

Report to Audit Committee

Agenda
Item:

Meeting Date: 22nd December 2016

Portfolio: Cross Cutting

Key Decision: No

Within Policy and
Budget Framework YES

Public / Private Public

Title: CORPORATE RISK MANAGEMENT

Report of: DEPUTY CHIEF EXECUTIVE

Report Number: SD 32/16

Purpose / Summary:

Members are asked to note the contents of the attached report, SD 20/16, which was considered at a meeting of the Resources Overview & Scrutiny Panel on 20th October 2016. The purpose of this report is to update Members on the Council's risk management arrangements.

Recommendations:

The Committee is asked to note the contents of the report as evidence of the continuing commitment to and culture of sound governance arrangements for corporate risk management.

1. BACKGROUND

- 1.1** In accordance with the Council's Risk Management Policy, the Corporate Risk Register (CRR) has been submitted to the Resources Overview & Scrutiny Panel (ROSP) for monitoring and Audit Committee for independent assurance. Both reports are submitted on a six monthly basis.

This report contains the Risk Register (in Appendix One) presented to ROSP on 20th October 2016.

2. PROPOSALS

2.1 Corporate Risk Register

The Corporate Risk Register was reviewed by the Corporate Risk Management Group (CRMG) and SMT in September/October 2016.

At the September meeting of the CRMG it was agreed that this Group would meet twice a year, once in February following the meeting of full Council that agrees the budget for the next financial year and again in October to review the actions and position from the earlier meeting. Special meetings will be called by the Chair should risks be escalated and require an intervention from the CRMG or Senior Management Team.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1** The Committee is asked to note the contents of the report as evidence of the continuing commitment to and culture of sound governance arrangements for corporate risk management

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 4.1** The Corporate Risk Register is reviewed quarterly, it is the strategic risk assessment for the Carlisle Plan.

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Appendices Appendix One: Copy of report SD 20/16 presented to ROSP on attached to report: 20th October 2016.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

Resources Overview and Scrutiny Panel

Agenda
Item:
A.4

Meeting Date: 20 October 2016
Portfolio: Cross Cutting
Key Decision: No
Within Policy and
Budget Framework YES
Public / Private Public

Title: CORPORATE RISK MANAGEMENT
Report of: Deputy Chief Executive
Report Number: SD 20/16

Purpose / Summary:

The purpose of this report is to update members of the Resources Overview and Scrutiny Panel on the Corporate Risk Register.

Recommendations:

The Panel is asked to scrutinise and comment on the Corporate Risk Register, as set out in Appendix 1, and to note the results of a recent internal audit as evidence of effective governance in the area of risk management.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

1. BACKGROUND

1.1 In accordance with the Council's Risk Management Policy, the Corporate Risk Register (CRR) has been submitted to the Resources Overview and Scrutiny Panel (ROSP) for monitoring on a six monthly basis.

This report contains the Corporate Risk Register in Appendix 1.

2. PROPOSALS

2.1 Corporate Risk Register – progress since last report to the Panel

The Corporate Risk Register was reviewed by the Corporate Risk Management Group (CRMG) and Senior Management Team (SMT) in both May and September 2016.

Significant progress has been made in terms of managing the Council's corporate risks and managing the emerging risks discussed with Members at the April Panel meeting.

Updates of the risks and control strategies are detailed in Appendix 1.

2.2 Internal Audit of Risk Management

A recent audit of risk management was undertaken. The agreed scope areas was for consideration of the management arrangements in place to ensure that:

- Risks to deliver Carlisle Plan key priorities and service objectives are identified.
- Operational risks are appropriately identified and relevant action taken to manage these risks.
- Adequate systems and processes are used to capture information and report on risks and related mitigating controls.

The following areas of good practice were identified during the course of the audit:

- Risk management policy/strategy has been recently reviewed and updated in accordance with the ISO31000:2009 Risk Management principles and guidelines.
- Risk workshops to identify corporate risks relating to the new Carlisle Plan and Service objectives have been held and were well attended by senior management and service managers.
- Risk management training sessions to raise awareness of the Council's risk management arrangements and responsibilities for managing risks have been held and were well attended by members, senior management and service managers.
- The Corporate Risk Management Group's "CRMG" has continuously reviewed Directorates risk registers to obtain assurance that these comply with the Risk Management policy/strategy.
- With the introduction of Project Server, effective arrangements are now in place for managers to identify, document, assess, manage and report risks in a consistent format and in accordance with the Council's risk appetite.

The Audit concluded that there is a *reasonable* system of internal control in place which should ensure that system objectives are generally achieved, but areas were found where controls were not effectively applied and/or not sufficiently developed.

The recommendations made are no greater than medium priority.

Improvements in the following areas were considered necessary in order to strengthen existing control arrangements. These have now been actioned.

