). Discussions were held around improving the council's physical storage position from both a compliance and cost perspective. A piece of work is following on from this, beginning with a review of the full

	with greater regularity than it should and has highlighted the need for a renewed focus on training and awareness raising. Together, these raise the following risks – legal/regulatory (non-compliance with legal requirements), reputational, financial, adverse publicity. (Governance & Community Strategy / Constitutional Reform and Resident Engagement).			inventory of boxes in storage. • The IG Manager has met with Communications and Marketing to discuss an IG Communications plan. There is an immediate priority to put together some prominent key messages to display in a variety of media (including the Intranet homepage, screen savers, posters, postcards on desks) to ensure staff are aware of the need to check carefully and thoroughly that correspondence contains the correct information, is being sent to the correct customer and to the correct address.
7	University Academy 92: failure to implement programme and achieve possible benefits this may bring in terms of regeneration around Stretford and Old Trafford. (Authority wide - Place) / (Housing and Regeneration).	**15 Medium** (No change).	◀▶	University Academy 92 (UA92) was launched in September 2017 to establish a new model of university by bringing together the best of academia, business and sport. It is a unique collaboration involving the Class of 92, Lancaster University, Microsoft, Trafford College and Bruntwood as well as Trafford Council. Other supporters of UA92 and the regeneration in the Trafford area include Lancashire County Cricket Club and Manchester United Football Club. Trafford Council believe UA92 will help regenerate the area around Stretford and Old Trafford as it presents a fantastic opportunity to revitalise and support local communities to maximise their potential. UA92 aims to create jobs and attract 6,500 students by 2028. This programme comprises of a number of facets including the university campus, student accommodation and Stretford leisure centre. Each of these aspects are being considered individually as well as part of the overall programme. Mitigation arrangements are in place in the event of failure of any part of the programme. For example, Stretford Leisure refurbishment will continue regardless of the university as this is also a community asset.

				The Executive have approved the Council entering into an options agreement for Westpoint for the provision of student accommodation for year one (and up to three years) and the Council will work to enable the development/provision of new student accommodation. The Executive has approved that the Council proceed to the next stage of developing the Civic Quarter Masterplan as an Area Action Plan. Delivery of the refurbishment of the former Kellogg's building into the new university campus is underway, and is being delivered by the Trafford / Bruntwood Joint Venture.
8	A successful Cyber Security Attack could lead to sensitive data being compromised, denial of access to the Council's computing services or severe degradation or loss of control of those services. (Finance & Systems / Public Safety, Governance and Reform).	**15** **Medium** (No change).	◀▶	The Council is subject to cyber-attacks on a daily basis but a range of technical solutions and processes are in place to protect Trafford's IT systems and data. The volume and level of sophistication of these attacks is increasing so the Council needs to continuously review and improve how it protects systems and data. There remains a significant risk that the Council's defences could be breached even with effective tools and approaches in place, so it is equally important to ensure the processes for dealing with an attack are effective. Audit will undertake a detailed assessment of the Council's and CCG's cyber security technical solutions and processes during 2019/20. The assessment will: 1. Capture a baseline of the current tools and processes; drawing on a number of existing controls that exist including the annual Penetration Test of the Council's network, and completion of the Data Security and Protection Toolkit for the NHS. 2. Undertake a thorough assessment of the Council's tools, processes, and controls against the National Institute of Standards and Technologies (NIST) (800-53) Framework, this is a US standard built around public service and widely used in the UK. 3. Consider solutions where the assessment identifies areas for improvement; making the business case for change or investment where appropriate. 4. Implement the agreed improvement plan.

				In the interim, listed below are some of the existing controls and activities in place: • An internal cyber security group has been formed which meets quarterly to review and manage the Council and CCGs cyber defences and processes. • Key IT Managers are attending the National Cyber Security Centre / iNetwork Cyber Resilience Training Programme. • Trafford is actively sharing information about potential cyber threats with partners including the North West Warning, Advice and Reporting Point (WARP) and nationally with the NHS CareCert service. • The Network People (TNP) have been procured to provide Trafford Council with specialist security advice to help develop, manage and monitor Trafford's security defences and incident response. • Public Services Network (PSN) compliance is maintained which includes annual vulnerability penetration testing of both the internal and external networks.
9	Failure of the Adult Safeguarding Service. (Adult Services / Adult Social Care).	**12** **Medium** (No change).	⬅➡	• The responsibility for Adults has been transferred to Adult Social Care through the Principal Social Worker role (May 2019). • Serious Case Review Panel (Adults) reviewed and in place, has completed several Learning Reviews, a Safeguarding Adults Review (SAR) has been published, more SAR's have now been commissioned and Independent Authors procured. Learning from these processes will be rolled out to staff. Learning review sessions are being delivered to staff across Adult Social Care (ASC). • The process of handling provider notifications has been revised. The notifications will be sent to the Commissioning team giving greater oversight of issues across the care market. • As part of the adult improvement programme all referrals into Screening are immediately risk assessed and Safeguarding referrals are prioritised. Jointly with children's services and Greater Manchester Police (GMP) and Mental Health. • There is a discrete Adult Protection Line for members of the public to directly contact social care to raise safeguarding concerns. • There are advanced plans for GMP officers to co-locate with the Screening Team to enhance

