

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee
AUTHOR/S: Executive Director, Corporate Services

24 September 2010

STRATEGIC RISK REGISTER – QUARTERLY REVIEW

Purpose

1. The purpose of this report is to enable Corporate Governance Committee to consider the Northstowe Portfolio Holder's latest quarterly review and approval of the Council's Strategic Risk Register.
2. This is not a key decision but it has been brought to this meeting because the Committee wishes to monitor that the Strategic Risk Register has been properly considered by the portfolio holder.

Recommendations and Reasons

3. That Corporate Governance Committee notes the Northstowe Portfolio Holder's latest quarterly review and approval of the Strategic Risk Register, as the record of corporate risks the Council currently faces in the provision of its services and the achievement of its aims, together with control measures to address the risks.
4. That Corporate Governance Committee endorses the use of CorVu reports for future quarterly updates and reviews of the Strategic Risk Register, replacing Appendix A.

Background

5. At its meeting on 22 April 2010, the Council agreed amendments to the Constitution, including that:
 - (a) responsibility for Council functions incorporates the separation of Member governance and executive responsibilities for risk management;
 - (b) the Executive, led by the appropriate portfolio holder, has responsibility for management of the strategic risks facing the Council;
[Note: The Leader of the Council subsequently designated the Northstowe Portfolio Holder as the lead executive Member for risk management.]
 - (c) Corporate Governance Committee will receive quarterly, the Strategic Risk Register, covering reports and other associated documents presented to the Northstowe 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.

Considerations

6. The Strategic Risk Register has been reviewed with the nominated risk owners and other members of EMT. A proposed updated version was presented to EMT at its meeting on 25 August 2010. EMT agreed to recommend to the Northstowe Portfolio Holder, the following proposed changes to the Strategic Risk Register:
 - (a) **Equity Share Project.** Council resolved at its meeting on 22 July 2010 that:

- (i) direction be sought from the Secretary of State to transfer the Council's residual interest in such properties from the Housing Revenue Account to the General Fund; and
- (ii) the 2010/11 Capital Programme be increased by £1,000,000 funded from either capital receipts (assuming that the direction is granted) or an increase in the Council's borrowing limits.

The risk could therefore be removed from the Strategic Risk Register (it would be retained on the Affordable Homes risk register pending the reply from the Secretary of State).

- (b) **Supported Housing:** As the reduction in Supporting People funding is likely to be more than previously anticipated, the Impact score should be increased from 3 (Medium) to 4 (High).
- (c) **Medium Term Financial Strategy (MTFS):** Additional control measures should be updated to reflect that, while the details of funding changes will not be known until the Government announces the financial settlement in December 2010, draft MTFS Forecast core assumptions would be taken to Cabinet in September for agreement in order to provide a framework for the 2011/12 estimates and service planning processes.
- (d) **Implementation of National Job Evaluation Scheme:** With the MTFS constraints and probable cuts in Government funding, there would be less scope for the authority to implement a scheme that will satisfy employees and trade unions. Accordingly, the Impact score should be increased from 3 (Medium) to 4 (High).
- (e) **Lack of development progress:** The risk description should be updated to note that another possible outcome might be the need to head off speculative major planning applications outside the strategy. Additional control measures should be updated to reflect that the Public Service Board is continuing to address issues and there are regular senior meetings with the developers.
- (f) **Equalities:** The timeline for progress should be updated as the IDEa peer review has been confirmed for October 2010.
- (g) **Illegal traveller encampments or developments:** Additional control measures should be updated to reflect that the Strategic Officer Group is developing an action plan of potential initiatives to take, pending clarification from the Government.
- (h) **Productive employee time:** Control measures in place should be updated to reflect that the management of sickness absence policy has been refreshed following an audit review.

