

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee
AUTHOR/S: Chief Executive / Finance Project Officer

29 April 2009

STRATEGIC RISK REGISTER – QUARTERLY REVIEW

Purpose

1. The purpose of this report is to enable Corporate Governance Committee to perform the quarterly reviews of:
 - (a) the strategic risk register and action plans to address risks above the Council's tolerance line;
 - (b) actions being taken to achieve risk management targets.

Background

2. At its meeting on 15 December 2008, Corporate Governance Committee approved:
 - (a) the strategic risk register, prioritisation matrix and action plans; and
 - (b) the actions being taken to achieve risk management targets.and requested that, considering the deepening economic recession, further consideration be given to the impact/likelihood score for the 'Planning for Growth' risk.

Considerations

Strategic Risk Register, Prioritisation Matrix and Action Plans

3. The strategic risk register has been reviewed with the nominated risk owners and other officers and a number of updates, together with two new risks, were suggested. Executive Management Team (EMT) reviewed the resulting draft strategic risk register at its meeting on 25 February 2009, as follows:
 - (a) Embedding values: At its meeting on 29 January 2009, the Council affirmed its support and asked that work be undertaken to embed the values in the work of the Council as quickly as possible; a programme of works was proceeding. Accordingly, the risk had been reassessed from B1 to C3.
 - (b) Delivering the efficiency savings targets: The Medium Term Financial Strategy (MTFS) had been changed to require ongoing cashable efficiency and other savings of £250,000 from 2009/10. The title of the risk had been changed to reflect this ("Delivering efficiency and other savings") and the risk had been reassessed from A3 to B3 to reflect the reduced amount.
(Note: Council, at its meeting on 26 February 2009, noted that amendments to the MTFS increased the amount required to £325,000; the wording of the risk and of the associated action plan have been changed to reflect this (the risk assessment of B3 is not affected).)
 - (c) Equalities: The timeline for progress had been updated to reflect the Equality Action Plan.
 - (d) The Improvement agenda: The Improvement Board had met on 28 January 2009 and recognised the considerable progress made on all the key issues. The Board was confident that the Council was in a sufficiently strong position to continue improvement within the normal local authority inspection and audit framework. Individual members of the Board had offered to be available for

informal help and support when needed. The risk had therefore been removed from the strategic risk register.

- (e) The current economic climate: The wording had been revised as the impacts included not only reduced income but also increased pressure on some services (and hence expenditure and potentially staff, e.g. sickness absence due to stress). The recently updated MTFs used a rebased tax base to reflect the Regional Spatial Strategy and the latest housing trajectory (with 15% slippage), so the risk of a shortfall on the collection fund had reduced. Reduced income in service areas related to new property had been reflected in the revised estimates for 2008/09 and estimates for 2009/10. Accordingly, the risk had been reassessed from C2 to C3.
 - (f) CGI actions: Actions were now embedded in service plans; the risk had therefore been removed from the strategic risk register.
 - (g) Planning for growth: While fewer houses were being built in the District, it was considered that the impact and likelihood assessments of the risk of reduced Housing and Planning Delivery Grant remained the same. The wording of the risk had been updated to reflect this.
 - (h) Recruitment and retention: The economic climate meant that, while there was a larger pool of potential candidates, with regard to professional/ senior posts the housing market was affecting the ability of candidates to relocate. Accordingly, the risk had been reassessed from C4 to C3.
 - (i) Council tax capping: At its meeting on 12 February 2009, Cabinet had noted the advice of the Chief Finance Officer that there was a high risk of being capped as its proposed council tax increase of 4.9% (for 2009/10) was not "substantially below 5%" as expected by the Minister for Local Government. Accordingly, EMT included this as a new risk on the strategic risk register, with an assessment of A2 (Impact: Extreme; Likelihood: Likely). (Note: The Council, at its meeting on 26 February 2009, resolved to approve a revised council tax increase of 4.5%. The Government announced the capping criteria on 26 March 2009, which meant that the Council would not be capped. The risk was therefore removed from the strategic risk register.)
 - (j) Managing the delivery of political priorities: EMT noted that the new 'Council tax capping' risk would include the associated risks of insufficient capacity to deliver political priorities, or to required standards. The risk was therefore removed from the strategic risk register. (Note: Although the 'Council tax capping' risk has now been removed from the strategic risk register, the 'Managing the delivery of political priorities' risk does not need to be reinstated, as the Council's new 'Aims, Approaches, Actions' have been incorporated into service plans.)
 - (k) LAA (Local Area Agreement) action not completed: There are 3 National Indicators (NI's) included in the LAA where the Council might be considered to have a lead role in the District and 2 other key NI's which, if the Council does not play its part, might affect the area's overall CAA (Comprehensive Area Assessment) rating. EMT therefore included this as a new risk, with an assessment of C4 (Impact: Medium; Likelihood: Unlikely). No action plan is required and these NI's are monitored through Cambridgeshire Together.
4. Some of the risks included in the strategic risk register (e.g. 'Delivering efficiency and other savings'; and 'The current economic climate') are inter-related; if any of these occur, they will affect each other.
5. At its meeting on 25 March 2009, EMT considered the work that would be required to ensure compliance with the EU Services Directive and agreed that risks associated with the failure to provide online transactions, screening of legislation, policy and fee practices should be added to the strategic risk register. An 'EU Services Directive'

risk has therefore been added, with an initial assessment of B2 (Impact: High; Likelihood: Likely) and an action plan has been prepared to record the measures being taken to implement the directive.

