

# Crawley Borough Council

## Report to the Audit Committee

24<sup>th</sup> September 2015

### Risk Management Strategy - update

Report of the Head of Finance, Revenues and Benefits – FIN 371

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#### 1. Purpose

- 1.1 The Committee has a responsibility to review the effectiveness of the Council's risk management arrangements.

#### 2. Recommendations

- 2.1 The Committee is requested to indicate their support for the review of Management of Strategic Risks that were identified at the meeting of the Committee on 24<sup>th</sup> June 2015.

#### 3. Reasons for the Recommendations

- 3.1 The Council has updated its Risk Management Strategy and this Committee has a responsibility to review the effectiveness of the Council's risk management arrangements, of which the Risk Management Strategy is a key component.

#### 4. Background

- 4.1 The Committee has a responsibility to review the effectiveness of the Council's risk management arrangements.
- 4.2 The Council has reviewed its previous Risk Management Strategy, including the Council's strategic risks, and an updated Strategy has been produced. In line with the Council's Constitution, the Leader approved this Strategy in May 2015. This Committee will review these Risks at each meeting.
- 4.3 It is appropriate for this Committee to consider the management of these risks and make such comments as they feel appropriate.

#### 5 STRATEGIC RISKS

The following have been identified as strategic risks for the Council:

##### 1. Disaster recovery and business continuity.

A report to Cabinet on 9<sup>th</sup> September [Relocation of the Council's Data Centre PAT/25](#), Recommended a more resilient hosting of data by providing a resilient,

energy efficient, cost effective and available hosting environment for the IT systems to support our services.

**2. Failure to deliver key infrastructure projects as planned, on time and within budget, such as:**

- **Town Centre**

Cabinet approved the final design concept for the Queens Square Environmental Improvement Scheme on 18<sup>th</sup> March 2015 [PES/169](#) , whilst delegating authority to the Head of Economic and Environmental Services to spend up to the allocated budget of £3 million for the Scheme (of which £1.5 million is contributed by West Sussex CC).

The Council is due to go out to tender for the works contractor in December this year following which the programme of works is due to commence in April 2016.

- **Broadfield Barton**

A Report to Cabinet on 8<sup>th</sup> July 2015 [Broadfield Barton Environmental Improvements DC&PS 012](#) requested funds to fully fund the scheme following Morrison's withdrawal of their partnership contribution. Work on site starts at beginning of September and is scheduled to be completed early April 2016 (allowing for Christmas break for retailers).

- **Museum**

A Report on the tenders will go to Cabinet in October 2015. The scheme is on budget and remains on programme to open in November 2016.

- **Three Bridges Railway Station**

On 11<sup>th</sup> February 2015 [SHAP/43](#), Cabinet approved the allocation of £430,000 of S106 funding towards the delivery of improvement works to the Station Forecourt and this will be spent by March 2017. West Sussex County Council are preparing delivery plans in order to draw down an additional £850,000 of funding from the Local Enterprise Partnership, which will enable completion of the Station scheme.

- **LEP Infrastructure**

A business case will be put together in order to present proposals to Cabinet for the allocation of the remaining £15 million from the LEP funded Crawley Transport Area package. This funding will need to be fully spent by March 2021. The drafting of this business case will be co-ordinated by West Sussex County Council – the accountable body for the LEP funding.

**3. A balanced budget is not achieved in the medium term resulting in an increased use of reserves, which is not sustainable.**

The [Budget Strategy 2016/17 – 2020/21 FIN/368](#) went to Cabinet on 9<sup>th</sup> September 2015. This identified a budget gap of £789,000 over a 3 year period. Corporate Management Team will continue to work with staff and contractors to identify and implement improved ways of working. The transformation programme of service improvements and efficiencies achieved through systems thinking and other types of review will continue with the aim of continual streamlining of internal processes to reduce waste and duplication, and also to focus on the defined purpose and measures of each service.

Our External auditor has made the following comments – ‘we examined the characteristics the council has in place to achieve economy, efficiency and effectiveness. These included the use of auditor judgement to review the overall

leadership and how it ensures the council has robust budgets and associated mechanisms to achieve these. We noted that the management team has a considerable amount of local government experience and set a robust budget that was monitored regularly, and progress to budget was reported to those charged with governance frequently to complete the line of accountability. Budget predictions have remained consistent throughout the year indicating a strong process is in place. We also assessed the council's access to good quality and timely comparative information on costs and performance, and how this is used to evaluate options and short- to medium-term financial and performance plans. The subsequent medium-term finance strategy was found to be robust and based on the needs of the council and its stakeholders'.

**4. A Local Plan that meets the needs and aspirations of local people, that is capable of being delivered and is acceptable through public examination to the Planning Inspectorate is not achieved.**

The Examination process is well advanced and the Inspector's preliminary findings indicated that the Plan is likely to be found sound. The Inspector's final report is anticipated in late September/early October. Member engagement has continued throughout the process with an all members seminar following on from the preliminary findings to discuss proposed modifications and further discussions anticipated during the lead in to submission of the final version to Full Council for adoption currently programmed for December 2015.

**5. Inability to meet affordable housing and having to repay 1-4-1 receipts, (from Right to Buy income) with interest back to the Government.**

An approved delivery programme is in place and managed through the Strategic Housing Board. A meeting with key members to consider options for bridging the funding gap arising from the rent reduction announced by the Government will take place this month with further discussions anticipated at the next Strategic CMT/Cabinet meeting in October.

**CMT have subsequently identified a further risk which is the Government's imposed rent reduction on Crawley Homes properties and which means that the Council may not be able to deliver against all its plans for the HRA. Staff and Members are looking at mitigating actions to enable the Council to still meet the manifesto commitment on housing delivery.**

**6. Background Papers**

**6.1 Risk Management Strategy [FIN/364](#) Audit Committee 24<sup>th</sup> June 2015.**

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