



## Report to:

Northwards Housing Board  
14 June 2006

## Item No:

# 10d

<b>Title:</b>	Risk Strategy		
<b>Date:</b>	30 May 2006		
<b>Author:</b>	Steve Wood	<b>Tel No:</b>	0161 227 3018
<b>E mail:</b>	s.wood@northwardshousing.co.uk		
<b>Confidential:</b>	No		
<b>For:</b> (Please tick action required)	<b>NOTING</b>	<b>DISCUSSION</b>	<b>APPROVAL</b> √

### PURPOSE OF REPORT

Following an exercise undertaken by Senior Managers Team and the SWOT and PEST analysis carried out by the Executive Management Team and the Board, a Risk Strategy and Register of primary risks has been prepared for approval by the Board.

### RECOMMENDATION

The Board are asked to approve the Risk Strategy and Register of primary risks noting that regular monitoring reports will be going to the Resource & Governance Sub-Committee.

### IMPLICATIONS

<b>Equality &amp; Diversity:</b>	None directly although equality and diversity issues are covered
<b>Financial:</b>	This is covered as a primary risk
<b>Staffing:</b>	None directly
<b>Decency Target:</b>	This is covered as a primary risk
<b>Governance:</b>	This is covered as a primary risk
<b>Risk Assessment</b>	The strategy is the source of all risk assessments

### Equality & Diversity Implications (Please tick where relevant):

BME	<input type="checkbox"/>	Lesbian/Gay/Bisexual/Transgender	<input type="checkbox"/>
Elderly	<input type="checkbox"/>	Single Parents	<input type="checkbox"/>
Young	<input type="checkbox"/>	Domestic Violence	<input type="checkbox"/>
Disability	<input type="checkbox"/>	Alcohol / Drug Mis-users	<input type="checkbox"/>

**Consultation/Consideration:**

	<b>Yes, No or N/A:</b>	<b>Name:</b>	<b>Date:</b>
<b>Sub-Committee:</b>	Yes	Resource & Governance	23 May 2006
<b>Area Panel:</b>	N/A		
<b>Ward Councillors:</b>	N/A		



# **RISK MANAGEMENT STRATEGY**

**2006 – 07**

## **Contents**

<b>1. Introduction and Background Information .....</b>	<b>3</b>
<b>2. Objectives .....</b>	<b>4</b>
<b>3. Risk Management .....</b>	<b>5</b>
<b>4. Risk Recording .....</b>	<b>6</b>
<b>5. Risk Register .....</b>	<b>7</b>
<b>PRIMARY RISK REGISTER .....</b>	<b>8</b>

## **1. Introduction and Background Information**

- 1.1. This Risk Management Strategy sets out how Northwards Housing identifies, prioritises and manages strategic risks to enable the achievement of its key objectives.

### **Background**

- 1.2. In response to a number of governance issues that arose through the 1980's and 1990's, the importance of risk management has been emphasised together with the need for robust corporate governance.
- 1.3. A number of reports have been published on the subject of corporate governance, incorporating formalised risk management, including Cadbury, Greenbury, Turnbull and Langlands. Whilst most of these reports originated in the private sector they have much to offer in the public sector also. These reports have been added to by the Audit Commission – “Worth the Risk” and the National Audit Office.
- 1.4. The Turnbull Committee, commissioned by the UK Government, published a report in September 1999 outlining best practice for sound corporate governance, and more recently the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issued a document “Corporate Governance in Local Government – a Keystone for Community Governance”. Both documents urge the adoption of risk management practices and the Turnbull principles are increasingly seen as best practice, not just for public companies, but for private companies and organisations operating in the not-for-profit sector.
- 1.5. This Strategy is intended to:
- Reflect sound business practice whereby internal controls are embedded in the business processes by which the organisation pursues its objectives;
  - Remain relevant over time in a continually evolving business environment.
- 1.6. Northwards Housing harnesses these best practice principles and focuses on the identification and management of any major risks that might impact upon the achievement of the organisation's objectives.
- 1.7. Northwards Housing has delegated authority to manage the delivery of a range of statutory duties on behalf of the local authority. The strategic objectives, and therefore strategic risks, are inevitably shaped by these responsibilities. The over-riding goal is to ensure that the achievement of major objectives is not jeopardised by strategic risks that have not been identified and managed.

