



AGENDA

For a meeting of the
RESOURCES DEVELOPMENT AND SCRUTINY PANEL
to be held on
THURSDAY, 8 FEBRUARY 2007
at
9.30 AM
in
THE WITHAM ROOM, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM
Duncan Kerr, Chief Executive

Panel Members:	Councillor David Brailsford, Councillor Robert Conboy, Councillor Dorrien Dexter, Councillor Kenneth Joynson, Councillor Albert Victor Kerr, Councillor John Kirkman (Chairman), Councillor Reg Lovelock M.B.E. (Vice-Chairman), Councillor Andrew Roy Moore and Councillor Gerald Taylor
Scrutiny Officer:	Paul Morrison 01476 406512 p.Morrison@southkesteven.gov.uk
Scrutiny Support Officer:	Jo Toomey 01476 406152 j.toomey@southkesteven.gov.uk

Members of the Panel are invited to attend the above meeting to consider the items of business listed below.

1. COMMENTS FROM MEMBERS OF THE PUBLIC

To receive comments or views from members of the public at the Panel's discretion.

2. MEMBERSHIP

The Panel to be notified of any substitute members.

3. APOLOGIES

4. DECLARATIONS OF INTEREST

Members are asked to declare any interests in matters for consideration at the meeting.

5. ACTION NOTES

The notes of the meeting held on 18th January 2007 are attached for information.
(Attached)

6. FEEDBACK FROM THE EXECUTIVE

7. UPDATES FROM PREVIOUS MEETING

8. IMPLEMENTATION OF RECOMMENDATIONS MADE DURING INTERNAL AUDIT

The Panel will receive an update from the Service Manager, Business Transformation and Information Management on the implementation of recommendations made by PricewaterhouseCoopers.
(Attached)

9. USE OF LEISURE CENTRES BY SCHOOLS

The Panel will receive information on Lincolnshire County Council's contribution to district councils for schools' usage of leisure centres.

10. RISK MANAGEMENT STRATEGY AND RISK ACTION PLAN

The Panel will scrutinise the amended Risk Management Strategy and appended Risk Action Plan.
(Attached)

11. REVIEW OF DELIVERY OF THE CAPITAL PROGRAMME

Report CHFR32 and appendix on the delivery of the Capital Programme. **(Attached)**

12. GATEWAY REVIEW FEEDBACK SESSION

The Panel will consider the gateway process for 2007/08 and make recommendations for 2008/09.
(Attached)

13. REPORTS FROM WORKING GROUPS

14. BEST VALUE PERFORMANCE INDICATORS

(Attached)

15. WORK PROGRAMME

(Attached)

16. REPRESENTATIVES ON OUTSIDE BODIES

Representatives on outside bodies to give update reports.

17. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCE, DECIDES IS URGENT.

WORKING STYLE OF SCRUTINY

The Role Of Scrutiny

- To provide a “critical friend” challenge to the Executive as well as external authorities and agencies
- To reflect the voice and concerns of the public and its communities
- Scrutiny Members should take the lead and own the Scrutiny Process on behalf of the public
- Scrutiny should make an impact on the delivery of public services

Remember...

- Scrutiny should be member led
- Any conclusions must be backed up by evidence
- Meetings should adopt an inquisitorial rather than adversarial style of traditional local government committees



MEETING OF THE RESOURCES DEVELOPMENT AND SCRUTINY PANEL

THURSDAY, 18 JANUARY 2007 9.30 AM

PANEL MEMBERS PRESENT

Councillor Robert Conboy
Councillor Nick Craft
Councillor Mike Exton
Councillor Ken Joynson

Councillor Vic Kerr
Councillor John Kirkman (Chairman)
Councillor Andrew Moore
Councillor Frank Turner

OFFICERS

Chief Executive (notes 110-112)
Corporate Head, Finance and Resources
(notes 114-115)
Corporate Head, Partnerships and
Organisational Development (note 114)
Service Manager, Finance and Risk
Management
Risk Management Team Leader (notes 103-
109)
Service Manager, Assets and Facilities
(notes 115 and 127)
Service Manager, Revenues and Benefits –
Interim (notes 116 and 126)
Service Manager, Economic Development
and Town Centre Management (note 117)
Economic Development Team Leader (note
117)
Service Manager, Human Resources and
Organisational Development (notes 118-122)
Service Manager, Legal Services (note 125)
Scrutiny Officer
Scrutiny Support Officer

OTHER MEMBERS PRESENT

Councillor Teri Bryant (Assets & Resources
Portfolio Holder)
Councillor Frances Cartwright
(Organisational Development and Housing
Services Portfolio Holder) (notes 103-116)

Thembi Pato – PriceWaterhouseCoopers

1 member of the local press

103. MEMBERSHIP

The Panel were notified that Councillor Turner would be substituting for Councillor Brailsford, Councillor Craft would be substituting for Councillor Lovelock and Councillor Exton would be substituting for Councillor G. Taylor for this meeting only.

104. APOLOGIES

An apology for absence was received from Councillor Mrs. Dexter.

105. DECLARATIONS OF INTEREST

Councillor Craft declared a personal interest in agenda item 17 on account of his membership on the Grantham Future Project Board.

106. ACTION NOTES

The notes from Wednesday 15th November 2006 and Thursday 23rd November 2006 were noted.

107. FEEDBACK FROM THE EXECUTIVE

The Resources and Assets Portfolio Holder reported that work surrounding Gateway Reviews was nearing completion. Anglian Water attended the Bourne Area Local Forum on Wednesday 17th January 2007 and reported on their strategic overview; it was recommended that this be picked up by the Economic DSP. The County Council, District Council and Police Authority consulted on their proposed budgets during the Bourne Local Forum.

108. INTERNAL AUDIT

Thembi Pato from PricewaterhouseCoopers was welcomed to the meeting. She presented the Operational Plan Update 2006/07 providing project updates.

The second paper provided a summary of the findings of completed reviews. Members of the Panel discussed recommendations made by PricewaterhouseCoopers.

Business Continuity Planning

Key individuals from departments who would come together if business continuity arrangements were executed would receive in-house training on the controlled release of information to the media.

IT Systems

The level of risk to IT systems was clarified and summaries of the purpose of operating systems provided. The recommendations had not been implemented because of the changeover in service manager.

The recommendation made on the need for a test database for the Team Spirit Payroll system was rejected because managers deemed the risk acceptable. Members of the DSP suggested that a risk assessment should be undertaken on the recommendations made by internal audit that were not actioned.

CONCLUSION

- 1. The Service Manager, Business Transformation and Information Management should be asked to attend the meeting of the Resources DSP to be held on 8th February 2007 to provide an update on PricewaterhouseCoopers recommendations.**
- 2. A risk assessment should be undertaken on recommendations made by internal audit that were not actioned by the District Council.**

Early Retirement

The key findings needed to be amended to read: "The results of this work have been reported back to officers".

No single officer in the Council provided project support for resourcing, training and guidance. The Council's guidelines incorporated best practice but streamlining would make them easier to use.

109. RISK MANAGEMENT

The District Council's New Risk Management Team Leader was welcomed to the meeting. She summarised her report, which covered projects she had undertaken. The Risk Management Strategy was being updated; approval of the revised document should be via the Resources and Assets Portfolio Holder and the Resources DSP. Software systems were being reviewed.

Work was being done to minimise public liability claims. The Council's insurers were looking for patterns in public liability claims. Claims associated with motor vehicles had increased since 2003 when waste collection was brought back in-house. Identifying patterns could help reduce or prevent similar public liability claims in the future. The Healthy Environment DSP should look at claims made against waste collection vehicles.

Discussion ensued on internal insurance and the insurance reserve. The reserve was used to cover claims that fell below the external insurers excess. The service against which the claim was made, would be re-charged for the amount taken from the insurance reserve. Claims were paid from the pooled reserve because it was sometimes difficult to identify the service responsible for a particular claim.

CONCLUSIONS:

- 1. The Resources DSP requested a breakdown of insurance claims and costs for their meeting on 8th February 2007;**
- 2. The Resources DSP requested information on patterns of insurance claims.**
- 3. The Healthy Environment be asked to look at any patterns of claims made involving waste collection vehicles.**
- 4. The Section 151 Officer should be asked to prepare a report on the internal insurance reserve and associated figures for the meeting on 15th March 2007**
- 5. That the amended Risk Management Strategy and Risk Action Plan be considered at the next meeting of the DSP on 8th February 2007.**

110. DIAL-A-RIDE

At the meeting of the Resources DSP on 23rd November 2006 recommendations were made on dial-a-ride. The Chief Executive had written to Translinc, who confirmed that the data was accurate. Figures seemed anomalous because return journeys were counted as a single journey. Other recommendations made by the DSP were pending a response from Translinc.

If the Council wished to withdraw from the dial-a-ride scheme, 6 months notice was needed. The earliest point at which the Council could withdraw would be from April 2008.

The Chief Executive reported that rural transport was a priority of the Local Strategic

Partnership (LSP). The LSP were investigating integrated ways of providing a rural transport service using a combination of dial-a-ride and a community car service.

Members of the Panel supported the need for an option appraisal on alternatives for dial-a-ride. To prevent the replication of work, Councillor Joynson was appointed to aid work on alternatives to dial-a-ride.

CONCLUSIONS:

- 1. Councillor Joynson should be appointed to work with the Corporate Head of Partnerships and Organisational Development on alternatives to Dial-a-Ride.**
- 2. Dial-a-Ride should remain on the agenda for the Resources DSP.**

111. SCRUTINY OF SALARY LEVELS

The Chief Executive stated that the main constraint beyond expense, of setting salaries at market levels was equal pay requirements. Location, lifestyle and the vision of the council added to the appeal of jobs. Flexible/annual hours and the pool car system were also valued. Councils who paid higher salaries also faced recruitment problems because of a shortage of specialists. If necessary, the Chief Executive stated that he would consider payments at market rates for short periods.

