

Governance and Performance Monitoring

Quarterly Risk Report (Quarter 2 2011/12)



Governing the council

Corporate governance is about how the council ensures it is doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable way. This section of the report looks at various aspects of the council 's governance arrangements and discusses any issues

Risk management

We provide a wide range of services to our community and it is essential that we protect and preserve our ability to continue to provide these services through taking into account and planning for any risk that may be involved.

Strategic and operational risk

We will provide ongoing reviews of our Corporate Risk Register, highlighting changes in the status of risks and also the appearance of new ones. Risk reviews are forward looking and they identify potential risks for the forthcoming period.

New Risk

Asset & Property

ID	Risk Description	Score
R-AM 07	The current tenant at the Redcastle Furze Community Centre breaches the terms of their contract which would have a direct impact on the competing facilities clause in the PFI leisure contract.	3
Current Controls		
<ul style="list-style-type: none">125 year lease on the community centre provides the Council with more control over use of the centreAgreement reached with tenant to provide a monthly programme of activities.Agreement reached that the landlord (or a representative) is able to visit the premises unannounced for the purposes of inspection.		
Mitigation Plan		
<ul style="list-style-type: none">Termination of lease if contract terms are breached		

Decreased likelihood scores

Strategic Risk

ID	Risk Description	Q1 Score	New Score
R-SR 09	Failure to recover Icelandic investments, resulting in the inability to deliver the capital programme.	6	4
Current Status			
<p>The Icelandic Supreme Court delivered its decision in relation to the Landsbanki and Glitnir appeals on the 28th October. It was confirmed that the deposits placed by the test case UK wholesale depositors have priority status.</p> <p>This decision means that the appointed Winding-up boards can now make arrangement for distribution of funds. They have yet to publicise how the Supreme Court decision will be applied to “ non-test ” cases such as Breckland’ s and the expected timelines for making any distributions.</p> <p>The anticipated amount to be recovered is 93% of the original deposit .</p>			

Strategic Risk

ID	Risk Description	Q1 Score	New Score
R-SR 10	Failure to secure power for Snetterton Utilities Project will have significant implications on planned and potential future employment and would result in reputational damage being suffered by the Council.	6	3
Current Status			
<p>The risk likelihood has reduced to low. The Economic Development department and Planning department have been working with Icen Power who are looking to put forward a planning application for a 40 megawatt (MW) bio-mass plant on the south side of Snetterton Heath. Development proposals are being put forward and an outline planning application is expected during February 2012.</p>			

Closed Risks

Strategic Risk

ID	Risk Description	Score
R-SR 18	Loss of access to key Breckland IT systems and services due to contract transfer issues and early expiry of contracts	3
Current Status		
This risk has now been closed, All contract transfers have been completed and there have been no issues.		

ID	Risk Description	Score
R-SR 21	Performance of the ICT service drops from previous contractual levels	1
Current Status		
This risk has now been closed. ICT performance levels have increased since returning the service “ in house ”. Performance levels will continue to be measured against a number of service level agreements, as identified in the ICT Business Plan.		

ID	Risk Description	Score
R-SR 22	Returning the ICT service “ in house ” does not realise the expected benefits to the Council	3
Current Status		
This risk has now been closed. Returning the ICT service as an “ in house ” function has realised the expected benefits and has delivered an annual saving of £200,000.		

Risks outside the council 's tolerance level

We don 't have the resources to manage every risk all of the time, so we need to consider which risks are most likely to happen (likelihood) and what the impact would be, i.e. determine the degree of exposure based on likelihood, impact, and time frame if the risk is realised.

Breckland 's Risk Management Approach aims to focus on those risks that, because of their likelihood and impact, make them priorities. Both the gross and net risk level (likelihood and impact) of each risk are plotted and prioritised using a simple 3x3 matrix. The matrix uses a " traffic light" approach to show high (red), medium (amber) and low (green) risks.

Generally, any " net " red risks (i.e. those risks that appear in the 6 & 9 box of the matrix after taking any mitigating actions into account) are viewed as unacceptable in the first instance and must be " treated " with Senior Management involvement. At this stage some form of cost benefit analysis may be needed to ensure that the cost of further risk mitigation action does not outweigh the cost of tolerating the risk.