## **2. Objectives**

2.1. Northwards Housing has set itself the following objectives:

### **Warm, Safe and Affordable Homes**

To provide warm, safe and affordable homes for all our tenants through advice, support and a multi million pound investment programme, this will create jobs for local people.

### **Successful Communities**

To contribute to the regeneration of North Manchester, and work with partners to help develop successful communities.

### **Quality Services**

To work with customers to develop and deliver excellent services that satisfies their needs and aim to meet their aspirations.

### **Value for Money**

To provide sound financial management, and to ensure that we offer excellent value for money to our customers.

### **Safer Places to Live**

To work with partners and local communities in helping to reduce crime, fear of crime, and anti-social behaviour.

### **An Attractive Environment**

To help develop a safe and attractive environment within North Manchester, this contributes to the pride and well-being of local communities.

### **Promote Equality and Diversity**

To understand the needs and aspirations of the diverse communities of North Manchester, and to work with partners to address inequality and to meet the needs of vulnerable people.

2.2. These objectives were developed jointly by the Northwards Shadow Board, Area Panel Members, tenants, leaseholders, residents and staff at a Vision Day in November 2005. They are consistent with and support the vision, mission, objectives and values of Manchester City Council.

### **3. Risk Management**

3.1. Risk management is a process designed to identify and manage potential events to provide reasonable assurance as to the achievement of the objectives or the successful execution of strategies for Northwards Housing.

3.2. Within this strategy, risks are defined as:

**any event which may affect the organisation's ability to deliver high quality services to customers as well as to maintain its financial strength, positive public image and the overall quality of its people.**

3.3. Risk management means the process by which any threats are identified, evaluated and controlled. Where risks occur, it is important that appropriate measures are taken to reduce or eliminate their impact.

3.4. The aim is to get the balance right between innovation and change on one hand, and the avoidance of shocks and crises on the other.

3.5. Strategic risk management recognises that the success of an organisation in delivering its strategic objectives depends on a range of uncertainties or risks. These risks must be managed so that the achievement of the strategic objectives is not jeopardised.

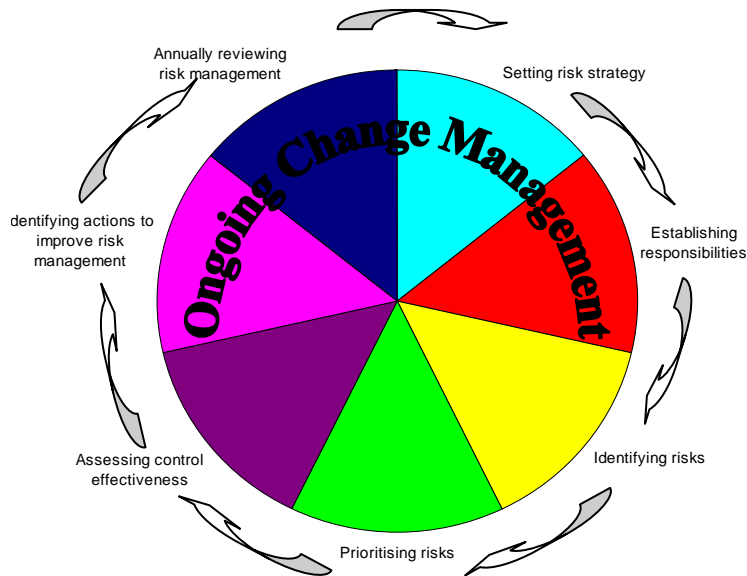
3.6. The benefits of adopting this strategy are as follows:

- Plays a key role in helping to achieve business plan objectives
- Reduces uncertainty and the need for contingency arrangements
- May lead to reduced insurance premiums
- Reduces the proportion of management time spent on crisis management
- Establishes a formal process for monitoring and reporting on progress
- Involves the Board in determining and managing risk

3.7. In looking at the Strategy, the base position for Northwards Housing is one where the organisation as a whole is risk averse and any exposure to risk requires management. Removing all risks will never be achieved as some are inherent in the environment in which the organisation works, but their minimisation and control is the goal.