6. Action plans to mitigate previous risks above the tolerance line have been reviewed and updated as follows (note: the Housing Futures Phase Two project has its own risk log, so no action plan is required):
 - (a) Equalities: Required management actions/controls and key dates have been changed where necessary to reflect the Equality Action Plan. An action has been added to reflect the specific policies being taken to Cabinet throughout the next year.
 - (b) Pandemic 'Flu: A local Business Continuity Plan desktop exercise has been planned; various national and regional exercises are taking place; the BT national "FluLine" has been approved and is planned for completion by April 2009; and national preparedness has improved.
 - (c) Delivering efficiency and other savings: Corporate managers have been tasked with identifying and implementing savings of £325,000 w.e.f. 2009/10. Planning Services and New Communities are going to trial "Systems Thinking" methodology in their corporate areas. The Procurement Officer has been asked to investigate opportunities for conducting e-auctions and recommend a way forward to SMT.

7. Responses have been incorporated as appropriate in the draft strategic risk register, prioritisation matrix and action plans, attached at **Appendices A, B and C**.

Service Area Risk Registers

8. Service area risk registers have been reviewed alongside the preparation of service plans. Service plans have been/ are being presented to Portfolio Holders and include an overview of the associated service area risk register.

Project Risk Logs

9. The Housing Futures risk log was considered by the Housing Portfolio Holder on 2 April 2009; it includes countermeasures that indicate active and effective management of risks. Housing Futures Phase Two is included as a risk in the strategic risk register.

Targets

10. The table below records progress against the targets adopted for risk management:

<i>Target</i>	<i>Due date</i>	<i>Progress</i>
Annual review of the risk management strategy and process	September 2008	Completed. Next review due September 2009
Quarterly review of risk registers and action plans	December 2008; March, June, September 2009	December 2008: completed. March 2009: - Strategic risk register: complete following consideration of this report. - Service area risk registers: reviewed alongside the preparation of service plans. - Project risk logs: complete following consideration of this report.

<i>Target</i>	<i>Due date</i>	<i>Progress</i>
Training for staff and Members as and when appropriate: - Staff: - Members:	None specified June 2009	<ul style="list-style-type: none"> • Briefings were held for new staff and others with risk management responsibilities/ involvement, on 2 and 3 December 2008. • Further training will be given to staff as and when necessary. • A briefing was held for Cabinet and Corporate Governance Committee Members who were not able to attend the briefing in June, on 4 December 2008. • Further training will be given to Cabinet and Corporate Governance Committee Members after the annual meeting of the Council.
Communication of revised strategy and process	31 October 2008	Completed.
Implementation of revised strategy and process	31 December 2008	In progress; aligning the risk management element of the Project Management Toolkit with the risk management strategy is being discussed with the Applications and Information Manager.

Options

11. In reviewing the strategic risk register, matrix and action plans (paragraphs 3 to 5 and Appendices A to C), Corporate Governance Committee could:
 - (a) add to, delete from, or make other changes to the strategic risk register (Appendix A), in terms of either their title or detail;
 - (b) alter the assessment of risks on the matrix (Appendix B), in terms of either their impact or likelihood;
 - (c) add to, delete, or make other changes to the action plans (Appendix C), in terms of their detail.
12. In considering progress on the targets for risk management (paragraph 9), the Committee could agree other actions.

Implications

13.

Financial, Legal, Staffing	There are no immediate financial, legal or staffing implications resulting from this report, although some of the action plans 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

- 14. Members of EMT, risk owners, service and other relevant managers have been consulted regarding various aspects of this report.
- 15. There will be liaison with officers as appropriate regarding the implementation of decisions made by the Committee regarding this report.

Effect on Strategic Aims

16.	Commitment to being a listening council, providing first class services accessible to all. The proposals in this report contribute to the Council's corporate governance responsibilities; they also ensure that strategic risks involved in the delivery of the Council's Corporate Plan and in meeting the Strategic Aims are identified and managed.
	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

- 17. Appendices A to C represent the strategic risk register, prioritisation matrix and action plans resulting from the consultations. The Committee needs to review and agree these as outlined in paragraph 10.
- 18. The quarterly review of the strategic risk register and action plans enables the Council to manage its strategic risks to an acceptable level.
- 19. The targets enable progress on risk management to be monitored.

Recommendations

- 20. Corporate Governance Committee is recommended to approve:
 - (a) the strategic risk register, prioritisation matrix and action plans;
 - (b) actions being taken to achieve risk management targets.

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