

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Northstowe Portfolio Holder 11 March 2010
AUTHOR/S: Executive Director (Corporate Services) / Finance Project Officer

STRATEGIC RISK REGISTER – QUARTERLY REVIEW

Purpose

1. The purpose of this report is to enable the Northstowe Portfolio Holder to review the Council's strategic risk register and recommend its approval to Corporate Governance Committee.

Executive Summary

2. At its meeting on 9 February 2010, Corporate Governance Committee approved reallocating the Member "executive" role regarding risk management to the Executive. The Leader of the Council subsequently assigned this responsibility to the Northstowe Portfolio Holder (paragraphs 6(a) and 7 below refer).
3. As risk management comes under the Corporate Governance Committee's general responsibilities in the Council's Constitution, this reallocation will need an amendment to the Constitution agreed by Council. Pending this, the review of the strategic risk register is therefore for recommendation to Corporate Governance Committee (paragraphs 8 and 9 below refer).
4. Corporate Governance Committee also approved a revised risk register format and a revised matrix for assessing/scoring Impact and Likelihood of risks (paragraph 6(c) below refers). These have been applied to this review of the strategic risk register.
5. The key matters for the Northstowe Portfolio Holder in this report are to consider and recommend for agreement to Corporate Governance Committee:
 - (a) changes to existing risks and control measures (paragraph 10 below refers);
 - (b) new risks included in the strategic risk register (paragraph 11 below refers).

Background

6. At its meeting on 9 February 2010, Corporate Governance Committee approved:
 - (a) the reallocation of Member executive and governance roles regarding risk management between the Executive and Corporate Governance Committee:
 - (i) agreement and ownership of the strategic risks facing the Council - the executive role - to the Executive, led by the appropriate portfolio holder;
 - (ii) approval of the risk management strategy; advice and assurance regarding the adequacy and effectiveness of risk management - the governance role - to Corporate Governance Committee;
 - (iii) Corporate Governance Committee to receive quarterly, the strategic risk register, covering reports and other associated documents presented to the portfolio holder, together with the minutes of the portfolio holder meetings, to monitor that the strategic risk register has been properly considered by the portfolio holder;

- (iv) Corporate Governance Committee to continue to receive an annual report on the risk management strategy and process, including how Executive Management Team (EMT) and the portfolio holder have performed the quarterly reviews of the Council's strategic risk register, thus giving the Committee assurance over the process;
 - (v) the reporting of the risk management strategy and strategic risk register once a year to Council;
- (b) the adoption of the procedural framework below setting out the reallocation of roles:

	SMT/ EMT	Executive	Corporate Governance Committee	Council
(i) review of the Council's risk management strategy	annually, as now [February]	annually [March]		
(ii) review of the adequacy and effectiveness of the Council's risk management strategy and processes, taking recommendations resulting from (i) above into account	annually, as now [February]		annually, as now [March]	
(iii) review and update of the Council's strategic risk register	quarterly, as now [May, August, November, February]	quarterly (previously Corporate Governance Committee)		
(iv) monitoring the review of the Council's strategic risk register			quarterly	
(v) reporting of the risk management strategy and strategic risk register				annually [April]

- (c) changes in recording, assessing, prioritising and reporting of risks:
- (i) reconfiguration of the matrix (Impact v Likelihood) to 5 x 5;
 - (ii) changing the scoring of risks to a double-numeric method, where the highest score for both Impact and Likelihood is 5;
 - (iii) updated criteria for assessing Impact and Likelihood of risks, aligned to the revised matrix;
 - (iv) a revised risk register format to improve consideration of risks, bringing information together so that it can be viewed on one document.
- (Further information regarding these points can be found in the [report to Corporate Governance Committee, 9 February 2010](#), paragraphs 13 to 17.)

7. Corporate Governance Committee also noted that it was likely the Leader would assign the Executive responsibility to the Policy & Performance Portfolio Holder. The Leader subsequently decided to assign this responsibility to the Northstowe Portfolio Holder.
8. As risk management comes under the Corporate Governance Committee's general responsibilities in the Council's Constitution - and as responsibility for reviewing the strategic risk register is not separately identified - the reallocation of the Member "executive" risk management role to the Executive will need to be an amendment to the Constitution and be agreed by Council.
9. Pending Council approval, this review of the strategic risk register will therefore be for recommendation to Corporate Governance Committee.

Considerations

10. The strategic risk register was reviewed with the nominated risk owners and other officers. EMT agreed the following changes to the strategic risk register at its meeting on 24 February 2010:
 - (a) Medium Term Financial Strategy (MTFS): The description has been updated to reflect a risk that the impact of single status /equal pay implementation exceeds available reserves. Control measures have been updated as follows:
 - (i) the revised MTFS incorporates updated assumptions;
 - (ii) EMT/SMT review progress in achieving budget targets;
 - (iii) treasury management performance is reported quarterly to the Finance & Staffing Portfolio Holder;
 - (iv) the integrated business monitoring process.

