

CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD October to December 2012

Submitted by: Head of Business Improvement and Partnerships

Portfolio: Communication, Transformation and Partnerships

Ward(s) affected: All

Purpose of the Report

To provide an update to Members of the progress made by the Council in enhancing and embedding risk management for the period October to December 2012, including progress made in managing the identified corporate risks.

Recommendations

The Committee is asked to:-

- (a) Scrutinise the progress that has been made in managing the risks identified within the Strategic, Operational, Project and Partnership Risk Registers where applicable.**
- (b) Note the new risks that have been identified between October to December 2012.**
- (c) Identify, as appropriate, risk profiles to be scrutinised in more detail as part of your responsibility at the next meeting.**
- (d) Note the horizon scanning risks listed to bear in mind when making decisions on reports submitted to committees and the effect it may have on the future of the council.**

Reasons

The risk management process previously adopted by the Council has been reviewed to incorporate changes in the way it works and to provide continuity and streamlined reporting of risks to the necessary stages so that it becomes further embedded at each level of the authority. This will further develop the identification of key risks that potentially threaten the delivery of the corporate priorities. The new strategy will provide a formal and proportionate framework to manage these identified risks and thus reduce the council's exposure.

To assist the council in its corporate ambition of achieving excellence by helping deliver effective corporate governance, this proactive approach also helps demonstrate good risk management in terms of evidencing that effective risk management is further embedded with the corporate business processes.

1. Background

- 1.1 The council monitors and manages all its risks through the various risk profiles contained within GRACE (Governance Risk and Control Environment) – the council's software for recording and managing risk.

The council currently reviews its High Red 9 risks at least monthly and its Medium Amber risks at least quarterly.

The last review of these risks was reported to you in November 2012.

Risk owners are challenged by the Risk Champions in respect of controls, further actions, ratings and emerging risks and challenge reasons for inclusion or non-inclusion and amendment of these.

Projects are managed to a high level in relation to risk and are reviewed in accordance with the risk management strategy – monthly.

2. **Issues**

2.1 **Strategic, Operational, Project and Partnership Risk Registers (Appendices)**

The Council regularly reviews and refreshes its risk registers in accordance with the risk management strategy. This is co-ordinated by the Strategic Risk Champion who works closely with the Directors, Operational Risk Champions and the Risk Owners.

The risk map below shows the descriptions of the ratings, for ease of use.

L I K E L I H O O D	High 3	7 Amber	8 Amber	9 High Red
	Medium 2	4 Green	5 Amber	6 Amber
	Low 1	1 Green	2 Green	3 Amber
		Low 1	Medium 2	High 3
IMPACT				

After the review of the risks had taken place, the following risks have been reduced – through good risk management by your officers, and by the re-rating process.

- Failure of Keele Golf Course – this risk has been reduced through officer’s working to have active risk management of the accounts and rent arrears; a business continuity plan is in place; ongoing monitoring and review by EMT and Informal Cabinet, and a contingency plan is being developed (negotiations currently being undertaken).

The appendix to this report now highlights the Council’s most significant risks, with the risks that fall into the top line of the ratings only, being reported.

2.2 **Horizon Scanning**

At the last meeting it was requested that a list of legislative developments be provided, either upcoming or current.

Below is a selected list of prospective legislation currently going through Parliament that could have an impact on the Council. The list is not exhaustive, but represents a selection of the major pieces of proposed legislation currently under debate prior to Royal Assent

An outline of the proposed changes in each of these Acts/Bills and the potential impact on the Borough Council was discussed previously at the Committee and updates will be provided at the meeting.

- Health and Social Care Act 2011
- Localism Act 2011
- Police Reform and Social Responsibility Act 2011
- Local Government Finance Act 2012
- Legal Aid Sentencing and Punishment of Offenders Act 2012

The full list of (local government related) Bills before Parliament in the current session (2012/13) includes the following: -

- Caravan Sites Bill 2012-13
- Disabled Person's Parking Badges Bill 2012-13
- Electoral Registration and Administration Bill 2012-13
- Land Value Tax Bill 2012-13
- Landlord Accreditation Bill 2012-13
- Littering From Vehicles Bill 2012-13
- Local Government Finance Bill 2010-12 to 2012-13
- Local Services (Planning) Bill 2012-13
- Off-Road Vehicles (Registration) Bill 2012-13
- Plastic Glasses and Bottles (Mandatory Use) Bill 2012-13
- Prevention of Social Housing Fraud Bill 2012-13
- Property Boundaries (Resolution of Disputes) Bill 2012-13
- Public Service Pensions Bill 2012-13
- Regulation of Signage and Ticketing Technology (Public-Available Car Parks) Bill 2012-13
- Town and Country Planning (Control of Advertisements)(England) Regulations 2007 (Amendment) Bill 2012-13

Members are asked to nominate any further areas of legislation they might wish to consider at a future meeting and to consider whether they wish to receive further information on the Bills listed here.