				our response to safeguarding referrals. Daily meetings between the Screening team and the Police are in place.
				• Changes to management of Screening work, including introduction of written risk assessments resulted in significant backlog reduction.
				• Peer review completed with Rochdale safeguarding board. Action plan in place to address agreed areas for improvement.
				• Planning work to create a separate Safeguarding Hub for Adults Safeguarding notifications underway, enabling thematic analysis and action planning to gain greater oversight of issues. Due to go live autumn 2019.
				• Mental Capacity Act (MCA) and Deprivation of Liberty Safeguards (DoLS) e-learning available for all staff and use is monitored.
				• Increased demand presenting at Screening and the Community Team is being managed with additional staff capacity both short and long term and daily risk management reviews resulting in reduced waiting times.
				• Member training has been completed regarding safeguarding.
				• All deprivation of liberty safeguarding assessments now allocated immediately due to changes in process and improved staffing arrangements.
				• Planning work is underway for the implementation of new legislation on Liberty Protection Safeguards.
				• Additional resources in place January 2019 to complete the applications to the court of protection for community deprivation arrangements. Tracking of progress on-going.
				• Revised internal joint Legal and Social Care Coroners process introduced January 2019. Reviewed June 2019.
10	Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations. (People / Finance and Investment).	**10 Medium** (No change).	◄►	• Current Health & Safety Policy and comprehensive arrangements in place. Subject to periodic review as required and available to the workforce via the intranet.
				• Health and Safety Audit programme in place across all Directorates and schools. This programme includes proactive monitoring of compliance with health & safety law and internal H&S management arrangements.
				• Policy, arrangements, protocols and guidance for Directorates and schools updated to reflect legislative or organisational changes and any

#	Risk	Rating	Trend	Controls
				new or emerging risks (in addition, a targeted rolling programme is ongoing).
				• Health & Safety Unit (HSU) support in the comprehensive assessment and investigation, where required, of health and safety issues or incidents. Facilitates the effective management of risk and statutory compliance.
				• HSU support in responding to occupational health and workforce referrals to ensure the health, safety and welfare of staff.
				• Staff consultation processes in place to report and liaise on Health and Safety performance issues.
				• Competent HSU advisory service with advisors subject to continuing professional development requirements.
				• Employee Health and Wellbeing Strategy in place which incorporates ill health reduction and mental wellbeing support.
				• Training calendar in place and online training available to support managers and schools in ensuring staff are competent to undertake tasks/role.
				• Arrangements in place for the health and safety assessment of providers/contractors prior to approval and for subsequent monitoring of performance.
				• HSU engagement in Health, Safety, Welfare and Security issues relating to the Council's Corporate and Let Estate through Corporate Landlord and associated focused audits and reviews.
11	Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings. (Place / Environment, Air Quality and Climate Change).	**20** **High** (No change).	◄►	• The Council's Overview and Scrutiny Committee has completed a review into service delivery and presented report to Executive in February. In turn, the Executive has commissioned an options appraisal into an assessment of the feasibility of the following 3 options: ▪ Consider alternative models of service delivery, including the development of an In-House Service model, with a view to ending the contract with Amey. ▪ Review the contract with Amey with a clear intent that there should be a wholesale reshaping of the contract and partnership between Amey and the Council. ▪ Continue the Amey Contract and seek significant improvements to the delivery of existing services". • This will report to Executive on 22 July 2019 and determine a direction of travel on which to

