

## 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. 26 FEB 2015  
                          2. 17 FEB 2015  
                          3. 10 FEB 2015  
                          4. 6 FEB 2015

REPORT BY:        CHIEF FINANCE OFFICER

WARD:              ALL

COMMUNITY  
FORUM:            ALL

KEY DECISION  
REF.                489

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FOR PUBLICATION

BACKGROUND PAPERS FOR PUBLIC REPORTS:   None

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#### **1.0 PURPOSE OF REPORT**

1.1 To provide a report on the Risk Management developments during 2014/15 and to update the Risk Management Policy, Strategy and Strategic Risk Register for 2015/16.

#### **2.0 RECOMMENDATIONS**

2.1 To note the progress made on developing the Council's approach to risk management during 2014/15.

2.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and Strategic Risk Register for 2015/16.

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

### **4.0 IN-YEAR REVIEW 2014/15**

4.1 The main focus of risk management activities during 2014/15 has been on reviewing the Council's risk management arrangements. The existing risk management arrangements had become stale and were in need of a refreshed approach. The Council's insurers, Zurich, employ specialist risk management advisers and it was decided to use the Risk Management allowance within the insurance contract to commission one of these consultants to review the Council's risk management arrangements.

The review included:

- A desk top review of documents and information
- Observation of the Strategic Risk Management Group (SRMG)
- Review of the effectiveness of the SRMG
- Report on areas for improvement.

The action plan of improvements included:

- Revising the Terms of Reference and membership of the SRMG.
- Providing Risk Refresh Training for senior managers and Executive Members.
- Updating of the Risk Management Strategy.
- The development of service risk registers to feed in to a revised Strategic Risk Register.
- Risk reporting.

The outcome of this work is reflected in the updated Risk Management Strategy and Strategic Risk Register included in this report.

- 4.2 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
<b>SR 1.1 – Meeting Future General Fund Budget Challenges</b>	
Budget monitoring	Monitoring identified potential income shortfalls at an early stage e.g. car parking.
Regularly update the medium term forecasts	Q1 and Q2 budget monitoring reports to the Cabinet/full Council. First draft of the 2015/16 budget to the Cabinet in December. Plans to establish a Derbyshire Business Rates Pool in 2015/16 – will reduce levy payments.
CMT/Exec Members workshops	Received budget updates and developing plans for addressing the forecast deficits.
<b>SR 1.2a – Delivering the Business Transformation Strategy Savings</b>	
Deliver current targets	2014/15 BT savings summary has accumulated £1,809,720 of which £463,761 are new this year, all on target
Prioritise cash- releasing savings	All project delivery focuses resources initially on General Fund cash releasing savings as a priority over non-cash releasing or HRA fund projects
Identify new savings	Focus on lean savings in Environmental Services & Car Parking / CCTV Project academy also looking into trading opportunities alongside Mel Henley
Post implementation reviews / lessons learnt	Now utilising end project reports for all project work which are shared with team to improve performance moving forward.
<b>SR 1.2b – Workforce Planning</b>	
Review structures	Heads of Service structure revised; saving £119k in a full year.
Voluntary redundancy scheme	Six approved to date re General Fund posts, saving £113k in a full year.
Internal communications	The internal communications strategy was approved on 23 April 2014. Action plan being implemented, including: Monthly e-newsletter re GPGS for managers, managers and volunteer

	groups; Procurement of a new intranet system
<b>SR 1.2c – Asset Management</b>	
Rationalise property holdings	Voluntary Organisations co-located in the Town Hall.
	Boythorpe depot closed and sold; relocated to Stonegravels Depot.
	Asset disposal plan developed with an agreement for Kier to be paid on a commission basis as an incentive to accelerate disposals.
<b>SR 1.2d – ICT &amp; Customer Services</b>	
Implement Strategies and governance arrangements.	The Executive Board has agreed to procure a self-serve and Customer Relationship Management system that will provide the opportunity to make it easier for our citizens to transact with the Council at a time and place suitable to them.
<b>SR 2 – Sustainable HRA Business Plan</b>	
Modelling various options and agreeing a rents policy.	The Business Plan Model is regularly being updated which allows various investment options and their impact to be considered. The Government's National Social Rents Policy is being applied, with rents for properties moving to 'target rent' on re-let.
<b>SR 3.1 – to achieve 90% of priority indicators</b>	
Project management, monitoring and reporting	82.5% 2013/14 outturn and 64.4% 2014/15 mid-year.
<b>SR 3.2 – Delivering Key Projects</b>	
Partnership funding agreements, securing capital receipts and effective project management.	GP:GS The merger of two operational depots The cashiering service at Staveley area office has been moved to the Healthy Living Centre providing a self-service facility for citizens to pay their Council Tax and housing rent at a specially designed unit integrated into the HLC café area.
	A new process for recording employee time has been successfully introduced which removes the need for staff at the Town Hall to 'clock in and out.'
	WiFi has been installed at the Town Hall in Committee Rooms 1 and 2
	Four Voluntary Sector Organisations have taken up space in the lower ground floor of

the Town Hall.

Over 10 volunteering groups have been established to give employees the opportunity to shape the GPGS programme and make appropriate recommendations to the Executive Board on key issues around Customer Services, property, ICT and transformation.

The GPGS project team have, for the first time, mapped every ICT system the council has and also pulled together the costs for providing these systems

The Council have now invested in the development of its own in-house Lean capacity and capability with 10 employees now trained to the Master Belt level

A Council wide approach to training and development (Corporate and Leadership development) has been designed around the whole GPGS programme

A real early success story has been the positive movement in the Capital Receipts Programme. In addition to the previously mentioned successes (East Lodge and Staveley area office), the GPGS programme has also been successful in securing the sale, subject to contract, of the former Derbyshire Unemployed Workers Centre site on Saltergate. Also, by disposing of East Lodge the Council have avoided the need spend £78,000 for asbestos removal.

