

 FINANCE & AUDIT SCRUTINY 29th September 2015		Agenda Item No. 5
Title	Review of Development Services Risk Register by Finance & Audit Scrutiny Committee	
For further information about this report please contact	Tracy Darke Head of Development Services Tel: 01926 456501 email: tracy.darke@warwickdc.gov.uk or Richard Barr Audit & Risk Manager Tel: 01926 456815 email: richard.barr@warwickdc.gov.uk	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	
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	N/A: no direct service implications	

Officer/Councillor Approval		
With regard to report approval all reports <i>must</i> be approved as follows		
Title	Date	Name
Chief Executive/Deputy Chief Executive	10/9/15	Bill Hunt
Head of Service	10/9/15	Tracy Darke
CMT	10/9/15	
Section 151 Officer	10/9/15	Mike Snow
Monitoring Officer	10/9/15	Andrew Jones
Finance	10/9/15	As per S151 Officer
Portfolio Holder(s)	10/9/15	Cllr Stephen Cross
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 8, below).

4 **POLICY FRAMEWORK**

- 4.1 The Development Services Risk Register is part of the Council's corporate risk management framework. The 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 **RISKS**

- 6.1 The risks are contained in the Service's Risk Register, set out as Appendix 1.

7 **ALTERNATIVE OPTION(S) CONSIDERED**

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

8 **RESPONSIBILITY FOR RISK MANAGEMENT**

- 8.1 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."

9 **BACKGROUND**

9.1 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.

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

9.3 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).

10 **DEVELOPMENT SERVICES RISK REGISTER**

10.1 **Introduction**

- 10.1.1 The latest version of the Development Services Risk Register is set out as Appendix 1 to this report. The register was last reviewed on 7th July 2015 although there may have been further changes by officers since as the document is a live document which officers access at any time. As it is held in a central location on the system for the service area and is a live document, there are no arrows showing the direction of travel for any risks that have moved since the last report to Finance and Audit Scrutiny in November 2013.
- 10.1.2 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.
- 10.1.3 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour, the former-described set of risks are within the area shaded red, whilst the latter-described set of risks are within the area shaded green; the mid-range are in the area seen as yellow.

10.2 **Overview of Development Services Risk Management**

- 10.2.1 The Development Services Risk Register is owned and managed by Development Services Management Team and the Portfolio Holder for Development. The register is reviewed on a regular basis and is discussed on a regular basis by Head of Development Services and Portfolio Holder at their meetings. The document is held centrally for officers to update it. Whilst the last significant update was in July 2015, the document was last accessed and updated on 28th August 2015.
- 10.2.3 The Development Services Risk Register includes the significant business risks across the service. Some of these are generic risks, but the majority are inevitably service specific. There are also a number of risk assessments that relate to officers as a number of staff visit building sites or may be lone workers visiting customers at their homes or in remote locations.

10.3 **Development Services Risks**

- 10.3.1 Development Services is responsible for:

Development Management, including land charges, enforcement and conservation
Planning Policy
Building Control
Economic Development and Regeneration

- 10.3.2 The service area is a very front facing service, and the customer interface, particularly in relation to planning can be quite challenging at times. The service is very reliant on ICT systems performing well, and the customer expectation is high with opportunity to be commenting on planning

applications 24/7. There is also significant controversy with the local plan which is very high profile for the Council. Also, in building Control we run services for Rugby Borough Council and Daventry District Council and therefore have to ensure that we meet customer expectations and the standards expected of those Councils.

There have been six risks moved from 'red' since the last report and three remaining which are explained in more detail below identified as major risks.