- The Senior Management Team's (SMT) review and decisions that relate to the Risk Management policy/strategy and quarterly review of the corporate risk register are not recorded in the minutes of SMT meetings. It is not clear what documentation is reviewed by SMT. The policy has not been aligned or cross referenced to other related policies such as the project managers' handbook and partnership policy.
- Within Directorates there were not always effective arrangements in place to evidence managers' review of their service risk registers in accordance with the Risk Management policy/strategy.

One advisory issue was identified: No timescale has been set to update the existing e-learning module on risk management which is currently out of date to reflect current working practice and to provide refresher training once the staff restructure is finalised in July 2016.

The e-learning module is currently being updated and will be complete by mid-October.

3. CONSULTATION

Corporate Risk Management Group 28 September 2016

Senior Management Team by email September 2016

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 The Panel is asked to scrutinise and comment on the Corporate Risk Register, as set out in Appendix 1, and to note the results of a recent internal audit of risk management.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

The Corporate Risk Register is reviewed quarterly; it is the strategic risk assessment for the Carlisle Plan.

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Appendices Appendix 1 Corporate Risk Register
attached to report:




Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

Appendix 1

Corporate Risk Register September 2016

Note: Amendments in the last quarter are marked in red italics. The inclusion of the previous and current risk matrices shows the effect that the control strategies have had on risk ratings since the last update. A target risk matrix shows the risk level that the Council is aiming to achieve from the successful implementation of the control strategies and the date for when this will be achieved.

Delivering the current Carlisle Plan	
'There is a risk that we don't have the optimum balance of resources targeted to deliver the activities and projects delivering the Carlisle Plan'	

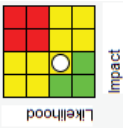


Present and Previous Matrices	Assessment Dates	Present and Previous Risk Scores	Current Action Status / Control Strategy	Target Risk Matrix
	27-Sept-2016	6	<p>Recent progress and further mitigating action to be taken</p> <p>Resources continue to be placed appropriately to best meet the Council's overall aims and objectives as set out in the Carlisle Plan. Service standards and progress against the Carlisle Plan continue to be monitored and reported quarterly to each Overview and Scrutiny Panel.</p> <p><i>Review of Directorates and SMT responsibilities and service areas has taken place.</i></p> <p><i>The development and operation of a new Strategic Financial Planning Group.</i></p> <p><i>The 2016/17 budget has taken account of budget pressures and the implications for transformational savings going forward. Total savings of £3.475m have been identified for the period 2016/17 to 2018/19. 98% or £1.176m of the 2016/17 savings have been achieved with further savings of £2.274m being required in future years. Of the £2.274m savings identified, £0.141m have been achieved. Savings will be made to protect services and avoid compulsory redundancies as far as possible.</i></p> <p><i>The Local Government Finance Settlement confirmed that all Revenue Support Grant Funding will be lost by 2019/20 and this has been factored into the Council's budget considerations for 2016/17 and into the MTFP up until 2020/21.</i></p> <p><i>The risk has reduced to the target level. It is considered that effective control strategies are in place. However until the identified savings have been delivered the risk will continue to be closely monitored.</i></p>	
	22-Mar-2016	9		

Current Impact Description	High
Current Likelihood Description	Reasonably probable
Risk Score	9

Target Risk Date	01-Apr-2017
Target Risk Score	6

Lead Officer	Jason Gooding
Portfolio Holder	Leader's
Overview and Scrutiny Panel	All

Council's Income Targets	
"There is a risk that the Council's income from chargeable services eg car parking does not meet MTFP projections and that the Council does not take advantage of other commercial opportunities"	



Present and Previous Matrices	Assessment Dates	Present and Previous Risk Scores	Current Action Status / Control Strategy	Target Risk Matrix
	28-Sept-2016	4	Recent progress and further mitigating action to be taken <i>The Corporate Risk Management Group recommends that this risk be removed from the Corporate Risk Register and kept under review in each Directorate. If income concerns become apparent as part of the budget process, the corporate nature of this risk will be revisited.</i>	
	22-Mar-2016	6	Income budgets have been reset as part of the 2015/16 budget and income against targets is currently broadly on track with no income pressure included in the 2016/17 budget. The impact of reduced charges in car parks is being evaluated and further proposals to improve income will come forward, including other measures in addition to price changes. Car parking charges have been frozen (or reduced) in 2016/17. The Directorate individual charging reports which are produced in accordance with the Council's corporate charging policy should address any commercial opportunities for Member consideration. The digital banner income has exceeded initial expectations. Further opportunities will be developed in a new commercial strategy for consideration by SMT and Executive later in the year.	