Panel members were concerned that people were recruited and trained by SKDC but then moved to a council who paid the market rate. This meant that SKDC were incurring training costs from which they would not gain benefit. It was suggested that training and good morale within the council would increase loyalty.

112. REDUCTION OF RISK USING OUTSIDE PROVIDERS OF FINANCIAL SERVICES

The council were actively pursuing the potential for shared services across Lincolnshire. No business cases had been prepared but any potential arrangements would be subject to a robust analysis of advantages and disadvantages for the District. Some service areas would not be suitable for shared services initiatives because the amount of field work required would mean an escalation of travel expenses. It could be difficult to join up other services because of the incompatibility of systems across different authorities.

The Council could look to share Financial Services or Legal Services but any shared services could impact on the discharge of their affairs.

113. ANNUAL EFFICIENCY STATEMENT 2006/07 - PROGRESS TO DATE

The Service Manager, Finance and Risk Management updated the Panel on the progress the Council had made towards achieving the required Gershon savings. Savings from Corporate Sickness Reduction had decreased as the sickness rate increased. The reduction was expected to continue during the winter months when employee sickness was highest. It was hoped that ongoing work with allpay would generate savings and that there would be an increase in non-cashable savings from the Customer Service Centre. The introduction of the Cedar System had also delivered savings and made budget management more efficient.

The Panel discussed the consequences of not meeting savings targets. The target could roll-over into the next financial year. It had not been made clear whether any form of sanction would be faced. During the Budget preparation process, some service

managers had not identified savings; Financial Services staff did not have the capacity to provide support and some service managers did not have enough knowledge on Gershon savings. This matter was now being addressed.

Discussion ensued on the effect of continued savings targets; after a point, it would not be possible to identify further efficiency savings. Savings for 2008/09 to 2010/11 would be more challenging because 3% cashable savings were required year on year.

CONCLUSION

The Resources DSP should receive a report addressing Gershon savings achieved through the Cedar System, and their reinvestment at their meeting on 15th March 2007.

114. FINANCIAL SPEND ON MANAGEMENT RESTRUCTURE

Details of costings before and after the re-structure were circulated. Some of the financial provisions made available for the restructure would be available for reinvestment. The total amount of this would not be known as there were still some issues that needed to be resolved. Based on a zero budget, year on year savings could not be identified because they would be absorbed by other areas.

Members of the Panel scrutinised the breakdown of figures for ongoing and one-off costs. No calculations had been made on payback of the overall structure. "Savings" could only be identified based on performance statistics and the public perception of the service. Costs from the restructure should be reported to Council in an accessible format.

CONCLUSIONS:

- 1. A paper should be prepared for a future meeting of the Resources DSP on the use of reserves to support the budget.***
- 2. A report should be prepared for the Resources DSP for their meeting on 15th March 2007 providing details on the payback of the investment on restructure.***

115. REVIEW OF CAR PARKING POLICY IN GRANTHAM AND STAMFORD INCLUDING BENCHMARKING

The Panel scrutinised a report on car parking policy in Grantham and Stamford for noting. The next review of charges was scheduled for 2007/08 with new charges coming into effect in 2008/09. A review could be needed before then because of the opening of Welham Street multi-storey car park, Grantham, scheduled for August 2007. The most appropriate use of the car park would need to be determined. Local businesses had expressed interest in taking some spaces. If a different charging structure was going to be introduced, appropriate machines could be procured from the outset. Radical changes could mean changing the charging structures across the District. Decisions would need to be made early to ensure that the relevant parking orders were in place. Payment could be via credit card or a "Smartcard" with credit loaded on. The Capital Asset Management Group were looking at car parking.

Wharf Road car park, Stamford would be closed for decontamination from April 2007. During decontamination 100 parking spaces had been sited on the Cattlemarket site. This left a deficit of 107 parking spaces in Stamford. It was suggested that the interim spaces at the Cattlemarket should be made permanent to provide low-cost parking for

local business people.

A study on decriminalisation of parking was being carried out. Further information on decriminalisation was expected. If decriminalisation was to go ahead and the District Council would operate the function on behalf of the County Council and an additional 10 parking attendants could be required. These should be self-funded.

Following initial feedback on asset management, the DSP might need to look at setting rates of return. If a car park was underperforming, the charges could be reviewed as an interim measure rather than as part of the biennial review. Any charging policy would need to align with the Asset Management Strategy. No reference had been made in the report to the possibility of charging for parking in Bourne and the Deepings.

CONCLUSIONS:

1. ***The Capital Asset Management Group should look at car parking charges for Welham Street as a matter of urgency.***
2. ***A joint working group of the Resources DSP and the Economic DSP should be set up to review the structure of car parking charges and report back their findings before September.***
3. ***Councillor Moore and Councillor Conboy should be appointed as the representatives of the Resources DSP on the joint DSP working group.***

116. REVENUES AND BENEFITS - PENDING LEGISLATION

The Interim Service Manager for Revenues and Benefits summarised her report. The Lyons Review and the Welfare Reform Bill could lead to legislation that would impact on the service. She advised members on the possibility of e-enabling claims and the reporting of changes in circumstance and processes. This would be considered as part of a Business Process Re-engineering project in 2007/08.

Performance targets were altered so that the emphasis was on results not activity. To allow for implementation, targets for 2006/07 were reduced. Costs expected were negligible; the biggest cost was staff time.

CONCLUSION:

A further report should be presented to the Resources DSP when further information is available.

12:30-13:00 – The meeting adjourned.

117. POTENTIAL FINANCIAL ISSUES ARISING FROM THE GRANTHAM MASTERPLAN

The Panel had before them report EDTC004 on the financial implications of the draft Grantham Masterplan, which was presented by the Service Manager, Economic Development and Town Centre Management and the Economic Development Team Leader. The report included basic financial details for three major (“key”) projects. The projects were the Station Gateway, Grantham Wharf Place and Greyfriars. A bid had been submitted to EMDA for support for the Station Gateway project.

Members of the DSP discussed project delivery but were concerned that key projects

had been designated before public consultation. Members debated whether the Station Gateway project would be viable based on conditions of the market. While the District Council could not be the main funder, Panel Members agreed that it should be the principal facilitator.

Before the draft Masterplan was submitted to the Cabinet for consideration, the Panel stated it should undergo pre-decision scrutiny by a joint DSP, comprising members of the Resources, Economic and Healthy Environment DSPs. Basic financial information should be provided for all projects. The joint DSP should receive a written copy of comments made by Strategic Management Team following their debate of the draft Masterplan.

A prospectus detailing key points about each project would be produced for public consultation.

CONCLUSION:

1. ***Before consideration by Cabinet, the draft Masterplan should be scrutinised at a joint meeting of the Resources, Economic and Healthy Environment DSPs.***
2. ***Copies of the draft Masterplan should be sent, on CD, to all Councillors on the Resources, Economic and Healthy Environment DSPs and all Grantham councillors.***

118. BEST VALUE PERFORMANCE INDICATORS

Noted.

BVPI10

The indicator was red because large developments were added to the database. In December the figure moved back to amber because those companies had gone to direct debit.

SK117

The figure for December was 71% because the travel voucher budget was significantly reduced. If the Council was forced to spend money on Dial-a-Ride, the Service Manager would need to vire funding from another area of their budget.

SK119

The December figure for Gershon savings had dropped from 80% to 78% because of a downturn on non-cashable savings.

SK112

Should have been marked as N/A because the Member training programme was cancelled before Christmas.

SK116

When Service Managers were appointed in October, pressure was put on them to complete PDRs. Completed PDRs could not be logged because paperwork had not been received by human resources.

CONCLUSION:

The Resources DSP should receive a report showing where service cuts had been made to fund Dial-a-Ride.

119. WORK PROGRAMME

The Treasury Management Strategy had changed from “not before January” to “not before March”. The approval of the Local Area Agreement had changed from “not before January” to “not before March”. The People Strategy had changed from “not before March” to “not before April”. The Strategy on use of Resources including Climate Change Strategy and Value for Money Strategy scheduled “not before February” had been reclassified: Strategy on Use of Resources including Value for Money Strategy and Carbon Plan and scheduled “not before March”.

120. REPRESENTATIVES ON OUTSIDE BODIES

Councillor Kerr had attended a meeting of Age Concern Kesteven and reported back to members of the DSP.

121. FINANCIAL REPORTS

Noted.

EXCLUSION OF THE PUBLIC

DECISION:

That in accordance with section 100(A) of the Local Government Act 1972 (as amended), the public be excluded from the meeting during consideration of the remaining items of business because of the likelihood that otherwise exempt information, as described in paragraphs 1-4 of schedule 12A of the act, would be disclosed to the public.

122. FINANCIAL IMPACT OF EQUAL PAY LEGISLATION

The Service Manager for Human Resources and Diversity updated the Panel on the impact of equal pay legislation on SKDC. Members were given the opportunity to ask questions.

123. GATEWAY REVIEW 3: FINANCIAL SERVICES

Number	Check point	Comments
1	Have all the comments from Gateway 2 been taken into account and any outstanding issues resolved?	Yes. Response to benchmarking exercise was 18 responses from 40 questionnaires.
2	Has all budgetary information been completed?	Yes
3	Have all Performance Development Reviews been undertaken with staff and any cost implications arising from these been incorporated into the service plan?	Yes
4	Does the service plan identify Value for Money (balanced scorecard) and Benchmarking	Yes

	information?	
5	Does the budget reflect the identified Gershon efficiency savings?	Yes
6	Has the service plan been amended to take into consideration the proposed changes to the 2007/08 budget within the relevant service area?	N/A
7	Have fees and charges been reviewed in line with Council policy or statutory requirements? Have any proposed increases been agreed with the Portfolio Holder and relevant DSP? Have any proposed increases been reflected in the income budget figures for 2007/08?	N/A
8	Have areas for potential savings been identified and incorporated into the service plan?	Yes
9	Have major procurement proposals been identified and included?	Yes
10	Have support services been challenged with service areas in order to evidence value for money	Support service costs were being completed. Provision had been made for service charges within budgets, so budget figures would not be affected.