I M P A C T	High (3)	3	6	9
	Medium (2)	2	4	6
	Low (1)	1	2	3
		Low (1)	Medium (2)	High (3)
		LIKELIHOOD		

The following risks have all been scored at 6 or above and therefore fall outside of the Council' s agreed tolerance level. These risks will be reviewed regularly via the performance management framework to ensure that they are managed effectively. This process will be continual, until such time that the identified risks are no longer a threat to the organisation.

Strategic Risks

ID	Risk Description	Score
R - SR 03	Downturn in economy could lead to failure in maintaining rental income for investment property portfolio and potentially impact on council tax.	9
Current Status		
<p>A risk exists to the income target for the Council to achieve c.£2m per annum revenue return from its commercial property investments.</p> <p>Whilst the Council has previously recognised this risk and has used a performance indicator of '90% let' to ensure the income is achieved, the market conditions could affect this income going forward.</p> <p>Asset Management are mitigating this risk by working proactively with property agents, setting up finders fee agreements and undertaking a more focused marketing campaign and focussing resources accordingly. However, with a 'double dip' to the recession expected it could well be that the Council's income target may suffer.</p> <p>Following an 'Asset Management health check' undertaken by CIPFA Property last year the Council is actively seeking reinvestment of capital receipts in commercial property investments undertaking due diligence and seeking investments that update the stock in terms of condition and age. However a recent growth bid for a commercial property feasibility investment budget has been declined, thus not enabling reinvestment and churn of the assets to occur so quickly.</p>		

ID	Risk Description	Score
R - SR 07	The Medium Term Financial Strategy fails to demonstrate sustainability over the medium term. The consequence of this would result in the need for the Council to make cuts or to identify further efficiencies	9
Current Status		
<p>Measures have been implemented to achieve a balanced budget in 2011/12 without the need to draw on the General Fund. The budget setting process for 2012/13 has commenced, further measures to deliver efficiencies will be presented during the formal budget setting process.</p>		

Strategic Risks

ID	Risk Description	Score
R - SR 11	Failure to achieve affordable housing targets would result in the council failing to meet the housing need in the Breckland district leading to an increase in homelessness and social / economic issues.	6
Current Status		
<p>New policies and direction from central government are still to bed down making the current delivery of affordable housing for the future unclear.</p> <p>In terms of meeting our affordable housing targets, the number of planning applications being received indicate that there should be a good supply of houses to meet demand. However, factors outside our control may mean that targets may not be achieved. This is proving the case with the limited capacity of Housing Associations to secure funds to purchase available affordable housing from developers. The risk will lead to renegotiation of Section 106 agreements and the potential reduction in affordable housing.</p> <p>However, the Council continues to maintain a close working relationship with Registered Social Landlords (RSL ' s), the Homes and Communities Agency and developers to continue looking at opportunities and initiatives to overcome this issue.</p>		

ID	Risk Description	Score
R - SR 12	Failure to deliver the Council's corporate priorities would lead to missed targets and reputational damage.	6
Current Status		
<p>In view of the changing structure of the organisation, the Council has refreshed its corporate plan and corporate priorities. The Corporate Plan 2011 - 2015 was adopted by Council on 27th October. Work has be undertaken to ensure that there are synergies with South Holland District Council with regard to priority setting in order to ensure efficiencies can be made.</p>		

Strategic Risks

ID	Risk Description	Score
R - SR 13	Failure to deliver the Corporate Health and Safety plan would expose the council to the risk of potential enforcement action by the Health and Safety Executive due to a failure to manage health and safety effectively and/or civil claims by injured employees where health and safety risks have not been adequately controlled.	6
Current Status		
<p>Norfolk County Council have now completed the review of the Health and Safety policy for Breckland. However, training around the new policy and the roles and responsibilities needs to be delivered.</p> <p>The Council is also currently exploring opportunities with South Holland District Council with regard to the possibility of sharing the provision of Health and Safety across Breckland and South Holland and having one policy shared across the two organisations.</p> <p>A report on the provision of Health and Safety has been presented to the Corporate Management Team for consideration.</p>		

ID	Risk Description	Score
R- SR 26	Identification and acknowledgement of a latent defect or occurrence of a fault which the Council has retained liability for at Breckland Leisure Centre could have a financial impact on the General Reserve Fund.	6
Current Status		
Further investigatory work has been undertaken and the final report is due to be received at the end of November.		