The Council challenged the Valuation Office on the amount it pays in Business Rates. Up until July 2014, the Council has received a one off payment of £195,000 and also an annual saving of £55,000.

A conservation/ heritage assessment of the Town Hall has been completed

The model office for Council staff has been implemented on the 2<sup>nd</sup> floor of the Town Hall

QPSC – Project ahead of schedule and on budget ( Dec 14). College and Sport

England Partners fully engaged. CBC Planning conditions completed or on schedule for completion. Sport England conditions on schedule including adoption of new Playing Pitch Strategy and new Facilities Strategy in January 2015. Payment schedule for Sport England grant advised post April 2015. Lease agreement signed off for College and Midwifery lease prepared for sign off with NHS partners. Squash England Grant payment agreed post March 2015.

Waterside –The GPF loan agreement with Sheffield City Region for the canal infrastructure has been agreed and signed. No money will be drawn down until an agreement is signed with Lavers and Bolsterstone.

CBRE undertook due diligence on Lavers and Bolsterstone as part of the GPF process which lead to us working directly with Lavers as they are a financially secure company. We already have legal consultants engaged to assist in preparing robust legal documents including the security the Council will wish to take.

We are currently working with Bolsterstone to agree the bridge and canal adoption works with Derbyshire County Council in order that works can start on site

We have been working with Sheffield City Region to secure the Sheffield City Region Infrastructure Grant Funding (SCRIF) of £2.7m to facilitate the start of the commercial elements of the development. We are continuing to explore what role the Council may be able to take to support the first phase of commercial development.

Decent Homes Standard – 95.45% of the stock meets the standard as at 1<sup>st</sup> January 2015, we have set the target of 100% achieving decency by 31<sup>st</sup> March 2015.

Parkside – physical work for the 22 unit older persons accommodation started on site on the 8<sup>th</sup> September 2014 with an anticipated completion date of the 29<sup>th</sup> June 2015. With an overall cost of

	£3million, the scheme is being funded through Right to Buy 1-4-1 Replacement Receipts and Housing Revenue Account Balances.
<b>SR 4 – Emergency Planning</b>	
Update plans for new and emerging risks.	Review of Winter Weather Policy to be undertaken.
<b>SR 5 – Business Continuity</b>	
Regularly review and update plans.	Service BCP's currently being updated.
<b>SR 6 - Governance</b>	
Review and update the Constitution	Various Part 4 amendments and approval to other updates following SMT restructure approved by Full Council in December 2014. Further changes to be in place by Spring 2015.
Implement improvements to the procurement procedures.	Procedures have been developed. Currently developing a project plan to implement the EU procurement directive and further enhance procedures.
PSN Compliance	Compliance achieved.
<b>SR 7 – Health &amp; Safety</b>	
Audit of arrangements – update policies & implement action plans	Corporate H&S policy to be revised in 2015 following implementation of Chief Executive's Re-Structure. H&S audits to be undertaken in high risk service areas, (Environmental Services, Housing OSD & Leisure Services), in 2015.
<b>SR 8 – Welfare Reforms</b>	
Additional resources for income collection and tenant support.	Both areas of activity are currently undergoing a review in terms of the amount of additional resources required and should be in a position to move this forward by March 2015. In the medium to long term, a request for additional resources in both areas is to be developed on a self-financing basis.
<b>SR 9 – Reputation Management</b>	
Implement Communications Strategy	The external communications strategy, new social media policy, new media protocol, a style guide and new corporate branding were approved by full council on 17 December 2014. An action plan to begin implementing the strategy was also approved.
Build relationships with local media	The council continues to have a pro-active relationship with the local media. This has included holding regular meetings with journalists and editors on key issues and the use of social media to engage with both residents and the media itself.

New community engagement arrangements	A new corporate Community Engagement Strategy was approved during October 2014, providing a framework for community engagement activity.

## 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 for 2015/16 are included in **Appendix A**. As described in paragraph 4.1, they have been revised following the review undertaken during this financial year.

## 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 SRR for 2015/16 has been produced following the work undertaken by council officers and members, supported by an advisor from the Council's insurance provider. The revised 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.	Possible	Very High	Implementing the Risk Management Strategy	Possible	Medium



7.2 An evaluation of each of the Strategic Risks is included in **Appendix B**.

## **8.0 FINANCIAL IMPLICATIONS**

8.1 The Council transfers £5,000 per annum into a Risk Management Reserve which is managed by the Corporate Risk Management Group. The movements on the reserve during 2014/15 were as follows:

<b>Description</b>	<b>£</b>
Balance b/fwd April 2014	10,000
Add contribution for the year	5,000
<u>Less expenditure/commitments:</u>	
Driver training	(5,000)
Balance in excess of £5k to Budget Risk Reserve.	(5,000)
Estimated balance c/fwd at 31 <sup>st</sup> March 2015	5,000

8.2 The Council's insurance contract with Zurich included an allowance of £10k in 2014/15 and £5k for 2015/16 which must be used for risk management services provided by the company. The allowance was used in 2014/15, and will be used again in 2015/16, to help develop the corporate risk management arrangements.

8.3 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 2014/15.
- 10.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and Strategic Risk Register for 2015/16.

## 11.0 REASON FOR RECOMMENDATION

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

You can get more information about this report from  
Barry Dawson, Ext 5451

Officer recommendation supported.



Signed Executive Member

Date 30.1.2015

Consultee Executive Member/Support Member comments (if applicable)