124. GATEWAY REVIEW 3: PERFORMANCE MANAGEMENT AND ENGAGEMENT

Number	Check point	Comments
1	Have all the comments from Gateway 2 been taken into account and any outstanding issues resolved?	Yes
2	Has all budgetary information been completed?	Yes. The consultation officer post was removed as a growth item. The post was made up of percentage parts of other posts that were transferred to another service (Business Transformation and Information Management). That section would have to release capacity to fill the post.

3	Have all Performance Development Reviews been undertaken with staff and any cost implications arising from these been incorporated into the service plan?	Cost implications were identified. There would be no growth.
4	Does the service plan identify Value for Money (balanced scorecard) and Benchmarking information?	Yes
5	Does the budget reflect the identified Gershon efficiency savings?	Yes
6	Has the service plan been amended to take into consideration the proposed changes to the 2007/08 budget within the relevant service area?	Yes
7	Have fees and charges been reviewed in line with Council policy or statutory requirements? Have any proposed increases been agreed with the Portfolio Holder and relevant DSP? Have any proposed increases been reflected in the income budget figures for 2007/08?	N/A
8	Have areas for potential savings been identified and incorporated into the service plan?	Yes
9	Have major procurement proposals been identified and included?	Yes. This included new performance management software
10	Have support services been challenged with service areas in order to evidence value for money	Costings were being prepared for circulation to service managers

125. GATEWAY REVIEW 3: LEGAL SERVICES

Number	Check point	Comments
1	Have all the comments from Gateway 2 been taken into account and any outstanding issues resolved?	Yes. Results of the customer satisfaction survey had been received and risk element amended.
2	Has all budgetary information been completed?	Yes
3	Have all Performance Development Reviews been undertaken with staff and any cost	One outstanding but

	implications arising from these been incorporated into the service plan?	no cost implications.
4	Does the service plan identify Value for Money (balanced scorecard) and Benchmarking information?	Yes
5	Does the budget reflect the identified Gershon efficiency savings?	Yes
6	Has the service plan been amended to take into consideration the proposed changes to the 2007/08 budget within the relevant service area?	Yes
7	Have fees and charges been reviewed in line with Council policy or statutory requirements? Have any proposed increases been agreed with the Portfolio Holder and relevant DSP? Have any proposed increases been reflected in the income budget figures for 2007/08?	Fees and charges minimal.
8	Have areas for potential savings been identified and incorporated into the service plan?	No. There were difficulties because staff was the main resource. Shared Legal Services with other Councils across Lincolnshire were being looked into.
9	Have major procurement proposals been identified and included?	None.
10	Have support services been challenged with service areas in order to evidence value for money	No need to challenge

- The DSP were concerned that the response rate for internal questionnaires was low. They wanted the Chief Executive to be made aware of the issue and suggested that some mechanism should be put in place to ensure a better response rate.
- A centralised budget for legal spends from across the Council had been removed. The Service Manager, Legal, suggested that there should be a centralised fund, from which legal costs were paid to rationalise how much was spent externally. Members of the DSP supported the idea and suggested that during the course of the year after the Service Manager had done preparation work, identifying the provision made by individual departments for external legal services, money could be vired into a single pot from those places.
- Costs incurred from legal actions could not be predicted and covered by the working budget.

126. GATEWAY REVIEW 3: REVENUES AND BENEFITS

Number	Check point	Comments
1	Have all the comments from Gateway 2 been taken into account and any outstanding issues resolved?	Yes
2	Has all budgetary information been completed?	Yes
3	Have all Performance Development Reviews been undertaken with staff and any cost implications arising from these been incorporated into the service plan?	No, not all done. Provision had been included in the budget for training in revenues and benefits
4	Does the service plan identify Value for Money (balanced scorecard) and Benchmarking information?	Yes
5	Does the budget reflect the identified Gershon efficiency savings?	Yes
6	Has the service plan been amended to take into consideration the proposed changes to the 2007/08 budget within the relevant service area?	Yes
7	Have fees and charges been reviewed in line with Council policy or statutory requirements? Have any proposed increases been agreed with the Portfolio Holder and relevant DSP? Have any proposed increases been reflected in the income budget figures for 2007/08?	Charges were not subject for review under the Council policy.
8	Have areas for potential savings been identified and incorporated into the service plan?	Yes
9	Have major procurement proposals been identified and included?	N/A
10	Have support services been challenged with service areas in order to evidence value for money	Costings were being prepared for circulation to service managers

- Funding for a post to cover long-term absence and maternity leave was removed. There was no capacity within the budget to support additional posts.

127. GATEWAY REVIEW 3: ASSETS AND FACILITIES

Number	Check point	Comments
1	Have all the comments from Gateway 2 been taken into account and any outstanding issues resolved?	Yes
2	Has all budgetary information been completed?	Yes
3	Have all Performance Development Reviews been undertaken with staff and any cost implications arising from these been incorporated into the service plan?	Yes
4	Does the service plan identify Value for Money (balanced scorecard) and Benchmarking information?	Yes
5	Does the budget reflect the identified Gershon efficiency savings?	Yes
6	Has the service plan been amended to take into consideration the proposed changes to the 2007/08 budget within the relevant service area?	Yes
7	<p>Have fees and charges been reviewed in line with Council policy or statutory requirements?</p> <p>Have any proposed increases been agreed with the Portfolio Holder and relevant DSP?</p> <p>Have any proposed increases been reflected in the income budget figures for 2007/08?</p>	The budget incorporated some charges. These needed to be brought to the Resources and Assets Portfolio Holder and Cabinet. The Resources DSP had recommended at a previous meeting that a fundamental review of all charges be carried out.
8	Have areas for potential savings been identified and incorporated into the service plan?	Yes
9	Have major procurement proposals been identified and included?	Yes
10	Have support services been challenged with service areas in order to evidence value for money	Costings were being prepared for circulation to service managers

128. GATEWAY 3 - REVIEW OF PROCESS

The DSP received a brief summary of outstanding issues from the other DSPs' Gateway Reviews. Outstanding issues for Engagement, Economic and Healthy Environment DSPs had been resolved. Three Gateway Reviews remained outstanding from the Community DSP: Tenancy Services, Building Control and Partnerships and Community Development. A meeting of the Community DSP had been scheduled for 2nd February 2007 to scrutinise outstanding items.

The DSP provisionally signed-off Tenancy Services, as funding for this service came from the Housing Revenue Account and would not impact on budget setting.

Figures for Building Control Services had been fully prepared but not scrutinised. The bottom line figure showed 10% growth, with some one-off items which would be funded from their working reserve.

Parts of the Partnerships and Community Development Service Plan and budgetary information were outstanding. The Resources DSP signed off the bottom line total, which included growth of £4000.

CONCLUSION:

The Resources DSP signs-off the service plans and budgetary information for all services

- ***Subject to recommendations made by the Community DSP regarding Tenancy Services; and***
- ***Except Partnerships and Community Development where the bottom-line total for 2007/08 is signed-off.***

The Chairman thanked the Financial Services team for all the work they had done and support they had given to other services during budget preparation.

129. CLOSE OF MEETING

The meeting was closed at 15:13.

Briefing Paper to Resources DSP

IT - Internal Audit Recommendations

Background

The internal audit carried out for the ICT service looked at the availability of the TeamSpirit Payroll system. The original recommendation was;

'Testing should be performed in isolation of the production system in a dedicated test environment. This would reduce the risk of system integrity and availability issues.'

The management response was that;

'We will investigate this and the potential for a dedicated test environment.'

Management Response

As the new service manager I have reviewed all of our responses for the internal audit and have accepted all recommendations made apart from the recommendation for a dedicated test environment for the TeamSpirit payroll system.

The basis for this response is;

- There is currently a test system available that is installed on the same physical machine
- The test system is used for upgrades before being installed on the live database. Upgrades are limited and tend to be only once a year
- Very little development (e.g. customised reports) is made using the system but these are tested in isolation on the test system
- Other key systems such as Council Tax, Benefits and NDR all utilise test systems based on the using the same physical hardware rather than a dedicated system
- A full support and maintenance package exists with the supplier
- A full system restore is always available and can be carried out very quickly with no affect on integrity of data or service provision
- There is little or no risk that the live system could be affected by work carried out on the test system that would critically affect the service provision.

I have reviewed my response to the internal audit and continue to believe that this is the correct management response.

Andy Nix

Service Manager – Business Transformation and Information Management

29th Jan 2007

REPORT TO RESOURCES D.S.P

REPORT OF: Risk Management Team Leader

REPORT NO.: CHFR33

DATE: 8th February 2007

TITLE:	Risk Management Strategy
FORWARD PLAN ITEM:	
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor T Bryant Finance and Assets	
CORPORATE PRIORITY:	Use of Resources	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? N/A
BACKGROUND PAPERS:		

1. INTRODUCTION

The Risk Management Strategy was formally approved in September 2004 and has provided the framework for the management of risk across the Authority since then. Following the appointment of the Risk Management Team Leader, the opportunity has been taken to review and update the strategy to ensure that the Authority's approach to risk management is in line with current best practice.

2. RECOMMENDATIONS

Members are asked to approve the Risk Management Strategy and underlying approach to risk management.