Operational Risks

Asset Management

ID	Risk Description	Score
R - SC 02	Corporate failure to correctly interpret and apply the restrictions of the PFI may lead to financial and reputational damage / breach of contract.	6
Current Status		
This risk is mitigated by having the PFI monitoring officer in post to ensure there is compliance with the contract.		

Financial Services

ID	Risk Description	Score
R - F 03	Further failures of financial institution leads to loss of Council funds, which may affect the Council's ability to continue to deliver services.	6
Current Status		
<p>The Icelandic Supreme Court delivered its decision in relation to the Landsbanki and Glitnir appeals on the 28th October. It was confirmed that the deposits placed by the test case UK wholesale depositors have priority status.</p> <p>This decision means that the appointed Winding-up boards can now make arrangement for distribution of funds. They have yet to publicise how the Supreme Court decision will be applied to “ non-test ” cases such as Breckland’ s and the expected timelines for making any distributions.</p> <p>The anticipated amount to be recovered is 93% of the original deposit .</p>		

Operational Risks

Human Resources

ID	Risk Description	Score
R - HR 05	Organisational changes due to the development of shared service arrangements with other authorities could lead to poor staff morale, issues with staff retention, job losses and an overall drop in staff productivity. This could result in a fall in the quality of service received by the customer leading to the council suffering reputational damage.	6
Current Status		
The Human Resources team continue to monitor this risk on an ongoing basis as changes continue to be embedded within the organisation. Staff surveys have been undertaken and the results have been analysed. An action plan has been developed and has been presented to Corporate Management Team for consideration. A number of team building and training events are being planned.		

Operational Risks

Performance

ID	Risk Description	Score
R - P 02	Failure to achieve equalities standard score of 'Achieving' due to lack of corporate ownership and understanding results in reputational damage through non delivery of a Business Plan target and potential legal non-compliance	6
Current Status		
This risk score remains unchanged. Work continues to be delivered in this area and documentation has been prepared in order to help the Council progress as needed. There are potential joint working opportunities with South Holland District Council and these need to be considered before a work plan is agreed.		

ID	Risk Description	Score
R - P 07	Contractual and/or non-contractual partnership governance arrangements are not appropriate leading to failure to deliver value for money for the council.	6
Current Status		
A review of the approach to contractual partnerships across the Council, sharing best practice with South Holland District Council is planned to take place in the future.		

Operational Risks

Strategic Housing

ID	Risk Description	Score
R-SH 06	Increase in numbers of vulnerable customers accessing services leading to stress on key budgets and personnel and potential impact on ability to meet statutory service requirements.	6
Current Status		
<p>Ongoing monitoring demonstrates increased requests for certain key services such as housing advice. Budgets have now been identified to target homelessness prevention for 2011/12 but with the changes to welfare reform and housing through the localism bill, the council will have to keep a watching brief on the effect on housing services.</p> <p>The review of services will bring opportunities to maximise service performance.</p>		

ID	Risk Description	Score
R-SH 10	Loss of key areas of revenue and capital Grant income, namely Disabled Facilities Grants (DFG's) , Affordable Housing, Decent Homes, Homelessness Grant, Warmfront. Leading to large budget deficits in statutory service areas and a potential inability to deliver services.	9
Current Status		
<p>The risk score remains unchanged due to the un-ringfencing of the homelessness grant and the associated implications of this, although budget provision for 2011/12 has remained stable. Breckland Council was awarded a higher provision of grant than anticipated and agreed for an element of the budget to remain in place for prevention services. The Disabled Facility Grant allocation also received a positive outcome.</p> <p>The review of services will bring opportunities to maximise service performance.</p>		