7. The updated risks were included as appropriate in the draft Strategic Risk Register and Matrix, considered by the Northstowe Portfolio Holder at his meeting on 8 September 2010 (the report and appendices can be viewed at <http://scambis.moderngov.co.uk/ieListDocuments.aspx?CId=950&MId=5191&Ver=4>, item 3 refers). The portfolio holder and those present considered whether the correct strategic risks were identified and whether the risk scores and control measures were appropriate. The portfolio holder approved the proposed updated Strategic Risk Register, with the exception of the **Supported Housing** risk (see (b) below). Specific comments made at the meeting included:

- (a) **Equity Share Project:** No reply had yet been received from the Secretary of State.
- (b) **Supported Housing:** Having considered the criteria guidelines for assessing the Impact of the risk, the portfolio holder rejected the proposed increase in the Impact score from 3 (Medium) to 4 (High) on the grounds that the likelihood that the reduction in Supporting People funding would be more than anticipated did not justify the increase.

- (c) **Medium Term Financial Strategy (MTFS):** Cabinet would be considering draft MTFS Forecast core assumptions at its meeting on 9 September 2010.
- (d) **Implementation of National Job Evaluation Scheme:** The portfolio holder considered that the proposed increased score was correct. It was noted that discussions were ongoing between management and unions.
- (e) **Lack of development progress:** The portfolio holder considered that the risk score should be left unchanged, pending clarification arising from a 'Northstowe Delivery Paper' to be presented to the Northstowe Delivery Board on 14 September 2010; the risk score could be adjusted if necessary following consideration of that report.

8. The resulting updated Strategic Risk Register and Matrix are attached as **Appendices A and B**. The criteria for assessing Impact and Likelihood of risks have been included for information at the end of Appendix A.

9. The Strategic Risk Register has now been set up in CorVu, the Council's performance management system (**Appendix C**, attached, refers), so that movement in risk scores can be monitored, and where Red / Amber / Green means:

	<u>for risks previously above the line</u>	<u>for risks previously below the line</u>
Red:	<ul style="list-style-type: none"> • the score has increased 	<ul style="list-style-type: none"> • the score has increased to above the line
Amber:	<ul style="list-style-type: none"> • the score has not changed, or has decreased but stays above the line 	<ul style="list-style-type: none"> • the score has increased but stays below the line
Green:	<ul style="list-style-type: none"> • the score has decreased to below the line 	<ul style="list-style-type: none"> • the score has not changed, or has decreased

10. It is intended that the CorVu report will be used for future quarterly updates and reviews of the Strategic Risk Register, replacing Appendix A. At his meeting on 8 September 2010, the Northstowe Portfolio Holder endorsed this approach for future portfolio holder meetings. Corporate Governance Committee is asked to endorse this approach for its future meetings.

Options

11. In considering the Northstowe Portfolio Holder's review and approval of the Strategic Risk Register, Matrix and CorVu report (paragraphs 5 to 10, and Appendices A, B and C), Corporate Governance Committee could:
- (a) suggest changes to either the title or detail of the risks or control measures;
 - (b) suggest alterations to the impact or likelihood assessments of risks.

Implications

12. 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.
Climate Change	The Council's risk management process has no inherent climate change implications; however, Climate Change is included as a risk area on the Strategic Risk Register.

Consultations

13. Risk owners and members of EMT have been consulted regarding the various aspects of this report.
14. The Northstowe Portfolio Holder reviewed and approved the Strategic Risk Register, Matrix and CorVu report, as amended with regard to paragraph 7. (b) above, at his meeting on 8 September 2010.
15. There will be liaison with officers as appropriate regarding the implementation of any suggestions made by Corporate Governance Committee regarding this report.

Effect on Strategic Aims

16. The regular review of the Council's Strategic Risk Register relates to the Council's strategic aim of being a listening council, providing first class services accessible to all:
 - (a) it contributes to the Council's corporate governance responsibilities;
 - (b) it also ensures that strategic risks involved in the delivery of the Council's Corporate Plan and in meeting its strategic Aims are identified and managed.

Conclusions / Summary

17. Appendices A, B and C represent the Strategic Risk Register, Matrix and CorVu report resulting from the consultations.
18. The quarterly review of the Strategic Risk Register enables the Council to manage its strategic risks to an acceptable level.

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

None unpublished

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