3. DETAILS OF REPORT

To enable effective risk management across the Authority it is important that a common language and approach is adopted. The revised strategy seeks to introduce this commonality.

The revised Strategy is attached as part of this report. However, the key changes are detailed below:

3.1 Risk Definition

In recent years it has been acknowledged that there is a positive opportunity side to risk and that risk can be a missed opportunity as well as an event which threatens an organisation. The definition of risk has been amended to reflect this, also included is a definition of risk appetite in recognition of the fact that the Authority has a risk appetite.

3.2 Risk Management Process

The risk management process diagram has been updated to provide a more holistic view of risk recognising that all organisations operate within an extended environment which may affect the achievement of their objectives. The diagram included in the strategy is based on that contained within HM Treasury's "The Management of Risk" (the Orange Book) which is widely recognised as leading guidance on risk management. It is also likely that the diagram will be included as part of the British Standard for Risk Management currently being drafted by the BSI.

3.3 Risk Assessment

Risk will continue to be assessed in terms of likelihood and impact. The assessment methodology, however, has been simplified providing four measures for each of likelihood and impact. This is in line with the methodology used by other partners which should enable ease of understanding and commonality of approach.

3.4 Risk Register

A revised format for the risk register has been proposed. This format will be used to record all identified risks across the Authority and, as with the risk assessment methodology above, has common features with other authorities. The risk register will be maintained as a database by the Risk Management Team, who will have the responsibility for ensuring that the register is up to date and accurate. Risk register reports will be produced directly from this database to enable effective risk monitoring at all levels across the Authority.

3.5 Risk Management Group

Responsibility for the management of the top corporate risks will remain with the Management Board. It is proposed that a risk management group be established to monitor and manage risks below strategic level. The Portfolio Holder (Finance and Assets) should be included as a member of this group along with relevant service managers and other officers.

The remit of the risk management group would be to cover all areas of activity, providing an overview of the Authority's risk profile along with the identification of any emerging issues. Monitoring of the risk register and associated action plans by the Group would help to ensure that a risk managed approach is established at service delivery level. The identification and discussion of emerging issues would ensure that the risk profile and the focus of risk management activity remain appropriate. The group would provide a channel for escalating risks for Management Board attention where appropriate.

3.6 Risk Management Reporting

The strategy provides for regular reporting to members. This would provide members with an up date on the top corporate risks, the activities of the risk management group and an overview of the Authority's current risk profile.

An annual risk management report, for presentation to members, will also be produced. This will include a review of the strategy and its implementation along with an assessment of the effectiveness of the risk management arrangements within the Authority.

3.7 Risk Management Policy

The risk management policy has been updated to reflect the changes within the strategy. However, the policy document has been restricted in length in order to provide a brief document which can be included in induction packs, contract specifications, etc.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

5. COMMENTS OF SECTION 151 OFFICER

I have been consulted regarding the contents of this report

6. COMMENTS OF MONITORING OFFICER

No comments

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

8. CONCLUSION/SUMMARY

9. CONTACT OFFICER

Helen England
Risk Management Team Leader
01476 406224

e-mail: h.england@southkesteven.gov.uk

SOUTH KESTEVEN DISTRICT COUNCIL



Risk Management Strategy

January 2007

RISK MANAGEMENT STRATEGY

1 Introduction

Risk is one of life's certainties and how successfully organisations deal with it can have a major impact on the achievement of their objectives. Successful organisations are not afraid to take risks; unsuccessful organisations take risks without understanding them.

This document provides a comprehensive picture of how SKDC is taking responsibility for managing its risks using a structured and focused approach. It covers:

- Risk Management Definitions
- Risk Management and SKDC
- Methodology
- Roles and Responsibilities
- Monitoring and Reporting Arrangements
- Communication and Learning
- Effectiveness

The aim of this strategy is to ensure that a consistent approach to risk management is adopted across all areas of the Authority.

2 Risk Management Definitions

Risk is defined as the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events. Risk is measured in terms of likelihood and impact; likelihood being the probability that the event/occurrence will materialise; impact being the effect of that event/occurrence on the Authority. A high risk is, therefore, a risk with a high probability and a high impact.

Risk Appetite is the level of risk SKDC is prepared to accept, tolerate, or to be exposed to at any point in time. The risk appetite of the Authority may vary according to circumstances.

Risk Management is the identification, analysis and economic control of all risks to the achievement of the Authority's corporate and service objectives. SKDC acknowledges that the purpose of risk management is not to remove all risk (this is neither possible nor, in many cases, desirable). Rather risk management is about ensuring that risks are recognised and their potential to cause loss fully understood. Based on this information action can be taken to direct appropriate levels of resource at controlling risk or minimising the effect of potential loss.

3 Risk Management and SKDC

3.1 Risk Management Philosophy

The strategy sets out the processes for the management of risk across the Authority. However, successful risk management can only be achieved on a day-to-day basis by staff at all levels through their working practices.

3.2 Risk Management Objectives

SKDC's Risk Management objectives are to:

- Ensure risk management is part of strategic and operational management decision making, planning and implementation
- Manage risks in accordance with the Authority's risk appetite, recognised best practice and to enable good governance
- Take account of internal and external changes that may impact on the Authority's overall risk profile
- Respond to risk in a balanced way, mindful of the risk level, risk reduction potential, cost/benefit, and relationship to resource constraints
- Raise awareness of the need for effective risk management

To achieve these objectives, SKDC has adopted the following approach to the delivery of risk management at the Authority:

- Identification of risks in relation to the achievement of key strategic priorities
- Assessment of their relative likelihood and impact
- Response to the risks identified, taking into account the assessment and the Authority's risk tolerance
- Review and report on risks – to ensure the risk register is up to date, to gain assurance that responses are effective, and identify when further action is necessary.

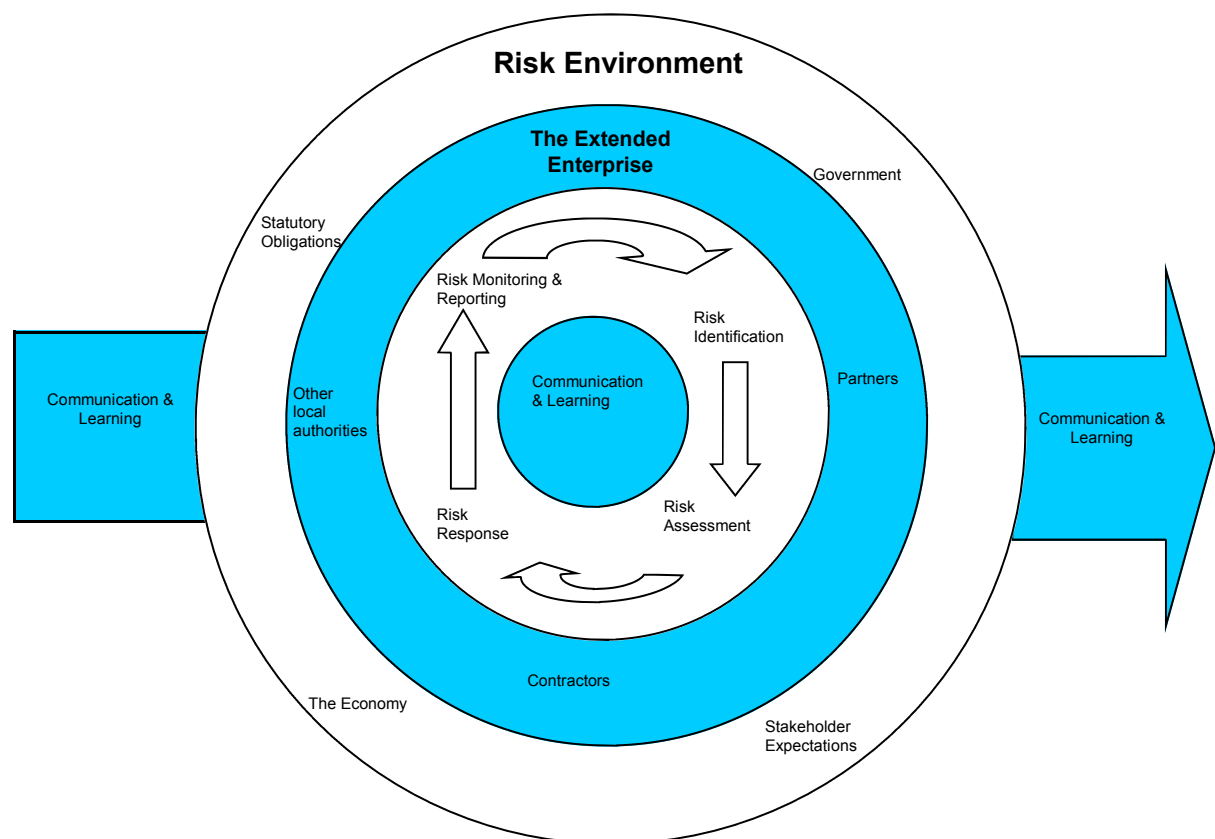
The Risk Management Strategy will be reviewed annually to take account of changing legislation, government initiatives, best practice and experience gained within the Authority in adopting the Strategy. Any amendments will be submitted for approval by members.

The Risk Management Policy is attached as Appendix A. This affirms the Authority's awareness of risk and the duty that it has to manage risk. It refers to the Risk Management Strategy as the main tool in achieving this.

4 Methodology

4.1 Background

The management of risk is not a linear process; rather it is the balancing of a number of interwoven elements which interact with each other and which have to be in balance if risk management is to be effective. The approach to risk management at South Kesteven District Council can be illustrated by the following model, developed from HM Treasury's Risk Management Guidance:



Notes:

Risks cannot be addressed in isolation from each other; the management of one risk may have an impact on another, or management actions which are effective in controlling more than one risk simultaneously may be achievable.

