ANGLIA REVENUES PARTNERSHIP

Report of Paul Corney - Head of ARP

To: ARP Joint Committee, 11th December 2014

Subject: Anglia Revenues Partnership Risk Register

Purpose: To inform members of the major risks facing the Anglia Revenues Partnership

Recommendation(s):

- That the Joint Committee notes the contents of the report and agrees the Risk Register.

1. Introduction / Background.

1.1 At the Joint Committee in June 2014 it was agreed that members will be updated every six months on the risk register so that risk can be reviewed regularly.

1.2 The audit governance report recommended that the Risk Register should be regularly reviewed by the Joint Committee so that each council can consider the risks in relation to their corporate risk registers.

2 Current position.

2.1 The risk register has been developed by the Strategic Management Team and is attached at Appendix A. Appendix B shows the criteria used to apply a risk score by looking at the likelihood of a risk occurring and the potential impact of the risk to the ARP.

2.2 A risk relating to subsidy shortfall has been added to the register. Every year, as part of the process of claiming housing benefit subsidy, external audit teams test a sample of cases. If high value errors are found then it can result in significant changes to the amount of subsidy paid.

2.3 The extrapolation methodology used by the auditors means that a fairly small error in a high value expenditure area can result in significant reduction in income received. The risk is therefore deemed to be amber even though all reasonable mitigation is in place.

2.4 A risk relating to the implementation of Universal Credit has also been added to the register. Universal Credit replaces a number of legacy benefits, including Housing Benefit, for working age claimants.

2.5 The Government have recently announced that the roll out of Universal Credit will be accelerated from February 2015. New claims for single claimants who have no children, in Breckland Council and Forest Heath District Council, will no longer be for Housing Benefits they will be for Universal Credit, no other new claims are affected in phase 1 of the roll out.

2.6 The Government have not yet determined the timescale for the implementation for other customers and for the managed migration of existing claims. The implications for Councils are detailed in the risk register however, until the Government provide more information we cannot predict, with any certainty, future funding levels.

2.7 The budgets of all councils estimate a reduction in the Housing Benefit and LCTRS Administration Grants from 2015/16 to reflect the ongoing reduction in funding across all council budgets however, early indications for 2015/16 are that the reduction may exceed these initial estimates.

2.8 One other risk remains amber after mitigation, the risk concerns income from Business Rates Retention and Council Tax meeting budget requirements. All other risks are assessed as green after mitigation (see Appendix A).

2.9 From April 2013 the system of Central Government funding changed from a national pool to a system of partially locally retained Business Rates and at the same time Council Tax Benefit was replaced by Local Council Tax Reduction Schemes with funding of awards reduced by 10%.

2.10 The move to locally retained rates transferred an element of risk and opportunity to local Councils. Where businesses move from an area or cease trading Councils share the risk with Central Government where in the past this would not have affected a Councils funding. On the other hand if businesses move in to a Council's area the Council will see income from Business Rates increase.

2.11 100% of Council Tax Benefit was funded through Benefit subsidy prior to April 2013 and the funding was based upon actual expenditure in a year. The funding of Local Council Tax Reduction Schemes was based upon 90% of the 2012/13 subsidy awards and does not vary if case loads or expenditure rises in subsequent years. On the other hand if case loads reduce then funding will not decrease in the year expenditure reduces.

2.12 This risk remains amber after mitigation because the risk is influenced by a number of factors outside of our direct control such as; Economic trends, unemployment levels, Businesses deciding to move operations out of a district and increasing pensioner population.

3 Options

- To note the contents of the report
- To comment on risks that should be added or removed from the register
- To review the risk scores of risks
- To determine the frequency and timing of future Reviews of risk by the Joint Committee.

3.1 Reasons for recommendations

To ensure that the Joint Committee and Partner Authorities are aware of the risks facing the delivery of Housing Benefit and Revenues Services.

4 IMPLICATIONS

4.1 Risk

Please refer to the Appendices.

4.2 Financial

If risk is not managed and regularly reviewed then there can be significant financial risk where problems are not identified and dealt with.

4.3 Legal

None

4.4 **Equality and Diversity**

Not applicable.

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