

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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

28 March 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 23 February 2011. EMT agreed to recommend to the Northstowe Portfolio Holder, the following proposed changes to the Strategic Risk Register:
 - (a) **Welfare Reform:** No change to the risk description at present. The Benefits Manager had provided the following additional background information:

- (i) It is not known if the government will pay for the software for the change (no bill from supplier yet);
- (ii) The software is expected to be problematic due to the complex nature of the transitional arrangements;
- (iii) The transitional arrangements in themselves are complex and more customer contact is expected with those affected;
- (iv) The Government has introduced some transitional protection which will cover some tenants until December 2012, but changes to household will mean the transitional protection ends, so difficult at present to gauge the potential impact without some extra modelling based on last year;
- (v) The change to the Local Housing Allowance has now been brought forward from October 2011 to April 2011, so impact for new claimants will be earlier than originally expected;
- (vi) The discretionary housing payment (DHP) budget has been announced: the authority is to receive just under £35k which is only an increase of £10k based on this year which clearly is not enough to deal with the numbers of customers affected who have no other choice of accommodation;
- (vii) The transfer of the Benefits Fraud team to the Department for Work and Pensions from 2013 has been announced (no consultation with local authorities); and
- (viii) There is little detail available about the biggest changes to benefit, e.g. Local Based Council Tax Benefit and Universal Credit, which means the impact of these is hard to judge.

Control measures / sources of assurance were updated to reflect the Benefits and Housing Advice & Homelessness teams working on a proposed DHP policy and to provide initial training. More control measures / sources of assurance will be identified and actioned once the details of the changes are confirmed.

- (b) **Supported Housing:** At the time of writing this report, the Corporate Manager, Affordable Homes, was expecting a letter from Cambridgeshire County Council confirming the level of funding. Once the level of funding is known, the risk will become one of how to provide the service required with the funding available.
- (c) **Lack of development progress:** Control measures / sources of assurance were updated to reflect:
 - (i) A14 - Task Group due to be set up with Department for Transport;
 - (ii) County to commission short-term study to identify ways of creating headroom to assist NW Cambridge or Northstowe developments;
 - (iii) Deliverability/Viability work commenced with Northstowe joint promoters.
 - (iv) Planning Policy are about to start a new Strategic Land Availability Assessment (SHLAA).

EMT deferred reducing the Likelihood score to 4 (Likely) to the next review of the Strategic Risk Register.

- (d) **Medium Term Financial Strategy (MTFS):** The New Homes Bonus (NHB) aspect was updated to reflect the risk that it is receivable at a different rate from that assumed in the MTFS (both up or down), or that the Council's Formula Grant is reduced by more than the NHB receivable, as it is known that NHB will be funded from top-slicing Formula Grant in future years. Control measures / sources of assurance were updated to reflect the revised MTFS agreed at Council in February 2011, as a result of which the Likelihood score was reduced from 4 (Likely) to 3 (Possible). The Timeline to progress

was updated to include the next integrated business monitoring review and the MTFS update due in June/July 2011.

- (e) **Illegal traveller encampments or developments:** Control measures / sources of assurance were updated to reflect Government guidance not yet issued, but County needs assessment due to be completed, and second report to go to PFH. The Timeline to progress was amended to reflect report to portfolio holder in March 2011.
- (f) **Depot size:** The Environment Services Manager had considered that this risk should be included on the register. The description of the risk, control measures / sources of assurance and timeline to progress were taken from the Health and Environmental Services (HES) risk register.
- (g) **Major projects' impact on small teams:** EMT considered the impact that some major projects had had on service teams, in particular in terms of the volume, scope and nature of public enquiries/requests for information. While such risks were included in service area and project risk registers, EMT felt that the risk was of a corporate nature and should be included in the Strategic Risk Register. Impact was scored 3 (Medium), principally against the service disruption and reputation criteria; Likelihood was scored 4 (Likely), as projects have had such an impact in the past and could do again.
- (h) **Equalities:** Control measures / sources of assurance were amended to reflect the 'Achieving' level of the Equality Framework for Local Government and the legal requirements of the new Public Sector Equality Duty. The Timeline to progress was amended to reflect that the portfolio holder agreed on 19 January 2011 to endorse a new Single Equality Scheme for consultation in response to the new Equality Act 2010.
- (i) **Potential risk once HRA reform is implemented:** Control measures / sources of assurance were updated to reflect:
 - (i) Project team set up to manage implementation process;
 - (ii) About to procure consultancy support (stock condition survey and draft business plan);
 - (iii) Joint project team meeting with Cambridge City Council's project team; possible opportunities to rationalise common pieces of work, make best use of resources and information.The Timeline to progress was updated to reflect the outcome of the initial consultation published February 2011, providing a route map for implementation.
- (j) **HRA financial position:** The Corporate Manager, Affordable Homes, had advised that this risk could be removed from the register as the work had been completed successfully, with the emphasis now on how the authority will cope with the new self financing regime, which is picked up by the HRA reform risk.

7. EMT also considered whether another risk on the HES risk register, "Meeting air quality, A14 corridor", should be included in the Strategic Risk Register, but decided this was an issue which required a corporate response, rather than a strategic risk.
8. The updated risks were included as appropriate in a draft Strategic Risk Register and Matrix, which was due to have been considered by the Northstowe Portfolio Holder at his meeting on 10 March 2011. That meeting has been postponed to 13 April 2011; however, the portfolio holder has taken the opportunity to consult his Cabinet colleagues on the proposed risk register, having previously primed them to review the service area risk registers that relate to their portfolios in preparation.
 - (a) There was general appreciation that the red-amber-green (RAG) colour coding is helpful, and a feeling that the information is presented in a readily accessible format.

- (b) The only question raised was about the rank of the HRA reform risk, whether it should be above the tolerance line, but it was felt that the likelihood of the authority not being ready to service a £205 million pound debt was low. Collectively, Cabinet was content that the portfolio holder confirm the current assessment; nevertheless, this risk will be closely monitored.
- (c) The portfolio has advised that he does not wish to change the Strategic Risk Register.

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

10. 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

11. In considering the Northstowe Portfolio Holder's review of the Strategic Risk Register CorVu report and Matrix (paragraphs 6 to 10, and Appendices A and B), Corporate Governance Committee could suggest:
- (a) changes to either the title or detail of the risks or control measures;
 - (b) alterations to the impact or likelihood assessments of risk;
 - (c) the adoption of additional control measures.

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.
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

13. Risk owners and members of EMT have been consulted regarding the various aspects of this report.
14. The Northstowe Portfolio Holder has reviewed the Strategic Risk Register CorVu report and Matrix with his Cabinet colleagues and does not wish to change the Strategic Risk Register.
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 and B represent the Strategic Risk Register CorVu report and Matrix 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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