The whole model has to function in an environment in which risk appetite has been defined.

The model dissects the core risk management process into elements for illustrative purposes but in reality they blend together.

The model illustrates how the core risk management process is not isolated, but takes place in a context.

4.2 Risk Identification

Potential events that may have an impact on the Authority must be identified. Event identification includes identifying factors - both internal and external – that influence how potential events may affect strategy and key priorities.

Risk identification is the first step in building the Authority's risk register. A risk self assessment exercise will be undertaken on an annual basis as part of the corporate and service planning process. Risks identified as part of this exercise will be used to inform the risk register.

The risk register is a live document with opportunities to update it on an ongoing basis, together with formal reviews as set out in section 6.

Risk categories, included as Appendix B, provide a means of grouping related risks within the risk register and ensuring that the full range of potential risks have been considered.

Each risk should be assigned an individual named risk owner, who has responsibility for the overall management and monitoring of the risk.

4.3 Risk Assessment

Identified risks are analysed in order to form a basis for determining how they should be managed.

Risks are assessed using both of the following criteria:

- Likelihood of occurrence - the probability of an event occurring
- Impact - the potential severity of the consequences should an event occur

All risks are scored in terms of their likelihood and potential impact using the following four point scale. The scores for likelihood and impact are multiplied together to provide an overall risk score.

Likelihood		Impact	
1	Almost Never	1	Negligible
2	Unlikely	2	Minor
3	Likely	3	Major
4	Almost certain	4	Critical

Further guidance on assessing relative likelihood and impact is provided at Appendix C.

Each risk is assessed twice. Firstly the 'gross' risk, which is the exposure arising from a specific risk before any action has been taken to manage it. Secondly, the 'residual' risk which is the exposure arising from a specific risk

after action has been taken to manage it and making the assumption that the action is effective.

4.4 Risk Appetite

The aim of the risk management strategy is not to remove all risk but to recognise that some level of risk will always exist.

Management sets the philosophy regarding risk and establishes the risk appetite.

The Authority's risk appetite can be expressed as a boundary, above which the level of risk will not be tolerated and further action must be taken:

IMPACT

CRITICAL	4	4	8	12	16
MAJOR	3	3	6	9	12
MINOR	2	2	4	6	8
NEGLIGIBLE	1	1	2	3	4
		1	2	3	4
		ALMOST NEVER	UNLIKELY	LIKELY	ALMOST CERTAIN

LIKELIHOOD

KEY	
9-16	Unacceptable level of risk exposure which requires extensive management
4-8	Risk management measures need to be put in place and monitored
1-3	Acceptable level of risk subject to regular monitoring

4.5 Risk Response

The purpose of responding to risks is to turn uncertainty to the Authority's benefit by constraining threats and taking advantage of opportunities.

The following decisions may be taken in response to identified risks; the decision taken being based on the Authority's risk appetite and the availability of resources:

- **Transfer** - Involves transferring risk which may be done through insurance or transferring to a third party.
- **Tolerate** - In the event that the ability to control risks is limited or the cost of taking action outweighs the potential benefits, risks may be tolerated.
- **Treat** - Most risks will fall into this category. The aim of treatment is to contain the risks to an acceptable level as eradication is not possible. Risks are treated through a series of controls.
- **Terminate** - In extreme cases, risks may be uncontrollable to the point where terminating the activity is the only way of managing the risk. This may not always be possible where activities form part of the Authority's statutory duties.
- **Take the Opportunity** – this option is not an alternative to those above: rather it is an option which should be considered whenever tolerating, transferring or treating a risk.

4.6 Control Activities

For those risks identified as treatable an analysis of the existing control arrangements is undertaken. Controls are those processes and procedures put in place by management to provide assurance that objectives can be achieved and risks managed appropriately.

Controls fall broadly into four categories: preventative, directive, detective and corrective. A list of examples is provided in Appendix D.

At this stage an assessment of the 'residual' risk is made. This helps to determine whether the existing controls are sufficient to manage the risk effectively taking into account the Authority's overall approach and attitude to risk. A decision can then be made as to whether additional or revised controls need to be put in place. These required controls are then translated into a risk management action plan, which details:

- Action required;
- Responsibility for action (need not necessarily be the risk owner)
- Timescales;
- Resources required.

4.7 Risk Register

The risk register provides a consolidated central record of identified risks, risk responses and proposed actions within the Authority. The risk register is a tool for those concerned with risk management enabling an assessment of the overall risk profile of the Authority and how their areas of responsibility fit into it. The risk register proforma is included as Appendix E. The Risk Management Team consolidates and maintains the risk register, although it is the responsibility of individual risk owners to ensure that risks are recorded correctly within the register. The register is available for all staff to view on the intranet.

5 Roles and Responsibilities

All officers and members have a responsibility to ensure that risk management is effective across the whole of the Authority's operations. Specific roles and responsibilities are set out below:

The Cabinet

- Determine the overall approach and attitude to risk management
- Approval of the risk management strategy

Portfolio Holder (Finance and Assets)

- Strategic endorsement of the overall approach and attitude to risk management
- Champion risk management amongst members

The Constitution and Accounts Committee

- Recommend approval of the risk management strategy
- Monitor the implementation of the strategy
- Review the Statement of Internal Control, including effectiveness of risk management

The Resources Development & Scrutiny Panel

- Scrutiny of the system of internal control, including risk management arrangements
- Receive quarterly reports on risk management including any significant changes to the Authority's risk profile

Chief Executive

- Strategic leadership that endorses the implementation of the risk management strategy across the Authority

The s151 Officer (Corporate Head of Finance & Resources)

- Overall responsibility for maintenance and delivery of risk management across the Authority
- Promulgate and promote the strategy.

Management Board

- Monitor the top risks as identified on the risk register
- Receive regular reports from the Risk Management Group
- Raise awareness of risk with members as appropriate

Strategic Directors/Corporate Heads/Service Managers

- Communicating the Risk Management approach and strategy throughout the department;
- Developing an open and transparent culture for the identification and management of risk, and encouraging employees to instil risk awareness in their behaviour;
- Identification, assessment and communication of risks within their sphere of responsibility, including updating of the risk register
- Regularly reviewing the risk management process in their area of responsibility.
- Providing support and assistance to all employees in fulfilling their individual risk management duties.

Risk Management Group

- Provide a forum for the discussion of risk management issues
- Review and monitor the risk register
- Escalate emerging risks for Management Board attention where appropriate
- Monitoring implementation of risk management action plans

Risk Management Team

- The team is not responsible for the management of risks
- To be a centre of excellence on risk management issues
- To support and guide the risk management process across the Authority
- Facilitate discussion of risk at local and corporate level, including risk identification and assessment workshops;
- Ensuring, by means of regular communication, that employees are aware of the key risk issues facing the Authority;
- Maintenance of the risk register
- Provide managers with practical techniques for identifying and assessing risks and designing control and mitigation strategies

Risk Owner

- Responsibility for ensuring that each risk assigned to them is managed and monitored over time.
- Reporting any significant changes to the Risk Management Team/Group
- Implementation of actions arising from risk assessments

Staff

- All staff have a responsibility to manage risk effectively in their job and report opportunities and threats to their managers.

Internal Audit

Internal audit provides an independent and objective assurance to management and members on the effectiveness of risk management. They normally provide assurance on the following areas:

- Risk management processes, both their design and how well they are working;
- Management of those risks classified as 'key', including effectiveness of the controls and other responses to them;
- Reliable and appropriate assessment of risks and reporting of risk and control status.

The outputs from the risk management process can also be used internally to help inform the annual internal audit programme.

