

 FINANCE & AUDIT SCRUTINY 12 NOVEMBER 2013		Agenda Item No. 5
Title	Review of Development Services Risk Register by Finance & Audit Scrutiny Committee	
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Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	9 July 2013 – Finance & Audit Scrutiny Committee 11 January 2012 – Executive	
Background Papers	WDC risk management policy & guidelines	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No (N/A: no direct service implications)

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive		Chris Elliott
Head of Service	Co-author	Tracy Darke
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		
Finance		As S151 Officer
Portfolio Holder(s)		Councillor Hammon
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1 **SUMMARY**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Development Services Risk Register.

2 **RECOMMENDATIONS**

- 2.1 That Finance & Audit Scrutiny Committee should review the Development Services Risk Register attached at Appendix 1 and make observations on it as appropriate.

3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 To enable members to fulfil their role in managing risk (see section 7, below).

4 **POLICY FRAMEWORK**

- 4.1 The Development Services Risk Register reflects the council's corporate priorities and key strategic projects that are contained in Fit for the Future.

5 **BUDGETARY FRAMEWORK**

- 5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.
- 5.2 The risk register sets out when the realisation of risks might have financial consequences. One of the criteria for severity is based on the financial impact.

6 **ALTERNATIVE OPTION(S) CONSIDERED**

- 6.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

7 **RESPONSIBILITY FOR RISK MANAGEMENT**

- 7.1 In its management paper "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers:

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;

- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

8 **BACKGROUND**

8.1 Executive agreed on 11th January 2012 that:

- (a) Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.
- (b) Portfolio Holder Statements should include each service's top three risks.
- (c) Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.
- (d) The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.

8.2 The full framework endorsed by Executive at that meeting is set out as Appendix 3.

8.3 Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this being presented to the January Executive meeting). Also, across the organisation, there are risk registers for specific projects such as the Clarendon Arcade.

9 **DEVELOPMENT SERVICES RISK REGISTER**

9.1 **Overview**

- 9.1.1 The Development Services Risk Register is owned and managed by Development Services Management Team and the Portfolio Holder for Development Services. The register is reviewed on a regular basis by the team and is discussed by the Head of Service and the Portfolio Holder at their fortnightly one-to-one meetings with amendments being made as appropriate and any new risks being added to the register.
- 9.1.2 There has not been the correct level of focus on the risk register for this service area over the last few years, other than for Building Control and the Local Plan. (The Local Plan features in the Corporate Risk Register due to its importance for delivery). As a consequence, the risk register has been reviewed and produced in the new format, in other words we have started afresh.
- 9.1.3 The Development Services Risk Register includes the significant business risks across the service; some of these are common across the service and others, given the broad range of services, are very specific to a particular part of the service.
- 9.1.4 Sitting beneath the Risk Register are a series of detailed risk assessments within each part of the service that identify the day to day risks which exist within the service, although they are not all completed yet. In general terms these are health & safety risks relevant to the type of service being provided and include risks to customers, staff and contractors visiting or working in our venues. Individual officers all have a role to play in managing these risks, and the service has an officer who takes the lead on ensuring that risk assessments are kept up to date and new assessments are carried out when new activities are introduced. These lead officers are supported by the Council Health & Safety Advisor who monitors risk assessments.

9.2 **Development Services Risks**

- 9.2.1 The latest version of the Development Services Risk Register is set out as Appendix 1 to this report.
- 9.2.2 The scoring criteria for the risk register are subjective and are based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied.
- 9.2.3 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top, right hand (north-east) corner of the matrix whilst the converse is true for those risks plotted towards the bottom, left hand (south-west) corner of the matrix. If the matrix was in colour, the former-described set of risks would be within the area shaded red, whilst the latter-described set of risks would be within the area shaded green; the mid-range would be seen as yellow.

- 9.2.4 The risks in each section have been mostly sorted in order from the highest residual risk rating to the lowest. This helps ensure that the operational management focus is on the mitigation of the highest likelihood and/or highest impact risks.
- 9.2.5 Some risks may be regarded as “generic”, i.e. they will impact upon all Service Areas, and so should appear on each Service Area’s Risk Register. In these cases, however, an individual Service will often take more of a lead in managing that risk, e.g. loss of accommodation or loss of ICT for which, in these instances, the lead Service Areas are Community Protection and Corporate and Community Services respectively.
- 9.2.6 A further explanation of the key points of the Development Services Risk Register is set out in paragraphs 9.2.7– 9.2.11 below.
- 9.2.7 There are 42 risks contained currently in the Risk Register and of these 37 are service-specific risks and 5 are generic risks.
- 9.2.8 The most significant risk within the service area is in relation to the local plan and its delivery. The document is of strategic importance and the failure to have a local plan in place results in the authority having no control over where it directs development and may result in the lack of infrastructure needed within the district, of which both of these issues have a major long term detrimental impacts on the area. This would also affect the authority’s reputation in delivering high quality development to meet the aspirations of the residents of the district. Officers are working closely with Members to help them through this process, and deal with the significant level of interest and response to the local plan.
- 9.2.9 In terms of Development Management, there has been a significant amount of work focused on ensuring that the authority performs well on determining planning applications, which has resulted in the service rising from one of the worse to one of the best nationally (3rd bottom to 3rd top in the country). There have been a number of planning authorities taken into special measures due to their poor performance, which will result in the authority having the applications determined by the Inspectorate and no fee going to the authority even though there will be a significant administration process around the application. We could have been one of those authorities if we had not made the changes now in place. Whilst there is still a lot of work to do, it is felt that we have moved on significantly, particularly in the work we have done with members of the planning committee, and dealing with the outcome of an external peer review of the service. However, on-going monitoring is still crucial to keep performance on track due to the risk of the above.
- 9.2.10 With regard to Building Control, one of the greatest risks to this area is the increased competition from Approved Inspectors. This is being mitigated by encouraging more partnerships and doing more promotional work. We are considering a joint service approach with a number of neighbouring authorities and that work is progressing at pace. This will provide resilience in the future and economies of scale for Building Control in a very aggressive market.

9.2.11 Economic Development and Regeneration has some high risks in relation to Estates Management, in particular management of leases, tenants occupying buildings without a legal agreement and inadequate investment in our properties resulting in a higher number of repairs, loss of tenants and reduction in the value of the property. A number of actions are being put in place to respond to these risks, for example the development of the Corporate Asset Management Plan and review of procedures for dealing with maintenance/dilapidation requests. It is also worthy of noting that Estates Management is moving from Development Services to Housing and Property Services in the next couple of months.

9.3 **Review of Risk Register by Members**

9.3.1 It is proposed that Members should review the risk register set out as Appendix 1, confirming that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to challenge the Portfolio Holder and the Development Services Management Team on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.