

FOR PUBLICATION

RISK MANAGEMENT STRATEGY & IN-YEAR REVIEW – B420

MEETING: 1. COUNCIL
 2. CABINET
 3. EXECUTIVE MEMBER FOR GOVERNANCE &
 ORGANISATIONAL DEVELOPMENT
 4. STANDARDS & AUDIT COMMITTEE

DATE: 1. 27TH FEB 2014
 2. 18TH FEB 2014
 3. 11TH FEB 2014
 4. 7TH FEB 2014

REPORT BY: HEAD OF FINANCE

WARD: ALL

COMMUNITY
FORUM: ALL

KEY DECISION
REF. 360

FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS: None

1.0 PURPOSE OF REPORT

1.1 To provide a report on the Risk Management developments during 2013/14 and to update the Risk Management Policy, Strategy and Strategic Risk Register for 2014/15.

2.0 RECOMMENDATIONS

2.1 To note the progress made on developing the Council's approach to risk management during 2013/14.

2.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and Strategic Risk Register.

2.3 That the annual contribution into the Risk Management Reserve be reduced to £5,000 and the maximum uncommitted balance carried forward at the end of a financial year be restricted to £5,000 (para. 8.1).

3.0 BACKGROUND

3.1 The Risk Management Strategy requires an in-year review to be reported to the Council during the financial year and the Strategic Risk Register at the start of the year.

3.2 The Risk Management Policy and Strategy were last reviewed by the Council in July 2013.

3.3 The Standards and Audit Committee is required to consider the effectiveness of the Council's risk management arrangements.

3.4 The report was considered by Cabinet at its meeting on the 18th February, 2014 and the recommendations were approved.

4.0 IN-YEAR REVIEW 2013/14

4.1 The progress to date on the actions included in the Strategic Risks (SR) at the start of the financial year are summarised in the table below:

ACTION	PROGRESS
SR 1.1 – Meeting Future General Fund Budget Challenges	
Budget monitoring	Monitoring identified potential income shortfalls at an early stage e.g. car parking.
Regularly update the medium term forecasts	Forecasts updated following the Spending Review announcement in June and the consultation paper in the summer. Revised budgets for 2013/14 and the first draft budgets for 2014/15 to the Cabinet in December. Financial planning and viability was a key element of the Peer Review Challenge in November 2013.
CMT/Exec Members budget workshops	Monthly workshops commenced in October. Received budget updates and developing plans for addressing the forecast deficits.

SR 1.2a – Delivering the Business Transformation Strategy Savings	
Deliver current targets	In the last twelve months savings in excess of £1.4m have been delivered.
Prioritise cash- releasing savings	
Identify new savings	The Cabinet has approved the Great Place: Great Service (GP:GS) programme.
Train a wider group of staff	A LEAN training programme has commenced.
SR 1.2b – Workforce Planning	
Review structures	Regeneration Management and Governance completed.
Voluntary redundancy scheme	To be re-launched Feb 2014
Internal communications	A new strategy is currently being developed.
SR 1.2c – Asset Management	
Rationalise property holdings	Plans approved and work in progress to co-locate Voluntary Organisations in the Town Hall by April 2014.
	Boythorpe depot closure, relocation to a 'super' depot at Stonegravels.
	Asset disposal plan developed with an agreement for Kier to be paid on a commission basis as an incentive to accelerate disposals.
SR 1.2d – ICT & Customer Services	
Implement Strategies and governance arrangements.	Cost/saving model between the Arvato and the Council developed. This is one of the key work streams within GP:GS.
SR 2 – Sustainable HRA Business Plan	
Modelling various options and agreeing a rents policy.	Modelling undertaken. The Government's Social Rents Policy which was basis on which the self-financing debt transfer was calculated is to be recommended as policy going forward in the rent setting report (January 2014).
SR 3.1 – to achieve 90% of priority indicators	
Project management, monitoring and reporting	Improvements recorded in the 2012/13 outturn and 2013/14 mid-year reports.
SR 3.2 – Delivering Key Projects	
Partnership funding agreements, securing capital receipts and effective project management.	Market Hall – scheme completed and opened end of October 2013.
	Queen's Park Sports Centre – VAT advice sought. Draft lease agreement with Chesterfield College

	Robust project governance arrangements Business Case established and kept under review Continue to seek external funding.
SR 4 – Emergency Planning	
Update plans for new and emerging risks.	Test exercises carried out.
SR 5 – Business Continuity	
Implement new ICT environmental controls and back-up facilities.	Implemented during 2013/14.
Regularly review and update plans.	Plans put into action in when
SR 6 - Governance	
Review and update the Constitution	CWG has continued its comprehensive review of the constitution, focussing in most recent months on Contract Procedure Rules and Part 3. Part 3 work included making language easier to understand, increasing officer delegations and putting into a tabular format. We've had a lot of hard work from Councillors on the group to support officers on this. There are some updates to incorporate into the new text by comparing various versions and this should be completed by the end of the month before circulation.
Implement improvements to the procurement procedures.	The revised contract procedure rules have been produced and subject to a final check for formatting they are ready for final approval.
PSN Compliance	Compliance achieved.
SR 7 – Health & Safety	
Audit of arrangements	Climate survey
	Zurich review Health and Safety Forum established to share best practice Transport COP being implemented including providing driver training Review of arrangements for management of contractors completed
SR 8 – Welfare Reforms	
Develop and implement Discretionary Housing Payments Policy.	Policy agreed by the full Council 16 th Oct 2013.
Additional resources for income collection and tenant support.	New burdens grant used to pay for additional resources in Revenues (Arvato). Supplementary HRA budgets approved for tenant support.
SR 9 – Reputation Management	
Implement Communications Strategy	New communications and marketing team set up and working on new strategy.
Build relationships with local media	A pro-active relationship has been created