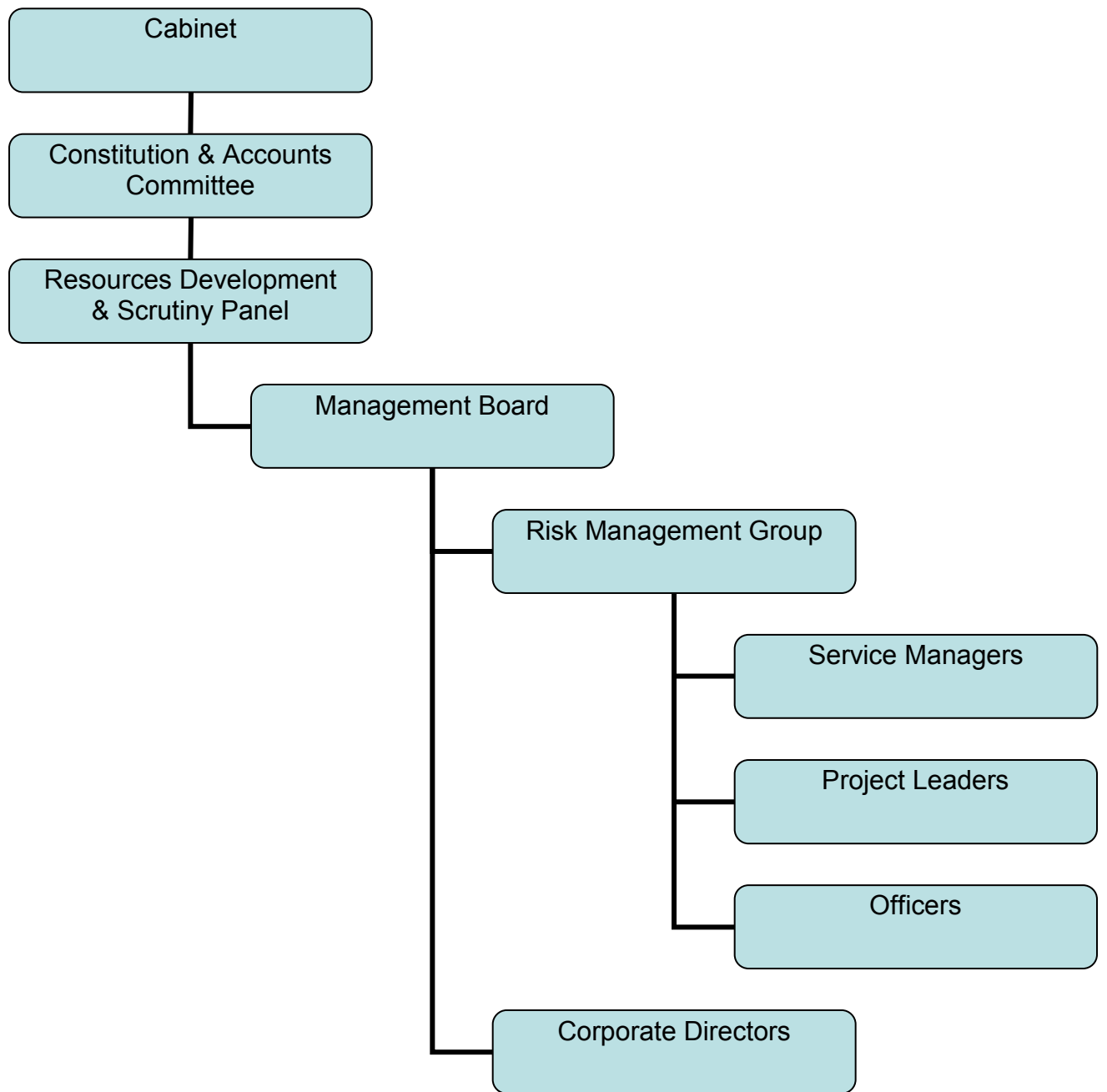
6 Reporting and Monitoring Arrangements

To ensure that risk management remains effective within the Authority, the entire process must be monitored, and modifications made as necessary.

The risk register is a live document. It is the responsibility of individual risk owners to ensure that the risk register remains up to date and to notify the Risk Management Team of any changes made.

In addition, the Management Board will monitor the top ten risks as part of their monthly meetings, with a formal review and update of the risk register on a quarterly basis. The updated register being reviewed by the Constitution and Accounts Committee.

The following diagram illustrates the reporting and monitoring arrangements:



These arrangements allow:

- regular monitoring of the risk identification and prioritisation process
- regular monitoring and updating of the key risks facing the Authority

The Risk Management Group will monitor the risk management arrangements across the Authority, including consideration of whether or not risks need to be escalated for consideration and monitoring by the Management Board.

The Risk Management Strategy will be reviewed on an annual basis, initially by the Risk Management Group for reporting to the Management Board and subsequently to Members.

An annual report on the risk management activity of the Authority, including a review of the effectiveness of the risk management arrangements, will be produced for presentation to Members.

7 Communication and Learning

To effectively embed risk management across the whole of the Authority, staff and members need to continue to gain the appropriate skills. A programme of risk management awareness and skills training will be developed and reviewed on an annual basis to ensure that it remains relevant to the needs of staff, members and the Authority.

The risk management team will establish a dedicated area on the intranet for the dissemination of policies, procedures and information in respect of risk management.

Links with other Authorities and organisations in order to share best practice in respect of risk management issues will be set up and maintained.

Communication of risk issues with partner organisations is essential to ensure that an awareness and understanding of respective risk priorities is maintained.

8 Effectiveness

Assurance on the effectiveness of the risk management processes within the Authority can be gained from a variety of different sources including:

- Internal audit reviews;
- External audit;
- Inspections;
- Management assessment;
- Independent surveys/research;
- Performance outcome results;
- Peer reviews.

In addition key performance indicators in respect of identified risks will be established. Where appropriate, these indicators will be in line with existing targets and indicators. Reporting of the achievement of these targets will be included in the risk reporting structure identified in section 6. In many cases, these targets and indicators will also serve the purpose of early warning indicators providing an indication that a risk may materialise.

A risk management action plan will be developed as part of the annual review of the Risk Management Strategy; the plan for 2007 is attached as Appendix F. Progress against the plan will be recorded and presented as part of the routine reporting on risk management throughout the year.

Appendix A

Risk Management Policy

1. This risk management policy forms part of the Authority's internal control, governance and assurance arrangements.
2. The policy details the Authority's underlying approach to risk management and is supported by the Risk Management Strategy, which details how risk is managed within SKDC.

Definitions

3. **Risk** is defined as the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events.
4. **Risk appetite** is the level of risk the Authority is prepared to accept, tolerate, or to be exposed to at any point in time. The risk appetite of the Authority may vary according to circumstances.
5. Risk is measured in terms of likelihood and impact. Likelihood being the probability that the event/occurrence will materialise. Impact being the effect of that event/occurrence on the Authority. A high risk is, therefore, a risk with a high likelihood and a high impact.

Underlying Approach to Risk Management

6. The Authority's Risk Management objectives are:
 - ensure risk management is part of strategic and operational management decision making, planning and implementation;
 - manage risks in accordance with the Authority's risk appetite, recognised best practice and to enable good governance;
 - take account of internal and external changes that may impact on the Authority's overall risk profile;
 - respond to risk in a balanced way, mindful of the risk level, risk reduction potential, cost/benefit, and relationship to resource constraints and limitations;
 - raise awareness of the need for effective risk management.
7. The Authority's Risk Strategy explains in detail how these objectives will be met. The underlying approach to risk management is as follows:
 - identify risks in relation to the achievement of key strategic priorities;
 - assess their relative likelihood and impact;
 - respond to the risks identified, taking into account the assessment and the Authority's risk tolerance;
 - review and report on risks – to ensure the risk register is up to date, to gain assurance that responses are effective, and identify when further action is necessary.

Key Roles and Responsibilities

Cabinet – determine the overall approach and attitude to risk management

Constitution and Accounts Committee – recommend approval of the risk management strategy & monitor its implementation

Resources Development and Scrutiny Panel – scrutiny of the implementation of the risk management strategy across the Authority

Portfolio Holder (Finance and Assets) – strategic endorsement of the overall approach and attitude to risk management

Chief Executive – strategic leadership that endorses the implementation of the risk management strategy

Corporate Head of Finance and Resources (s151 officer) – overall management responsibility for delivery of the risk management strategy

Strategic Directors, Corporate Heads and Service Managers – responsibility for day to day implementation of the Authority's risk management strategy

Staff – all staff have a responsibility to manage risk effectively in their job and report opportunities and risks to their managers.

Appendix B

Risk Categories

Strategic Risks	Operational Risks
Political – failure to deliver local or central government policy	Professional – related to particular nature of each profession
Economic – affecting ability to meet financial commitments, including budget pressure, external macro economic changes, or the consequences of investment decisions.	Financial – financial planning and control and adequacy of counter fraud and corruption arrangements
Social – relating to the effects of demographic, residential or socio-economic changes on ability to deliver objectives.	Legal – related to possible breaches of legislation
Technological – capacity to use and deal with technological change, including consequences of technological failure.	Physical – related to fire, security, accident prevention and health and safety
Legislative – current or potential changes in National/European law.	Contractual – failure of contractors to deliver goods/services to agreed cost and specification
Environmental – consequences of objectives in terms of energy efficiency, pollution, recycling, landfill requirements, emissions, etc.	Technological – relating to reliance on operational equipment, including machinery and IT systems
Competitive – affecting competitiveness of service (in terms of cost and quality) and ability to deliver value for money.	Environmental – relating to pollution, noise or energy efficiency of ongoing service operation.
Stakeholders – failure to meet current and changing needs/expectations of stakeholders.	

Appendix C

Assessment and Evaluation of Risk

For each risk identified, an assessment should be made of the likelihood of it occurring and the relative impact if it does. Likelihood being the probability that the event/occurrence will materialise. Impact being the effect of that event/occurrence on the Authority. A high risk is, therefore, a risk with a high likelihood and a high impact.

Some exposures are easier to deal with, for example financial risks are often simpler to consider and assess than those associated with the Authority's reputation or its ability to provide a service. Where feasible, past events may provide a useful input into the risk assessment process.

When evaluating risk the impact on the following needs to be considered:

- Corporate/service objectives
- Statutory requirements
- Financial position
- Reputation

All risks are scored in terms of their likelihood and potential impact using the following four point scale. The scores for likelihood and impact are multiplied together to provide an overall risk score.

Likelihood		Impact	
1	Almost Never	1	Negligible
2	Unlikely	2	Minor
3	Likely	3	Major
4	Almost certain	4	Critical

Likelihood Descriptors

Almost Never	Probability of occurrence less than 5% Probably will not happen No historical occurrences
Unlikely	Probability of occurrence less than 25% Not expected to happen but could Historically one occurrence in the last five years
Likely	Probability of occurrence between 25% and 75% Might happen Historically several occurrences in the past two years.
Almost certain	Probability of occurrence greater than 75% Regular occurrence Historical occurrence weekly/monthly/annually

Impact Descriptors

	Service Delivery	Corporate Objectives	Financial Position	Corporate Governance Respect
Negligible	Little or no interruption to delivery	Workaround required within resources to achieve objective Up to 5% variance in target	<ul style="list-style-type: none"> • Little loss anticipated • Little or no impact on budget • Less than 1% of budget • Up to £250k 	<ul style="list-style-type: none"> • Little or no public health effects • Little or no legal implications • Little or no impact on statutory duties • Unlikely to affect staff • Unlikely to damage stakeholders' perceptions
Minor	Service delivery affected for less than one day	Additional resources required 5-10% variance in target	<ul style="list-style-type: none"> • Some costs incurred • Minor impact on budget • 2% of budget • Up to £1m 	<ul style="list-style-type: none"> • Minor or reversible public health effects • Minor legal concerns raised • Minor disruption to statutory duties • Minor impact on staff • Short term damage to stakeholders' perceptions
Major	Service delivery affected for up to one week	Major compromise required 15-25% variance in target	<ul style="list-style-type: none"> • Costs incurred which impact on budget • Adjustment of resources required • 6% of budget • Up to £2m 	<ul style="list-style-type: none"> • Significant public health effects • Potentially serious legal implications – risk of successful legal challenges • Re-negotiation of statutory deadlines and responsibilities required • Significant disruption for staff • Longer term damage to stakeholders' perceptions
Critical	Service delivery affected in excess of one week	Elements of objectives abandoned 25-50% variance in target	<ul style="list-style-type: none"> • Major costs incurred • Budget overrun at service level • 10% of budget • Over £2m 	<ul style="list-style-type: none"> • Death • Serious legal implications – high risk of successful legal challenge • Inability to fulfil statutory duties • Serious disruption for staff • Loss of public confidence

Appendix D

Control Menu

A control can be described as “any method, procedure, equipment or other things that provide additional assurance that objectives can be achieved”. Controls may take different forms, some examples are given below.

