

# **RESOURCES OVERVIEW AND SCRUTINY PANEL**

## ***Panel Report***

**Public**

**Date of Meeting:** 26<sup>th</sup> July 2012

**Title:** CORPORATE RISK MANAGEMENT

**Report of:** Deputy Chief Executive

**Report reference:** SD 06/12

### **Summary:**

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

### **Questions for / input required from Scrutiny:**

Scrutiny and feedback on the Corporate Risk Register.

**Contact Officer:** Sarah Mason

**Ext:** 7053

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

## CITY OF CARLISLE

To: Resources Overview and Scrutiny Panel

Date: 26<sup>th</sup> July 2012

### **1. Background**

In accordance with the Council's Risk Management Policy, the Corporate Risk Register (CRR) is submitted to this Panel for scrutiny.

### **2. Comments on the Corporate Risk Register**

The current corporate risks have been reviewed by the Senior Management Team and the Corporate Risk Management Group. The risks are detailed in Appendix A showing updated mitigation controls and risk scores.

A number of the risks will be removed from the Corporate Risk Register (please note that although these risks have been removed SMT will continue to monitor them during 2012/13):

**Provision of Disabled Facility Grants (DFGs)** 'Ongoing sufficient provisions will need to be made for DFGs in 2013/14 budget. There is a litigation and reputational risk to the Council if the 6 month grant claim timeframe is exceeded due to insufficient funding being available'

The control strategies put in place 2011-12 are now ensuring that the Council is dealing with this financial and reputational risk.

The risk will be removed from the Corporate Risk Register and remain on the Strategic and Private Housing Operational Risk Register, in order to maintain monitoring and control of the risk.

**Redundancy payment provision** 'Trend analysis suggests that, there is a risk of insufficient redundancy payment provision. The Council is required to make a further £2-£2.5m in service efficiencies'

Reserves have now been topped up by £250k as part of the year end accounts and it is anticipated the Council now has sufficient funds to meet potential redundancy costs in 2012/13. The risk will be removed from the Corporate Risk Register and remain on Financial Services Operational Risk Register as the longer term funding of this reserve is still being tested.

**Sickness Absence** ‘There is a risk that excessive sickness absence impacts on the Council's capacity to deliver services and its reputation for delivering value for money’

Sickness absence processes and procedures are currently being revised along with more robust reporting on sickness statistics. The impact of the mitigation actions will be known later in 2012/13. The risk will be removed from the Corporate Risk Register and remain on Personnel Operational Risk Register.

**Vision for the City** ‘There is a risk that there is no clear consensus/vision for the City's Economy and no agreed strategy with Partners’

The Carlisle Economic Partnership (CEP) has now developed a draft vision and clear direction for growing the economy of Carlisle through the work undertaken to produce the Carlisle Economic potential report. The draft vision and key actions will be agreed during the current quarter. This has reduced the risk which will now be removed from the Corporate Risk Register.

**National Non Domestic Rates (NNDR)** ‘The current system of pooling and redistributing business rates will cease by April 2013 and Councils will retain their locally-based business rates. The purpose is to give local authorities stronger incentives to grow the business rates base and promote economic growth. Initially local authorities will be protected from any substantial change; however, in the long term, the business rates will be affected by economic growth. As a consequence there is a potential financial risk as any downturn in the local economy will directly affect the Council's finances’

The control strategy for managing this risk is now substantially delivered. The purpose of the actions arising from the Economic Potential report is to ensure that the local economy is sustained and grows.

The Senior Management Team will be conducting an annual review of the corporate risks during August to identify any new/emerging risks which will be incorporated into the Corporate Risk Register.

### **3. Recommendations**

- The Panel is asked to scrutinise and comment on the Corporate Risk Register as set out in Appendix A.

# Corporate Risk Register July 2012

Note: Amendments in the last quarter are marked in 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 quarterly 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.