It was requested that the Localism Act be looked at by the Member Development Committee as well as Audit & Risk Committee, given its wide focus and potential impact on the Council.

2.3 **Issues From Last Meeting**

At the last meeting Members required clarification and expansion of current positions or progress comments against some of the lines. Below is the result:

Item 1 (reputational damage)

Although this is identified as a risk, reputation damage is normally a consequence of other risks that have occurred. There are numerous controls in place within this profile, but if this did occur, the impact and likelihood of it happening has resulted in the High Red 9 rating. There is, of course, an opportunity to positively publicise any successes that the council has, whether through prosecutions for benefit cheats, fraudulent insurance claims, savings made on settling insurance claims, the quick response to complaints and insurance claims, and the positive publicity of any developments, regeneration and community projects to areas where in the past, bad publicity has been, whereas in the past, these may not have been voiced.

Item 2 (potential claims growth)

Reporting of incidents/accidents is completed on Target100 Health and Safety system and the Council's Business Improvement Officer (Risk and Insurance) collates information monthly to pass to the Council's claims handlers. This then allows for a more robust and

faster way to investigate a potential claim by having investigations take place earlier whilst things are clearer in people's minds. However, with the new Jackson Reform being implemented, some areas that are changing may initially increase the number and frequency of claims. The introduction of "fixed costs" may cause claimant solicitors to pursue "clients" before the approximate implementation date of October 2013. Claimant solicitors will have to bear a set rate for their charges, rather than allowing them to delay settlement of the claim, and obtaining a 100% success fee, which they are entitled to at present. The onset of Qualified One-Way Costs Shifting will also allow for a potential increase in the number of claims made against the Authority. This process will allow claimant solicitors to instigate legal proceedings without the chance of their clients having to pay the Authorities legal fees if they lose (which is the current situation).

Item 3 (budget realisation fails)

This is the combination of various risks - increase in fuel costs, reduction of income, energy costs, inflation, pay settlements, fall in interest rates, increase in NI rates, failing to deliver on the council's priorities etc. There are however numerous controls in place to deal with this internally such as monthly budget reports, vacancy factor for financial year 2012/13, Medium Term Financial Strategy is continually reviewed, contingency fund available, realistic increases included in base figures and the maintenance of adequate balances where possible.

Item 6 (now item 7 – stock condition survey)

The outcome report has been received by the Assets Review Group. In addition, the Asset Management Strategy (which covers the above) has been considered by both the Economic Development & Enterprise/Transformation & Resources Overview & Scrutiny Committees, before being approved by Cabinet on 16th January 2013. Urgent items are covered by the three-year Capital Works Programme and this should allow for the repairs to be undertaken. There is, however, an annual review of the Works Programme to assess if there is a need to change priorities.

Item 8 (now item 9 – fall in interest ratio)

This risk is largely out of the control of the council due to the fact that interest rates are set by the limited number of organisations with which the council is authorised to invest. The council also has to be mindful of the need to safeguard the Capital invested, which is the prime consideration in accordance with the Council's Treasury Management Strategy. The amounts to be invested are also limited compared to past historic years and with interest rates being low, the amounts available for investment are much reduced.

3. **Outcomes Linked to Corporate and Sustainable Community Priorities**

- 3.1 Good risk management is key to the overall delivery of Council and local improvement priorities.

4. **Legal and Statutory Implications**

- 4.1 The Accounts and Audit (England) Regulations 2011, state that:

*“The relevant body **is** responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control, which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk”*

5. **Equality Impact Assessment**

- 5.1 There are no differential equality impact issues in relation to this report.

6. **Financial and Resource Implications**

- 6.1 None where actions are to be taken in order to mitigate the risks as these will be met from within existing budgets. Where this is not possible, further reports will be submitted to Members.

7. **List of Appendices**

Appendix - List of the Council's most significant risks

8. **Background Papers**

None