Purpose: Definition and Communication <ul style="list-style-type: none">• Clearly defined mission, vision• Clearly defined values• Clear service objectives• Clear personal objectives• Clear policies• Communication of objectives throughout the organisation• Policy on corporate conduct, values and standards	Direct Controls <ul style="list-style-type: none">• Physical safeguarding of assets• Reconciliations• Segregation of duties• Restricted access• Internal checks• Supervision
Commitment <ul style="list-style-type: none">• Job descriptions• Performance contracts• Performance appraisal system• Promotion/advancement policies• Clear accountability lines• Disciplinary and reward policies	Indicator/measurement <ul style="list-style-type: none">• Customer surveys• Benchmarking• Complaints systems• Audit results• Internal complaint/query systems• Supervisor measurement
Planning and risk assessment <ul style="list-style-type: none">• Short, medium and long term planning• Contingency planning• Disaster recovery plans• Corporate risk management process• Corporate approach to continuous improvement	Employee well-being morale <ul style="list-style-type: none">• Employee surveys• Team meetings• Personal and career planning• Management feedback systems
Capability/Continuous learning <ul style="list-style-type: none">• Recruitment and selection procedures• Training methods and strategy• Career planning• Performance evaluation	Process Oversight <ul style="list-style-type: none">• Internal audit reviews• External audit reviews• Committee reporting• Management monitoring/supervision

Appendix E

Risk Register Proforma

[illegible]

Appendix F

Risk Management Action Plan 2007

Action	Responsible Officer	Implementation Date
1. Review & update strategy	Risk Management Team Leader	Revised strategy to be presented to Management Board Jan 07 Member approval – April 07
2. Review & up date risk register including identification of clear links between objectives & risks To include a protocol for reporting of risks identified outside the formal arrangements.	Risk Management Team Leader to facilitate the process	Adoption of revised register for top ten risks – April 07 All service areas to be included by Dec 07
3. Revise & introduce a new scoring mechanism for risk	Risk Management Team Leader	To be introduced as part of the revised strategy and to be used to populate the revised risk register
4. Identification and monitoring of KPIs	Risk Management Team Leader to facilitate the process	To be included as part of the risk identification exercise when service plans are produced.
5. Production of annual risk report for 2006/07 to include a review of the effectiveness of risk management arrangements	Risk Management Team Leader	Annual report ready April 07
6. Establish Risk Management Group	Risk Management Team Leader	First meeting – April 07
7. Establish quarterly reporting to members	Risk Management Team Leader	From April 07
8. Risk workshops/officer training	Risk Management Team Leader	Programme to be agreed and in place by June 07
9. Risk identification workshops to be included as part of service plan production	Risk Management Team Leader to facilitate	Sept/Oct 07
10. Prepare a risk management module to be included in the Members' training pack. Undertake member training	Risk Management Team Leader	Training to be undertaken post-May 07
11. Set up risk management area on intranet	Risk Management Team Leader	April 07

REPORT TO RESOURCES DSP

REPORT OF: SERVICE MANAGER, FINANCE AND RISK MANAGEMENT

REPORT NO: CHFR32

DATE: 8 FEBRUARY 2007

TITLE:	CAPITAL PROGRAMME 2006/07
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CLLR T BRYANT – FINANCE AND ASSETS	
CORPORATE PRIORITY:	USE OF RESOURCES	
CRIME AND DISORDER IMPLICATIONS:		
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available via the local democracy link on the council's website: www.southkesteven.gov.uk	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:		

INTRODUCTION

1. The purpose of this report is to update members with the General Fund Capital Programme for 2006/07 (Appendix 1) together with details of expenditure incurred to date for each current project.

DETAILS OF REPORT

2. The main comments to make regarding the programme are:

Grant Aire Road Grantham – originally proposed scheme no longer progressing

Stamford Gateway Grant – contribution to scheme now in 2007/08

Northfields Market Deeping Grant – contribution to scheme now in 2007/08

The Capital Programme for both the General Fund and Housing Revenue Account for 2007/08 and 2 years beyond will be presented to Cabinet on 12 February 2007. This will then form part of the budget proposals for Council to consider on 1 March 2007.

COMMENTS OF SECTION 151 OFFICER

3. I have been consulted regarding the contents of this report.

COMMENTS OF MONITORING OFFICER

4. No comments.

CONCLUSION

5. Members are asked to note the proposed Capital Programme for 2006/07 and make any observations regarding expenditure incurred to date.

CONTACT OFFICER

Richard Wyles – Service Manager, Finance and Risk Management

Tel: 01476 406210

Email: r.wyles@southkesteven.gov.uk

	Description	2006/2007 Estimate Base £'000	2006/2007 Projected Outturn £'000	Spend to date £'000
	COMMUNITY DSP			
1	Grant-Aire Road, Grantham	250	-	
	Purchase of Vehicles			
2	Care Services	30	30	-
3	Housing Maintenance	80	80	70
		360	110	70
	ECONOMIC DSP			
	Town Centre Development			
4	Town Centre Projects-Provision	-	-	
5	Demolition of East Street	-	26	26
	Public Conveniences			
6	Abbey Gardens, Grantham	200	200	181
	Car Parking			
7	Wharf Road, Stamford	500	50	50
8	Welham Street Multi Storey, Grantham	2,690	1,740	910
	Capital Grant			
9	Stamford Gateway	350	-	
10	Economic Grant - Northfields Mkt Deeping	160	-	
		3,900	2,016	1,167
	ENGAGEMENT DSP			
11	Access to Services	720	600	299
		720	600	299
	HEALTHY ENVIRONMENT DSP			
	Waste Management			
12	Wheelie Bin Procurement and Freighter Enhancements	2,700	2,500	2,200
		2,700	2,500	2,200
	RESOURCES DSP			
	Provision for Existing Assets			
	Committed			
13	Committee Room 3	-	65	61
14	Improvements to Stamford Cattle Market	-	38	-
15	Refurbishment of Reception Area	-	63	4
16	Windows, Council Offices Grantham	-	-	
17	Refurbishment of Toilets, Stamford Arts Centre	-	-	
18	Restatement Works at Grantham Canal	-	-	
19	Provision	500	334	
20	Purchase of Financial Ledger Modules	-	50	39
21	Purchase of Pool Vehicles	60	60	27
		560	610	131
	HOUSING - GENERAL FUND			
24	Disabled Facilities Grant	350	430	256
		350	430	256
25	TOTAL - OTHER SERVICES	8,590	6,266	4,123

REPORT TO RESOURCES DSP

REPORT OF: SERVICE MANAGER, FINANCE AND RISK MANAGEMENT

REPORT NO: CHFR31

DATE: 8 FEBRUARY 2007

TITLE:	GATEWAY REVIEW FEEDBACK
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CLLR T BRYANT – FINANCE AND ASSETS	
CORPORATE PRIORITY:	USE OF RESOURCES	
CRIME AND DISORDER IMPLICATIONS:		
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available via the local democracy link on the council's website: www.southkesteven.gov.uk	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:		

INTRODUCTION

1. The purpose of this report is to review the gateway process recently undertaken as part of the service planning and budget setting 2007/08 and to identify particular issues and suggestions for any potential future modifications.

DETAILS OF REPORT

2. The gateway review process was introduced as part of the 2006/07 budget setting as a means of ensuring robust service planning and to provide a framework for identifying compliance with key areas namely:

Service objectives
Resource requirements
Value for Money assessment
Risk profile
Gershon savings
Service delivery plan

The gateway process for 2006/07 consisted of 6 gateway reviews each with a set of pre-determined questions (each set of questions effectively built on the previous set). Each gateway meeting was chaired by a member of the Management team with the service manager, the Portfolio Holder and invited members in attendance. Whilst this provided a robust framework for service planning, the attendance of members was poor and the number of meetings made the whole process time consuming.

For the gateway process for the 2007/08 budget setting it was decided to reduce the number of gateways from 6 to 3 with each review having a specific focus. These were:

Gateway 1 (review of existing service plan)

- Progression towards delivery of service outcomes as identified in the service plan
- Extent to which the existing service plan is 'fit for purpose' in terms of fit with the Council's revised priorities
- Actual income and expenditure compared to budget
- Performance management and the effectiveness of existing targets

It was intended that the outcome of the first gateway review will inform the service planning process.

Gateway 2 (review of draft service plan)

- Assessment of completeness of service plan and the extent to which the individual areas of the service plan have been addressed
- Assessment of whether there is robust evidence to support the proposed plan
- Service 'fit' with corporate vision, priorities and values
- Compliance with checklist from Medium Term Financial Strategy

The final gateway was intended to take place following the collation of the budget implications and see to review the extent to which the service plan had been reviewed to take account of inevitable budgetary pressures.