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<b>Limited Resources</b>	<b>There is a risk that scarce resources are not directed to priority areas within the Council's key objectives of local environment and local economy</b>
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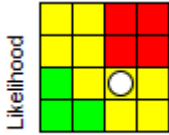
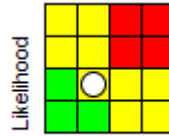
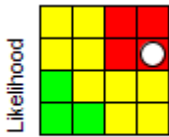
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12- Jul-2012	8	<ul style="list-style-type: none"> <li>Work with the new Executive to agree the Council's new objectives is now well underway. Once these have been agreed, the Council will realign budgets to meet these priorities, whilst assuring the savings targets identified in the MTFP are met.</li> </ul>	
	23-Feb-2012	12	<ul style="list-style-type: none"> <li>The Council is on track to make this year's savings target. A further £700,000 is required for 1st April 2013, £650,000 for 1st April 2014, £587,000 for 1st April 2015 and £36,000 for 1st April 2016. The Joint Management Team is currently working up plans to meet the required savings for 2013/14 and 2014/15 to be recommended to Executive.</li> </ul>	

<b>Current Impact Description</b>	Critical
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	8

<b>Target Risk Date</b>	31-Mar-2013
<b>Target Risk Score</b>	8

<b>Managed By</b>	Peter Mason
<b>Portfolio Holder</b>	Councillor Tickner

<b>Welfare Reform agenda – Localisation of Council Tax - Reputation</b>	Central Government is introducing a new system for administration of Council Tax support. Implementation will be from April 2013. The programme will include changes in responsibility for the City Council. There is potentially a significant reputational risk in setting the Council Tax scheme appropriately, administering and managing the change process and in communicating with and supporting customers and claimants throughout.
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 Likelihood Impact	12-Jul-2012	6	<ul style="list-style-type: none"> <li>A lead project officer has been appointed to lead the implementation of the new system and to manage the project up to and beyond April 2013.</li> <li><i>Project plans and an implementation programme have been put together and are being delivered.</i></li> <li><i>A timetable of key decisions has now been put on the forward plan and monitoring processes for implementation of the system are in place.</i></li> </ul>	 Likelihood Impact
 Likelihood Impact	29-Feb-2012	12		

<b>Current Impact Description</b>	High
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	6

<b>Target Risk Date</b>	01-Apr-2013
<b>Target Risk Score</b>	4

<b>Managed By</b>	Keith Gerrard
<b>Portfolio Holder</b>	Councillor Riddle

<b>Welfare Reform agenda – Localisation of Council Tax - Finance</b>	Aligned to the corporate risk related to the implementation of Council Tax support, there is a corporate risk to managing the financial implications of the new system.
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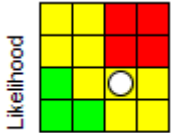
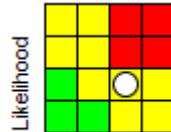

Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<ul style="list-style-type: none"> <li>The Council decision making process for agreeing the localisation of Council Tax discount scheme has been placed on the appropriate forward plans.</li> <li>The Council has estimated that the potential impact of these changes to be between £120k and £190k. This will depend on the take up of the new benefit discount from pensioners who did not claim Council Tax benefit <i>and agreement of the final scheme</i>. Budget planning for 2013/14 is taking full account of this additional cost.</li> </ul>	
	29-Feb-2012	12		

<b>Current Impact Description</b>	High
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	6

<b>Target Risk Date</b>	31-Oct-2013
<b>Target Risk Score</b>	4

<b>Managed By</b>	Keith Gerrard
<b>Portfolio Holder</b>	Councillor Riddle

<b>Provision of Disabled Facility Grants (DFGs)</b>	<b><i>Risk to be removed from the Corporate Risk Register but monitored at operational level</i></b> Ongoing sufficient provisions will need to be made for DFGs in 2013/14 budget. There is a litigation and reputational risk to the Council if the 6 month grant claim timeframe is exceeded due to insufficient funding being available.
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<i>The control strategies put in place 2011-12 are now ensuring that the Council is dealing with the financial and reputational risk.</i>	
	29-Feb-2012	8	<i>The risk will now be removed from the Corporate Risk Register. It will remain on the Strategic and Private Housing Operational Risk Register, in order to maintain control of the risk.</i>	

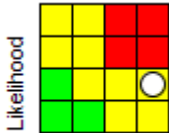
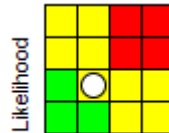
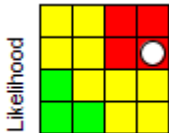
<b>Current Impact Description</b>	High
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	6