10.3.3 Major risks:

Local Plan is found unsound or there is a significant delay

The main risks associated with the Plan being unsound or an extended delay to its progression through examination are:

- **Delay in delivering Local Plan Housing Sites:** Any Local Plan housing sites in the Green Belt cannot be brought forward until the Plan is adopted. Withdrawal of the Plan will therefore hold up the delivery of all housing sites within the Green Belt including Kenilworth and Lillington. This undermines the Council's ambitions to boost housing supply in line with the NPPF but will also mean that the community benefits that these developments are intended to bring will be delayed.
- **Consequences for the sub-regional and other employment sites:** The proposed sub-regional employment site (the Coventry & Warwickshire Gateway) is currently within the Green Belt, this cannot be progressed until the Plan is adopted. This is likely to have implications for the supply of readily available large-scale employment land within the sub-region. Such delay will clearly hinder the recovery of the local economy slowing the growth of businesses and jobs and undermine the sub-region's Strategic Economic Plan. The same is true for the development of the University of Warwick campus, for Stoneleigh Park and for the proposed employment land at Stratford Road, Warwick.
- **Applications for development on unwanted sites:** Whilst we do not have a Local Plan in place there is a risk that applications for development on non-Green Belt sites which fall outside our spatial strategy will receive planning permission through appeals. This is particularly the case when we do not have a 5 year supply of housing land, something which can best be remedied in a controlled way through the adoption of the Local Plan. This may have particular implications for the Asps appeal (900 houses) and Gallows Hill appeal south of Warwick (450 houses).
- **Outdated Plan Policies:** The policies in the emerging Local Plan (for instance those covering retail, economy, flooding, healthy communities, housing etc.) cannot be given weight in the event that the Plan is withdrawn. This would mean that decisions on a whole range of planning applications would have to be based on policies in the extant Local Plan that are long in the tooth or on national policy.
- **Infrastructure Delivery:** The delivery and funding of Infrastructure will be more difficult to achieve for two reasons. Firstly we will be at risk from applications on unallocated sites for which infrastructure requirements have not been fully assessed and planned, making it harder to identify and justify developer contributions. Secondly, a delay to the Local Plan adoption will also delay our ability to adopt a CIL Scheme. This will increase the risk that we will not be able to justify Section 106

contributions for all infrastructure requirements due to “pooling restrictions”.

- **Government Intervention:** Although specific details have yet to emerge the Government has announced that if Plans have not progressed by early 2017 then it may intervene (see paragraph 7.1.6) and “*arrange for the plan to be written, in consultation with local people, to accelerate production of a local plan*” which can also be taken to mean that development and its location will be imposed on the District irrespective of the Council’s views.

Failure to ensure that Planning committee operates smoothly

Planning committee is a very regulated function and requires the right information being provided to ensure that the correct decision is made on planning applications. It is open to the public and there is the opportunity for the public, applicants and Councillors to interact with the meeting. As well as all the preparation of the reports, the arrangements for public speaking are tightly controlled to ensure fairness, the ICT equipment has to be functioning well, the equipment at the Town Hall has to be working in an acceptable way, and the Members of the committee need adequate training and support to ensure that they make the correct decision on applications to be determined. If this does not happen, then there is a risk of the incorrect decision or delays, which may result in appeals, costs and reputational damage. To mitigate this, there has been extensive training with the new planning committee members, training and support to Town Councils, improvements to ICT equipment and new equipment installed at the Town Hall. However, the risk still remains in ‘red’ as a number of these measures to mitigate the risk have only recently been put in place.

Building Control losing work to Approved Inspectors

The Building Control service has been through considerable change over the last few years and it is now part of a combined service with Rugby and Daventry Councils. The main reason for combining the services is to provide resilience as we are in direct competition with the private sector, who offer attractive pay and benefits. The result of this is a number of qualified officers in the industry have left Local Authorities, so it is difficult to retain and attract staff. This inevitably affects the ability to win business against the fierce competitiveness of the private sector. There is a legal requirement for Local Authorities to publish their fee schedule and it is therefore easy for the private sector to attempt to undercut these. The way we are managing this is to promote the joint service, ensuring consistency across the three areas, being competitive on price, selling the service as ‘not for profit’ (requirements under CiPFA) and offering the quality of service that is as good if not better than approved inspectors can offer. We are also actively encouraging partnerships. Therefore, the impact and likelihood continues to be high but it is hoped that when the new service beds down and all the transitional issues are resolved, the ratings will be adjusted accordingly.

10.4 **Review of Risk Register by Members**

- 10.4.1 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 Head of Development Services on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.