	with the local media. This has included holding regular meetings with journalists and editors, as well as developing a reputation for responding to enquiries within deadlines.
New community engagement arrangements	Community Assemblies established.

4.2 The Corporate Risk Management Group - the role of the Group is to share experiences and promote best practice, monitor the Strategic Risk Register, review insurance claims experience and establish sub-groups to address specific issues. The work of a number of the sub-groups came to a conclusion during the year (Premises Managers roles & responsibilities, Asbestos Management arrangements, hazards on council owned land). One new project which was completed in the year was the tidying up of the Town Hall Corridors & Basement Storerooms. The Group has recently approved funding from its budget for a pilot in Environmental Services of a lone worker system. The Group will consider the development of a work programme for 2014/15 at its next meeting in March 2014.

4.3 Other risk management related activities that have taken place within the Council include:

- Management of Contractors
- Driver training
- Sharing best practice e.g. health and safety arrangements at Spire Pride

4.4 The Council's risk management arrangements are also supported by the monitoring of service and corporate risks through the Performance Clinic process, where each Head of Service reports regularly to the Chief Executive on a range of service and performance issues.

5.0 RISK MANAGEMENT POLICY AND STRATEGY

5.1 The Policy and Strategy documents are designed to clarify the strategic and operational elements and to further embed Risk Management within the organisation. The documents, which are unchanged from those approved last year are included in **Appendix A**.

6.0 STRATEGIC RISK REGISTER (SRR)

6.1 The management of corporate risks is an essential component of good governance and helps to ensure the delivery of services. It is therefore important that the SRR is reviewed regularly to take account of any changes in risk levels and to identify any new risks.

6.2 The review of the SRR has been undertaken initially by the Risk Management Group and then by the Corporate Management Team. The proposed updated SRR is shown in **Appendix B**. The register shows for each risk the ‘current’ risk rating and a ‘target’ rating. The aim is to get the ‘target’ ratings down to an acceptable level.

7.0 RISKS AND UNCERTAINTIES

7.1 The failure to have effective risk management arrangements in place which will identify and manage risk could have serious consequences for the Council.

Description of Risk	Likelihood	Impact	Mitigating Actions	Residual Likelihood	Residual Impact
Risk management arrangements are not sufficiently robust.	Likely	Very High	Implementing the Risk Management Strategy	Possible	Medium

7.2 The evaluation of the individual Strategic Risks is included in **Appendix B**.

8.0 FINANCIAL IMPLICATIONS

8.1 The Council transfers £8,000 per annum into a Risk Management Reserve which is managed by the Corporate Risk Management Group. The movements on the reserve during 2013/14 were as follows:

Description	£
Balance b/fwd April 2013	23,353
Add contribution for the year	8,000
<u>Less expenditure/commitments:</u>	

Clearing the basement	(3,143)
Lone working – pilot in Env. Services	(1,500)
Stress/Change Management training	(1,500)
Miscellaneous	(50)
Transfer to Budget Risk Reserve (see below)	(tbc)
Estimated balance c/fwd at 31 st March 2014	25,160

Over the last few years only around £4,000 has been spent from the reserve each year. It is, therefore, recommended that:

- a) the annual contribution into the reserve is reduced to £5,000; and
- b) £5,000 of the uncommitted balance is allocated for SAFED type training for the drivers of the Council's core fleet as identified in the Transport COP.
- c) the uncommitted balance in the reserve at the end of each financial year be limited to one year's allocation i.e. £5,000 with any excess being transferred into the Council's Budget Risk Reserve. The estimated excess balance at the end of 2013/14 is £15,000.

8.2 The Council also maintains a number of earmarked reserves and provisions to cover the financial risks that it faces. The funds include the General Working Balance, the Budget Risk Reserve and the Insurance Reserve.

9.0 EQUALITIES CONSIDERATIONS

9.1 None arising from the contents of this report.

10.0 RECOMMENDATIONS

10.1 To note the progress made on developing the Council's approach to risk management during 2012/13.

10.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and Strategic Risk Register.

10.3 That the annual contribution into the Risk Management Reserve be reduced to £5,000 and the maximum uncommitted balance carried

forward at the end of a financial year be restricted to £5,000 (para. 8.1).

11.0 REASON FOR RECOMMENDATIONS

11.1 To ensure that effective risk management monitoring and reporting arrangements are in place.

You can get more information about this report from
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