

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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

12 January 2011

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.

Recommendation

3. That Corporate Governance Committee notes the Northstowe Portfolio Holder's latest quarterly review and approval of the Strategic Risk Register.

Reason for Recommendation

4. The Strategic Risk Register and Matrix forms the record of corporate risks that the Council currently faces in the delivery of services and the achievement of strategic aims, together with control measures in place to address the risks.

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 24 November 2010. EMT agreed to recommend to the Northstowe Portfolio Holder, the following proposed changes to the Strategic Risk Register:
 - (a) **Welfare reform:** This significant new risk, which reflected its recent inclusion in the Corporate Services and Affordable Homes risk registers, related to the

Government's proposed radical changes to benefits, including the possibility of localised council tax benefits and introduction of a universal credit system, leading to possible

- (i) increased IT cost due to changes in system being required;
 - (ii) implementation cost not being fully covered by grant reimbursement;
 - (iii) increased workload for Benefits and Homelessness teams,
- resulting in adverse effect on service delivery due to the number of changes, increased dissatisfaction with the service due to reduced amounts of benefit payable and potential dislocation of private sector housing market.

The potential impact had initially been assessed as 4 (High) and the likelihood as 5 (Almost certain), on the basis of the scale and perceived impact of the announced changes, and the timescale to implement them (although it appears there may be some changes to this) - when more information and clarity is available, the scores would be reassessed and targets set.

Control measures would be identified and actioned once the details of the changes are confirmed. The timescale to progress would be determined in line with the timeframe required to implement the control measures.

- (b) **Implementation of National Job Evaluation Scheme:** Risk Owner changed to the Executive Director (Corporate Services); Control measure added regarding an effective and timely communications plan; Timescale to progress amended to reflect aim to gain agreement in early 2011.
- (c) **Supported Housing:** Timescale to progress updated to note the potential for 50% cut in funding by April 2012. The End of Year Estimate Impact score had been increased from 2 (Low) to 3 (Medium), in line with the Current Actual score; this had changed the colour shading from amber to red.
- (d) **Lack of development progress:** Control measures updated to reflect:
 - (i) Cambridgeshire Horizons Board continuing to address the issues;
 - (ii) Planning Policy produce an Annual Monitoring Report (which forecasts housebuilding levels) and annually review the Local Development Scheme (which can address any forecast shortfall in housebuilding).
 - (iii) received delivery paper from Gallaghers in September 2010;
 - (iv) Government decision received on 20th October to not proceed with A14 planned updates, as unaffordable in current financial climate;
 - (v) study into alternative proposals being developed by Highways Agency, which impacts on NW Fringe and Northstowe.

Timescale to progress amended to reflect the Government white paper issued, but that the authority is waiting to learn more about targets.
- (e) **Medium Term Financial Strategy (MTFS):** New aspects of the risk included:
 - (i) New Homes Bonus - how much and when this will be received;
 - (ii) local government resource review - localisation of business rates; and
 - (iii) loss of grant funding for concessionary fares greater than expected.
- (f) **Illegal traveller encampments or developments:** Control measures updated to reflect Government guidance due in Autumn 2010. Timescale to progress amended to reflect report to portfolio holder in December 2010.
- (g) **Equalities:** Control measures amended to reflect the IDeA peer review that took place on 13/14 October 2010 and that the Local Government Equality Framework level of 'Achieving' had been achieved. Timescale to progress amended to reflect that the portfolio holder agreed to endorse and adopt the updated version of the Disability Equality Scheme (DES) on 17 November 2010. Likelihood score decreased from 3 (Possible) to 2 (Unlikely); impact score increased from 4 (High) to 5 (Extreme).
- (h) **HRA reform:** Risk title and description amended to reflect the Government announcement that reform will happen. Timescale to progress amended to reflect that outcome of initial consultation is expected in January 2011;

anticipate new regime from April 2012. Impact score increased from 4 (High) to 5 (Extreme).

- (i) The removal of the following risks:
 - (i) **Shared services**, as there are no major plans at present;
 - (ii) **LAA actions**, as CAA and Reward Grant are no longer relevant;
 - (iii) **Embedding values**, as actions taken mean the risk no longer needed to be recorded on the Strategic Risk Register.

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 16 December 2010 (the report and appendices can be viewed at <http://scamb.moderngov.co.uk/ielistDocuments.aspx?CId=950&MIId=5192&Ver=4>, item 4 refers).

8. EMT also discussed whether there ought to be a new risk describing the impact of growth on the Council's services. The Planning and New Communities management team had recently removed a similar risk from its service area risk register, as limited growth was currently taking place and arrangements would be made as necessary to address future growth. EMT would review this again at its next meeting, but invited the portfolio holder to comment.

9. 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 **Medium Term Financial Strategy (MTFS)** risk (see (b) below). Specific comments made at the meeting included:
 - (a) **Impact of growth on the Council's services**: In response to EMT's invitation to comment (paragraph 8 above refers), the portfolio holder considered that, in the light of the limited growth currently taking place and the regular review by both Planning & New Communities and EMT, a new risk did not need be introduced to the Strategic Risk Register at this stage. **Lack of development progress** was included in the Strategic Risk Register.
 - (b) **Medium Term Financial Strategy (MTFS)**: The provisional local authority finance settlement had been announced on 13 December 2010. In view of the substantial impact on the MTFS, the portfolio holder decided to increase the Likelihood score from 3 (Possible) to 5 (Almost certain), increasing the total risk score to 20 and moving the risk to the top of the Strategic Risk Register. The provisional settlement was open to consultation, but would not be confirmed until early February 2011; the MTFS presented to Cabinet in February 2011 would probably therefore reflect the provisional settlement; any changes could be tabled or included in the report to Council later in the month.
 - (c) **HRA financial position / Potential risk once HRA reform is implemented**: The first risk reflected the ongoing review of the HRA's financial position; the second risk reflected particular issues that might arise from implementation of HRA reform – while the two risks were related, they had been kept as separate risks for the time being.
 - (d) **Climate change**: The portfolio holder considered that the cessation of the LAA target and the national indicator did not mean that the Likelihood or Impact scores needed to be increased at this stage. The authority was working to a detailed draft climate change action plan, with specific actions regarding business mileage, fleet vehicle mileage and lone driver commuting mileage.

10. The resulting updated Strategic Risk Register CorVu report and Matrix are attached as **Appendices A and B**, respectively.

11. The CorVu report enables movement in strategic risk scores to be monitored, 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

Options

12. In considering the Northstowe Portfolio Holder's review and approval of the Strategic Risk Register CorVu report and Matrix (paragraphs 6 to 11, and Appendices A and B), Corporate Governance Committee could:
- suggest changes to either the title or detail of the risks or control measures;
 - suggest alterations to the impact or likelihood assessments of risk;
 - suggest the adoption of additional control measures.

Implications

13. 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.
Equality and Diversity	The Council's risk management process has no inherent equality and diversity implications; however, Equalities is included as a risk area on the Strategic Risk Register.
Equality Impact Assessment completed	No Not applicable, as this is a report about a quarterly review, rather than a new or updated strategy, policy or procedure.
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

- Risk owners and members of EMT have been consulted regarding the various aspects of this report.
- The Northstowe Portfolio Holder reviewed and approved the Strategic Risk Register, Matrix and CorVu report, as amended with regard to paragraph 9. (b) above, at his meeting on 16 December 2010.
- 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

17. 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

18. Appendices A, B and C represent the Strategic Risk Register, Matrix and CorVu report resulting from the consultations.
19. 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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