<b>Target Risk Date</b>	01-Nov-2011
<b>Target Risk Score</b>	6

<b>Managed By</b>	Keith Gerrard
<b>Portfolio Holder</b>	Councillor Riddle

## SD 06 12 Corporate Risk Management **Appendix A**

<b>Redundancy payment provision</b>	<b><i>Risk to be removed from the Corporate Risk Register but monitored at operational level</i></b> Trend analysis suggests that, there is a risk of insufficient redundancy payment provision. The Council is required to make a further £2-£2.5m in service efficiencies
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
 <p style="text-align: center;">Impact</p>	12-Jul-2012	8	<ul style="list-style-type: none"> <li>Enhanced redeployment initiatives.</li> <li>Leaving new posts created by service restructures vacant until redundancy costs of restructure are met.</li> <li><i>Reserves have been topped up by £250k as part of the year end accounts, so there is likely to be sufficient funds to meet redundancy costs in 2012/13.</i></li> <li><i>The longer term funding is still to be agreed.</i></li> </ul>	 <p style="text-align: center;">Impact</p>
 <p style="text-align: center;">Impact</p>	28-Feb-2012	12	<p><i>The risk will now be removed from the Corporate Risk Register. It will remain on the Financial Services Operational Risk Register, in order to maintain control of the risk.</i></p>	

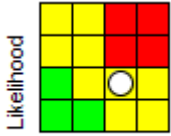
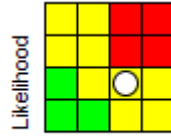
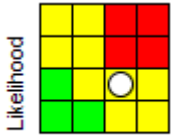
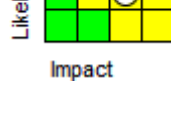
<b>Current Impact Description</b>	Critical
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	8

<b>Target Risk Date</b>	31-Mar-2013
<b>Target Risk Score</b>	4

<b>Managed By</b>	Peter Mason
<b>Portfolio Holder</b>	Councillor Tickner



<b>Sickness Absence</b>	<b><i>Risk to be removed from the Corporate Risk Register but monitored across directorates</i></b> There is a risk that excessive sickness absence impacts on the Council's capacity to deliver services and its reputation for delivering value for money
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	28-Jun-2012	6	<i>The impact of the mitigation actions taken to date on the sickness trends going forward will be monitored during 2012/13.</i>	
	02-Feb-2012	6	<i>The risk will now be removed from the Corporate Risk Register and remain on the Personnel Operational Risk Register.</i>	

<b>Current Impact Description</b>	High
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	6

<b>Target Risk Date</b>	31-Mar-2013
<b>Target Risk Score</b>	6

<b>Managed By</b>	Peter Mason
<b>Portfolio Holder</b>	Councillor Tickner

# SD 06 12 Corporate Risk Management **Appendix A**

<b>Vision for the City</b>	<b><i>Risk to be removed from the Corporate Risk Register but monitored in Economic Development</i></b> There is a risk that there is no clear consensus/vision for the City's Economy and no agreed strategy with Partners
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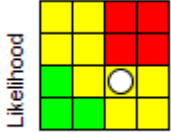
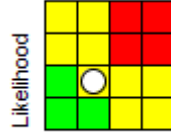
Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<i>The Carlisle Economic Partnership (CEP) has now put a draft vision and clear direction for growing the economy of Carlisle through the work undertaken to produce the Carlisle Economic potential report. The risk will be removed from the Corporate Risk Register.</i>	
	15-Dec-2011	6		

<b>Current Impact Description</b>	High
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	6

<b>Target Risk Date</b>	31-Mar-2011
<b>Target Risk Score</b>	3

<b>Managed By</b>	Darren Crossley
<b>Portfolio Holder</b>	Councillor Glover

<b>National Non Domestic Rates</b>	<p><b><i>Risk to be removed from the Corporate Risk Register but monitored at operational level</i></b></p> <p>The current system of pooling and redistributing business rates will cease by April 2013 and Councils will retain their locally-based business rates. The purpose is to give local authorities stronger incentives to grow the business rates base and promote economic growth. Initially local authorities will be protected from any substantial change; however, in the long term, the business rates will be affected by economic growth. As a consequence there is a potential financial risk as any downturn in the local economy will directly affect the Council's finances.</p>
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Present and Previous Matrices	Review Dates	Present and Previous Risk Scores	Current Action Status/Control Strategy	Target Risk Matrix
	12-Jul-2012	6	<p><i>The control strategy is substantially delivered.</i></p> <p><i>Actions arising from the Economic Potential report will seek to ensure that the local economy is sustained and grows.</i></p> <p><i>The risk will be removed from the Corporate Risk Register and remain on the Economic Development Operational Risk Register.</i></p>	

<b>Current Impact Description</b>	High
<b>Current Likelihood Description</b>	Remote
<b>Risk Score</b>	6

<b>Target Risk Date</b>	01-Apr-2015
<b>Target Risk Score</b>	4

<b>Managed By</b>	Jane Meek
<b>Portfolio Holder</b>	Councillor Glover