As the financial risks have been largely incorporated within the latest version of the MTFS, EMT reduced the risk score from 15 (Impact, Extreme, 5; Likelihood, Possible, 3) to 8 (Impact, High, 4; Likelihood, Unlikely, 2)
 - (b) Pandemic 'flu: The national pandemic 'flu lines have been closed; numbers are less than normal seasonal 'flu and are being dealt with at PCT level; there has not been a serious impact on the authority. Accordingly, EMT agreed that the risk be removed from the strategic risk register.
 - (c) Housing services budgeting and staffing: The subsidy settlement, combined with savings and agreed rent increases, has resulted in a reduced deficit budget for 2010/11.
 - (d) EU Services Directive: The authority is ahead of others in implementing the requirements; although not yet fully operational, it was considered that there would be no difficulties in achieving this. Accordingly, EMT agreed that the risk be removed from the strategic risk register.
 - (e) Making Cambridgeshire Count (MCC): As the Council has withdrawn from this project (although it is willing to participate in the shared services and the gipsy and traveller workstreams outside of the MCC project), EMT agreed that the risk be removed from the strategic risk register.
 - (f) Planning for Growth: The risk focused on reduced Housing & Planning Delivery Grant (H&PDG) and the consequential impact on the Council's financial position. As this had been taken into account in the updated MTFS (see (a) above) and as lack of development progress was included as a separate risk on the strategic risk register (see (j) below), EMT agreed that this risk be removed from the strategic risk register.
 - (g) Equalities: Control measures have been included as follows:
 - (i) the Council has an action plan to achieve Level 3 of the Local Government Equality Standard;

- (ii) the Comprehensive Equalities Policy, including a Gender Equality Scheme, is on Cabinet's forward plan for May 2010.
 - (h) Illegal traveller encampments or developments: The Council's consultation on a draft Gypsy & Traveller Development Plan Document, which is now being updated in preparation for adoption by the New Communities Portfolio Holder in May 2010, has been included in the control measures.
 - (i) Climate change adaptation: A Climate Change Action Plan being prepared for adoption by Cabinet in May 2010 has been included in the control measures
 - (j) Lack of development progress: As Northstowe could be included in the next wave of eco-towns, a dedicated portfolio holder has been appointed to drive the development forward and give it the prominence needed to successfully create a sustainable and desirable community. The first portfolio holder meeting is being held on 11 March 2010. The reference to Northstowe has therefore been removed from the description of the risk.
11. EMT also agreed to include the following new risks on the strategic risk register at its meeting on 24 February 2010:
- (a) Productive time: The various restructuring exercises taking place could cause staff uncertainty, anxiety or stress, leading to either significant staff absence or reduced productivity, resulting in a possible inability to provide full services to the public. Several policies already in place provide control measures; in addition, an Employee Engagement Strategy and a Staff Forum are being discussed. The risk has initially been scored at 9 (Impact, Medium, 3; Likelihood, Possible, 3).
 - (b) Shared services: Entering into a shared services agreement with diminished control over resources or governance could lead to reduced performance or increased cost to the Council, resulting in adverse publicity and damage to reputation. Alternatively, not entering into shared services arrangements could mean the Council missing opportunities for service improvement or not achieving savings, again resulting in damage to reputation. Control measures include business cases, agreed "Heads of Terms" and due diligence exercises. The risk has initially been scored at 9 (Impact, Medium, 3; Likelihood, Possible, 3).
12. The updated and new risks have been included as appropriate in the draft strategic risk register and matrix, attached at **Appendices A and B**. The previous alpha-numeric risk scores have been included for information this time in brackets under the 'Total' risk score (Impact, A to D [A highest]; Likelihood 1 to 6 [1 highest]). The updated criteria for assessing Impact and Likelihood of risks have been included for information at the end of Appendix A. A diagram at **Appendix C** shows how the previous risk matrix maps across to the new risk matrix against the updated Impact and Likelihood criteria.
13. The new risk register format requires control measures to be recorded for all risks; however, as explained in paragraph 19 of the report to Corporate Governance Committee on 9 February 2010, the previous strategic risk action plans only recorded actions/controls in place for risks above the line, so these have been migrated to the new risk register format at this review, together with some control measures for risks below the line. Control measures will be fully incorporated for risks below the line at the next review of the strategic risk register.

Options

14. In reviewing and recommending the strategic risk register and matrix (paragraphs 10 to 13 and Appendices A to B), the portfolio holder could:

- (a) add to, delete from, or make other changes to the strategic risk register (Appendix A), in terms of either the title or detail of the risks or control measures;
- (b) alter the assessment of risks on the matrix (Appendix B), in terms of either their impact or likelihood.

Implications

15. Financial, Legal, Staffing	There are no immediate financial, legal or staffing implications resulting from this report. Some of the control measures may have financial, legal or staffing implications; if so, these will be considered in separate reports.
Risk Management	Risk management is undertaken regularly in order to minimise the possibility of the Council being adversely affected should either an unforeseen risk arise or an assessed risk not be properly planned for.
Equal Opportunities	The Council's risk management process has no inherent equal opportunities implications; however, Equalities is included as a risk area on the strategic risk register.

Consultations

- 16. Members of EMT, risk owners, service and other relevant managers have been consulted regarding various aspects of this report.
- 17. There will be liaison with officers as appropriate regarding the implementation of any recommendations made by the portfolio holder regarding this report.

Effect on Strategic Aims

18.	Commitment to being a listening council, providing first class services accessible to all.
	The proposals in this report ensure that strategic risks involved in the delivery of the Council's Corporate Plan and in meeting the Council's Aims are identified and managed; they also contribute to the Council's corporate governance responsibilities.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	Commitment to assisting provision for local jobs for all.
	Commitment to providing a voice for rural life.

Conclusions/Summary

- 19. Appendices A and B represent the strategic risk register and matrix resulting from consultations and the review by EMT. The portfolio holder needs to review and recommend these for agreement as outlined in paragraph 14.

20. The quarterly review of the strategic risk register enables the Council to manage its strategic risks to an acceptable level.

Recommendations

21. The Northstowe Portfolio Holder is recommended to agree the updated strategic risk register and matrix for recommendation to the Corporate Governance Committee.

Background Papers: the following background papers were used in the preparation of this report:

None unpublished

Contact Officer: John Garnham – Finance Project Officer
Telephone: (01954) 713101