Gateway 3 (final service plan)

- Assessment of the extent to which the service plan had been amended to reflect the findings of Gateway 2
- Assessment of the impact on individual service plans as a result of feedback on the Council's overall budget implications together with an assessment of whether the issues have been reflected in the revised service plan.

The other main change to the process was that the gateway reviews would be conducted by the relevant DSP (and the Portfolio Holder) in order to engage fully with members and ensure that the contents of the service plans were communicated and challenged where necessary.

REVIEW OF GATEWAY PROCESS

3. The feedback from the first round of gateways was captured and is listed below:

- Lack of clarity from some DSP members as to their role for the gateway and the areas of questioning they should consider
- Overall no real challenge of service managers regarding Gershon savings
- Lack of detail of the financial performance of the service
- Tendency for the gateway to be focused on micro detail of the service whilst omitting to challenge the wider aspects of service delivery
- No real challenge of performance against stated targets
- Service managers tended to use the process to 'promote' their service area and make speculative bids for additional resources
- Service risks, service outcomes and service 'fit' (within the organisation) were not always adequately covered
- Too much jargon and financial detail in some service plans

Following this feedback a set of checklist questions were established for both gateways 2 and 3 in order to provide a uniformed structure to the reviews and ensure key areas of scrutiny were covered. Overall this led to an improvement in the reviews with all relevant aspects of the service being scrutinised by members. This became particularly important when the budget pressure necessitated the need for resource bids to be challenged. The positives that can be taken from gateways 2 and 3 include:

- The Scrutiny Panels took 'ownership' of their service areas and had a key role in shaping the service proposals for future years
- All DSP members had the opportunity to challenge the service plans and influence the contents of the plan
- The checklists enabled a consistent approach and ensured all key areas were covered
- More effective use of officer and member time

This list is not exhaustive and members from Resources DSP may wish to suggest other strengths and weaknesses from this years budget process.

COMMENTS OF SECTION 151 OFFICER

4. I have been consulted regarding the contents of this report.

COMMENTS OF MONITORING OFFICER

5. No comments.

CONCLUSION

6. Members are asked to review the gateway process and make any specific comments or observations that can be considered for improvements to the 2008/09 budget setting and service planning process.

CONTACT OFFICER

Richard Wyles – Service Manager, Finance and Risk Management
Tel: 01476 406210
Email: r.wyles@southkesteven.gov.uk

Resources DSP - Performance Monitoring 2006/07

Those indicators with a number in the PI column are from the Government's Best Value Performance Indicators suite used by many Councils. The remaining indicators are local to SKDC and may be relatively simple measures/indicators only. The reader is asked therefore to exercise an element of caution when interpreting any data attached to them.

IND Type = C - Cumulative/% - Percentage/ CA - Cumulative Average/N - Number/A - Average
Reporting = blank - Monthly/Q - Quarterly/Y - Yearly/H - Half yearly (Sept)

PI	SKDC Priority Area and PI Description	Lead Officer	IND Type	Reporting	2005/06 SKDC Outturn	2004/05 Upper Quartile	2006/2007 SKDC Target	April	May	June	July	August	September	October	November	December	Are We Improving Yr on Yr?	2007/2008 SKDC Targets	2008/2009 SKDC Targets
USE OF RESOURCES Priority A																			
BVPI 9	Council Tax collected	Craig Scott	C		98.30%	98.3%	98.60%	10.56%	20.89%	30.34%	39.8%	49.27%	58.77%	68.37%	77.90%	87.26%	Y	98.70%	98.80%
SK90	% of CT payers paying by direct debit	Craig Scott	C		66.30%	N/A	70%	69.91%	70.69%	71.65%	71.94%	72.29%	72.56%	72.77%	72.88%	72.61%	Y	71%	72%
BVPI 10	NDR collected	Jeanette Strutt	C		98.90%	99.10%	99.0%	12.20%	23.78%	33.07%	41.89%	50.97%	59.80%	70.06%	79.01%	87.79%	Y	99.1%	99.2%
BVPI 12	Days sick per member of staff	Joyce Slater	CA		8.10	8.40	8	6.24	6.77	6.53	6.17%	6.13	6.13	6.67	7.04	7.18	Y	7.9	7.8
SK113	% of large projects delivered on time and within budget	Paul Stokes	%		N/A	N/A	80%	n/a	n/a	n/a	N/A	N/A	N/A	N/A	N/A	N/A	n/a	80%	90%
SK114	% availability of Revs & Benefits systems during core working hours	Andy Nix	CA		95%	N/A	96%	n/a	98.5%	98.75%	98.75%	99.00%	99.00%	100%	99.45%	97.80%	n/a	97%	97.5%
SK117	% of "Z" savings achieved	Richard Wyles	%		N/A	N/A	100%	n/a	n/a	n/a	54%	54%	54%		60%	71%	n/a	100%	100%
SK118	Use of Resources - Assessment Score	Sally Marshall (lead)	N	Y	N/A	N/A	Level 2										n/a	Level 2	Level 3
SK119	% of Gershon targets achieved	Richard Wyles	C	Q	N/A	N/A	100%									78%	n/a	100%	100%
OTHER BVPIs - CORPORATE HEALTH BASED																			
BVPI 8	Invoices paid on time	Sally Dalby	C		98.30%	95.90%	99.5%	100%	99.8%	99.56%	99.26%	99.35%	99.32%	99.29%	99.25%	99.27%	N	99.5%	99.5%
BVPI 15	Ill health retirements / staff	Joyce Slater	C		0.20%	0.1%	0.30%	0%	0%	0	1%	1%	0.41%	0.35%	0.31%	0.27%	Y	0.30%	0.30%
SK110	Number of FTE staff employed by SKDC	Joyce Slater	N		547	N/A	545	550	553	548	544	544	547	548	547	553	N	545	545
SK111	% Turnover of leavers from SKDC in year	Joyce Slater	C		6%	N/A	10%	17%	11%	11%	8.42%	8.58%	8.02%	7.90%	7.15%	8.54%	n/a	10%	10%
SK112	% of elected members that have attended SKDC elected member training & development programme events	Joyce Slater	C	Q	N/A	N/A	90%			32.7%			32.7%	32.70%	32.70%	32.70%	n/a	90%	90%
SK115	Number of Staff satisfaction survey's done using the Opinionmeter	Ellen Breur	C	H	N/A	N/A	1						N/a			N/a	n/a	2	2
SK116	% Performance & Development Reviews completed	Joyce Slater	C		N/A	N/A	100%	n/a	9%	10%	11%	20%	39%	44%	59%	59%	n/a	100%	100%

DEVELOPMENT AND SCRUTINY PANELS (DSPs) WORK PROGRAMME 2006/7

INTRODUCTION

This Work Programme is partly derived from the Cabinet's Forward Plan, but also contains items that have been brought forward by the DSPs themselves.

Where the item has appeared on the Forward Plan, the anticipated date of the key decision is listed in the second column. The third column shows the last available date that the full DSP can consider this item before the key decision is due to be taken (unless a special meeting is called). This does NOT necessarily mean that the item will appear on the DSP agenda, this will only happen if this is requested by the Chairman or members of the DSP. There will also be instances where there is no DSP meeting before a decision is due to be taken; in these cases the next meeting date after the decision date is shown.

As Cabinet meets monthly and the DSPs meet bi-monthly it is not possible within the current timetable of meetings for the DSPs to consider every single Cabinet or Cabinet Member decision. Scrutiny members are therefore encouraged to read this Work Programme and bring forward items for consideration where they think that an item should be considered by the DSP.

DEVELOPMENT AND SCRUTINY PANELS (DSPs)
WORK PROGRAMME 2006/7

RESOURCES DSP			
<u>ISSUES FOR CONSIDERATION</u>	<u>Date item appeared on Forward Plan</u>	<u>DATE OF KEY DECISION (IF APPROPRIATE)</u>	<u>DSP MEETING</u>
LSVT – financial aspects		Ongoing	Ongoing
Budget Monitoring		N/a	review quarterly
Breakdown of insurance claims and costings		N/a	15.03.07
Gateway Reviews Process: Scrutinise progress/outcome		Jan/Feb 2007	08.02.07
Amended Risk Mgmt strategy and Action Plan		N/a	08.02.07
Car park charges			Working group to be established – refer to Economic DSP
Revenues and Benefits awaited legislation	N/a	N/a	Later in 2007
Delivery of Capital Programme	N/a	N/a	08.02.07
LCC contribution to SKDC leisure Centre usage by schools	N/a	N/a	08.02.07
Dial a ride update	N/a	N/a	Cllr Joynson to investigate alternatives
Treasury Management Strategy		Not before March 2007	15.03.07
Internal insurance reserve and associate figures		N/a	15.03.07

**DEVELOPMENT AND SCRUTINY PANELS (DSPs)
WORK PROGRAMME 2006/7**

Local Area Agreement – approval	Dec 06	Not before March 2007	15.03.07
Gershon savings achieved through CEDAR		N/a	15.03.07
Payback of the investment on infrastructure		N/a	15.03.07
Strategy on use of resources including VFM and carbon plan strategy	Dec 06	March 2007	15.03.07
Grantham Masterplan – potential financial issues	N/a	N/a	Rec for a joint DSP later in year
Internal Audit – update on recs from PricewaterhouseCoopers	N/a	N/a	15.03.07
People Strategy	Dec 06	Not before March 07	15.03.07
Lyons Enquiry – outcome of report	Dec 06		June 2007
Operation of Arts Centres – maximum subsidy per council tax payer		N/a	Portfolio holder to be invited to future meeting
Staff employment statistics		N/a	To receive quarterly reports
Feedback from Restructure Working Group		N/a	15.03.07