Current Impact Description	High
Current Likelihood Description	Reasonably probable
Risk Score	9

Target Risk Date	01-Apr-2016
Target Risk Score	4

Lead Officer	Jason Gooding
Portfolio Holder	Finance, Governance & Resources
Overview and Scrutiny Panel	Resources

Title Reliance on future economic growth in the City <i>Preparing for the future funding of local government from 2019</i>	
Description There is a risk that as the Council becomes more reliant on income generated via local economic growth and on the state of the national economy it fails to generate sufficient revenue to deliver its services and meet corporate objectives. This risk could also be seen as an opportunity and have a favourable impact on Council finances. <i>There is a risk that the Council fails to properly take account of the government changes to future local government funding and does not effectively prepare for these changes.</i>	

Present Matrix	Assessment Date	Control Strategy	Target Risk Matrix
	<p>April <i>September</i> 2016</p>	<p>Review of this risk has highlighted specific area of uncertainty which will be addressed in the amended description and assessment.</p> <p>Close analysis of developing government policy for the retention of business rates and any resultant new burdens, the impact of tariffs, levies and top ups on the Cumbria Pooling arrangements, new homes bonus, Council tax capping/referendum limits and Business Rates Revaluation 2017.</p> <p>Financial modelling of these policy changes via the Strategic Financial Planning Group.</p> <p>1. Development of effective economic growth and income generation plans via the relevant Directorates.</p>	

Impact Description	3	Target Risk Date	30-Sept-2017
Likelihood Description	3	Target Risk Score	4
Risk Score	9		

Lead Officer	Jane Meek <i>Jason Gooding</i>
Portfolio Holder	Economy, Enterprise & Housing <i>Finance, Governance & Resources</i>
Overview and Scrutiny	Environment & Economy <i>Resources</i>

On 28th September 2016 CRMG gave further consideration of the risks identified in the risk workshops held earlier in the year (March – May 2016) These are not considered corporate risks for the reasons given below.

Asset Management and Maintenance (There is a risk that lack of capital reserves will significantly impact on the maintenance of and the investment in operational and revenue generating assets ie. building, ICT equipment and vehicles)

This is not considered a specific risk at the moment (CRMG Sept 2016) The budget for asset maintenance is adequately resourced. Risk of capital reserve provision is managed through Financial Services operational risk register.

This will therefore not appear on Corporate Risk Register at this time.

Workforce capacity and capability (There is a risk that the future workforce has insufficient capacity and capability to deliver service/customer requirements)

CRMG Sept 2016 recommends that this risk not be developed as a corporate risk at this time. Policies and procedures are in place to deliver workforce capacity and capability.

Flood damage to key leisure facilities (There is a risk that flood damage to the key leisure facilities (and unknown future resilience) may have a negative impact on

1. Potential partner interest
2. Increased capital requirements to deliver the sports facility strategy
3. Council's MTFP to achieve a zero subsidy on leisure provision)

There has been significant development since this risk was initially identified. Robust plans are now in place to reinstate the key leisure facilities affected by the flood.

The risk will therefore continue to be managed at an operational level.

Rethinking Waste

Risks associated with the Rethinking Waste project are being effectively managed through a refreshed business case and project plan, and the risk will not appear on the Corporate Risk Register.

Car Parking strategy (There is a risk that the Council fails to maximise income generation and the commercial development of its car parking assets and this will impact on the Council's budget and MTFP)

Income from car parks have levelled out and the risk will continue to be managed at an operational level.

Addressing Housing needs (There is a risk that the housing needs of Carlisle, identified as 70% affordable rental housing, cannot be met)

The risk is that affordable housing secured on development proposals through the planning system, does not meet need identified in the 2014 SHMA. The 2014 Strategic Housing Market Assessment (SHMA) identified that 70% of Carlisle's needs is for social / affordable rented housing.

The impact of this risk is not yet determined. It will continue to be assessed and managed at an operational level.

Future employment (There is a risk that the threat of a significant reduction in the working age population of Carlisle plus the threat of large scale investment projects in the West and South Cumbria impact on the availability of skilled employment in Carlisle)

This is not a specific risk of the City Council. Although it is clearly a key consideration for work programme planning.

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 20 OCTOBER 2016

ROSP.80/16 CORPORATE RISK MANAGEMENT

The Deputy Chief Executive presented report SD.20/16 which provided an update on the Corporate Risk Register.

The Deputy Chief Executive reported that significant progress had been made in terms of managing the Council's corporate risks and managing the emerging risks. An update of the risks and control strategies were set out in appendix 1 of the report. The Deputy Chief Executive detailed each of the current action statuses as detailed in the appendix and drew Members' attention to the risks which had been identified in the risk workshop which had not been considered corporate risks. The risks and the reasons for not including them as corporate risks were set out in appendix 1.

A recent audit of risk management had been undertaken and the scope for the consideration of the management arrangements had been agreed along with areas of good practice and recommendations details of which were set out in section 2 of the report.

RESOLVED – That the Corporate Risk Management update (SD.20/16) and the results of the recent internal audit as evidence of effective guidance in the area of risk management be noted.