		■■■		work up a business case for future service delivery.
12	Failure to complete the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council may fail to deliver Council services in the event of significant disruption. (Authority-wide / Public Safety, Governance and Reform).	**10 Medium** (No change). (Previously Risk 14)	◄►	• A business case has been sent to CLT for their consideration to undertake a full review of the Business Continuity Management process. • The follow up review of the Internal Audit of the Business Continuity Management process in November 2018 identified there is substantial work still required to progress the previous audit recommendations, nine of which are still in progress and four are yet to be implemented. • The lack of a robust Disaster Recovery (DR) solution is a high risk to the Authority's Business Continuity Management arrangements as ICT is considered a critical point of failure for the majority of service areas. • Trafford ICT are looking for alternative accommodation for the Disaster Recovery solution currently situated at Sale Waterside, as the existing room is inadequate and the cost of improving the environmental controls and security is prohibitive. Trafford ICT have soft market testing a hosted solution via a third party and was progressing this option but a neighbouring authority made contact in May 2019 suggesting we look at a reciprocal arrangement. This would be the lowest cost option so this will be pursued if agreement to implement can be reached quickly. • The service Business Impact Analyses were refreshed in 2016 to capture additional detail including the Recovery Point Objective (RPO) and Recovery Time Objective (RTO) in respect of ICT systems, however these assessments have not been subject to quality assurance or analysis to determine the business requirements in terms of priority restoration for systems and network and are now out of date. This information is needed to determine the specification of the ICT Disaster Recovery solution. • Responsibilities, plans and resources available need to be reviewed and defined in respect of Business Continuity Management / Disaster Recovery Planning to enable robust quality management and testing programmes to be implemented. The current work underway to review the organisational support arrangements following the Clinical Commissioning Group (CCG) integration in April 2018 provides an opportunity to ensure that Business Continuity Management requirements are adequately

				resourced and co-ordinated across the organisation. • Contractual requirements on external providers have business continuity plans in place. • Mobile Telephone Privileged Access Scheme (MTPAS) – Priority access to telecommunications has been reviewed to ensure capability during incidents. Numbers and update processes are now fully functional and up to date. • The integration between Trafford Council and Trafford CCG and the required fundamental organisation and service redesign pose additional risks around Emergency Planning and Business Continuity. Full oversight of CCG rota has now fully transitioned. Business Continuity still remains with the CCG. This work sits with the CCG Transitions Programme. *Refer also to the comments regarding Risk 8.*
13	Investment Strategy (Finance & Systems / Finance and Investment).	**15** **Medium** (No change).	◀ ▶	• An updated Asset Investment Strategy was approved in October 2018 to refocus the approach for acquiring new regeneration and investment assets. • To date the Investment Management Board has committed £176m to a range of investments including the direct purchase of income generating assets in the borough or surrounding districts, provision of senior debt to commercial developers and in direct development opportunities as summarised below.

Asset Investment Fund	Total £m
Total Investment Fund	**400.00**
Cost	
K Site, Stretford:-	
Equity in Trafford Bruntwood LLP	12.25
Development Loan to Bruntwood	12.25
Sonova House, Warrington	12.17
DSG, Preston	17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84
Provision of debt financing for residential development	0
Trafford Magistrates Court	4.07
The Fort, Wigan	13.93
Sainsbury's, Altrincham	25.59
Brown Street, Hale	6.21
The Crescent, Salford	60.80
Total investments	**175.50**
Balance available (*)	**224.50**

• To date new gross income streams of £5.19m have been identified generating a net return,

				after debt financing costs, available to support the budget of £1.37m
				• To mitigate the risks of the approach nationally recognised investment advisors are being used as part of the due diligence process with emphasis placed on securing investments in low risk assets.
				• Further risk mitigation is being undertaken through the creation of a "Risk Reserve" through the ring-fencing of an element of the returns and an allowance for debt repayment (in accordance with national regulations). All investments are scrutinised by an Investment Management Board which includes cross-party representation.
				• When evaluating potential opportunities extensive legal and property due diligence is undertaken which places a significant emphasis on security and liquidity and includes for example an assessment of the financial strength of the tenants and market sector, length of unexpired lease, location, asset condition and residual land value.
				• Each year there will be performance monitoring of each investment to ensure it is still consistent with the investment strategy. In addition an annual valuation will be undertaken to assess the current capital value of the asset and this will be used to determine whether the right level of debt repayment is being made. It is inevitable there will be changes in valuation year on year but the risks of downward movements in value are being mitigated through a diversified portfolio of assets.

** Note: This indicates the direction of travel in respect of performance in managing the risk and not direction of travel of the risk level.

Key:	
⬆	= Improvement in management of the risk.
⬅➡	= No change in management of the risk.
⬇	= Deterioration in management of the risk.