

**REPORT OF THE EXECUTIVE MANAGEMENT TEAM
TO THE AUDIT AND RISK COMMITTEE**

15 April 2013

CORPORATE RISK MANAGEMENT REPORT FOR THE PERIOD January to March 2013

Submitted by: Head of Business Improvement and Partnerships

Portfolio: Communications, 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 January to March 2013, 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 January and March 2013.**
- (c) Identify, as appropriate, risk profiles to be scrutinised in more detail as part of your responsibility at the next meeting.**

Reasons

The risk management process previously adopted by the council has been reviewed to incorporate changes in the way the council 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 being an excellent council 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 your Committee in February 2013.

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				

Appendix A 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 reported that legislative developments will be provided for the Committee every six months, unless otherwise requested.

In light of this change, an update on legislation will be provided at the July 2013 and February 2014 meetings of the Committee.

Members are asked to nominate any areas of legislation they might wish to consider at these meetings and to consider whether they wish to receive further information on these identified areas.

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 5 – Kidsgrove Sports Centre

An external body has been commissioned to challenge the options appraisal (as detailed in a [report to Cabinet on 14th November 2012](http://modern.gov.newcastle-staffs.gov.uk/documents/s5514/Kidsgrove%20Sports%20Centre.pdf) (<http://modern.gov.newcastle-staffs.gov.uk/documents/s5514/Kidsgrove%20Sports%20Centre.pdf>)). It is envisaged that this will enable Sport England to make a decision on whether to support a bid. The next step

will then be a Cabinet report to Newcastle under Lyme B.C. members, detailing the options available, for them to make a decision on the way forward.

The overall ownership of the sports centre falls to Staffordshire County Council, with the repairs and maintenance of the fabric of the building falling under the remit of the school board. The key issue here is that the existing building is coming to the end of its useful life (with no guarantee of another significant failure not occurring, resulting in closure or part closure of the building) and requires significant investment of £4-6M although currently funding is yet to be identified.

Item 6 – Failure to establish robust processes to dispose of land and buildings – should this risk be focused on loss of revenue not on processes?

This risk originally reflected the Council not having an Asset Management Strategy. This is now not the case, as a new Asset Management Strategy for 2013-2016 has now been approved, and takes into account all aspects of disposal of land and buildings.

Item 7 – Stock condition survey - more detail around the repairs schedule and also whether the risk is correctly focused - should the risk be focused on the actual implications of not doing the repairs, i.e. what is happening to the building etc?

In relation to the stock condition survey, the risk is focussed on the legal implications of not carrying out a repair or maintenance of an item, whilst having a view in relation to the proposals for any building.

Therefore, any RAG rating for a repair in the stock condition survey which is coloured red means that the work *has* to take place in a property for Health and Safety or legal reasons for which the Council would be liable should anything go wrong.

Amber means a repair does not constitute an immediate issue but it is an early warning that if it is not addressed in the next 24 months, it will fall in to the red category whilst green means it is advisable to have the work carried out but there is no immediate legal implication of not doing so.

The condition survey as a whole is based upon taking a pro-active pre-planned maintenance approach whereby it advises which work should be carried out when, in order to ensure that the property condition does not deteriorate.

However, it is recognised that the availability of capital funds is limited and therefore each repair is reviewed annually to ensure that the risk is managed so that capital funds are allocated to areas of most urgent need.

It is also recognised that in using this approach, if recommended work is not carried out as planned this will result in the condition of a property deterioration and a repair which rated as green in year 1 could end up being red by year 5 and each repair risk is reviewed annually on this basis.

Any proposals for a particular building will be taken in to account as part of this process and if for example a building is due to be demolished which requires urgent electrical safety work carried out, the risk is managed by disconnecting the electricity rather than spending money on repairs.

Item 12 – Keele Golf Course – can an update on the situation be provided?

The current tenant, Keele Golf Centre Limited (KGCL) proposes to enter into a 'Company Voluntary Arrangement' whereby it will be wound up and the leases under which it rents the centre from the Council will be surrendered. KGCL advise that FRP Advisory LLP, (Recovery & Insolvency Specialists) has been appointed to deal with matters.

A number of options are currently being considered around the future of the facility, and the County Council's Legal Services are dealing with matters on behalf of the Borough Council.

Notice has since been received that with effect of 21 March 2013, KGCL did enter into the Company Voluntary Arrangement.

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 A

8. **Background Papers**

Kidsgrove Sports Centre - report to Cabinet, 14th November 2012