#### **4. Risk Recording**

- 4.1. The identification of risks is a key part of the risk strategy. By involving various levels of staff, management, Board Members and customers in the risk identification process in the future, Northwards Housing hopes to establish a framework which raises the profile of risk management throughout the organisation.
- 4.2. The risk management cycle can be represented as follows:



- 4.3. Once risks have been identified, they are assessed for their **impact** and **probability**. Risk management will encompass operational, financial and reputational risks. Risks will be identified at a strategic level and then the same process will be adopted at team levels throughout the organisation.
- 4.4. This approach will provide Northwards Housing with a comprehensive register of all strategic and operational risks.
- 4.5. **Primary risks** (assessed as those being high probability and high impact) are then recorded with appropriate risk mitigation strategies being identified.
- 4.6. These strategies will take a range of different forms and will include the tightening of procedures, enhanced reviews or monitoring of a given aspect of the business, or risk sharing (eg with partners like the Joint Venture Company) or transfer where that can be practically achieved.
- 4.7. Risk is a key consideration in assessing alternatives for service delivery and outsourcing some elements of public sector services can be an effective method of transferring risk. Such transfer for risk mitigation does need balancing though with Value for Money and contract cost implications.

## **5. Risk Register**

- 5.1. All primary risks are recorded in the Risk Register that assists their management.
- 5.2. The register will record;
  - the description of the risk
  - responsibility for action
  - existing controls that manage the risk
  - risk actions required
- 5.3. The risk register will be used as the basis for regular monitoring by teams and Sub-Committees within the organisation, as well as providing the basis of reporting to Manchester City Council every quarter.
- 5.4. The risk register will be reviewed in conjunction with Service Improvement Plans and the Delivery Plan to ensure mitigation actions are being progressed.
- 5.5. A review of the risk register and any potential changes to the strategy will take place by the Resources and Governance Sub-Committee each quarter.

<b>PRIMARY RISK REGISTER</b>					
Risk No	Risk Description	Risk Status	Lead responsibility	Existing Controls	Risk Actions
1	Failure to gain Two Stars in Inspection	Organisational Reputational	Chief Executive	<ul style="list-style-type: none"> <li>clear timetable for preparation</li> <li>communication with all staff</li> </ul>	<ul style="list-style-type: none"> <li>detailed preparation programme</li> <li>appropriate resources allocated</li> </ul>
2	Increase in RTB sales	Financial Organisational	Director of Business Services	<ul style="list-style-type: none"> <li>regular monitoring of no. of sales</li> <li>budget monitoring to assess impact on financial plan</li> </ul>	<ul style="list-style-type: none"> <li>financial management and planning</li> <li>regular review</li> </ul>
3	SLA value	Financial Service	Director of Business Services	<ul style="list-style-type: none"> <li>SLA monitoring and review programme</li> <li>budget monitoring</li> </ul>	<ul style="list-style-type: none"> <li>EMT monitoring of SLA review progress</li> <li>overview discussions with MCC</li> </ul>
4	Loss of key staff	Organisational Service	Chief Executive / Director of Business Services	<ul style="list-style-type: none"> <li>development of HR strategy</li> <li>implementation of new appraisal system</li> <li>communication and involvement strategies</li> </ul>	<ul style="list-style-type: none"> <li>succession planning</li> <li>leadership development</li> </ul>
5	Non performance of JVC	Financial Service	Director of Property Services	<ul style="list-style-type: none"> <li>investment of time in set up programme</li> <li>performance measures from the outset</li> </ul>	<ul style="list-style-type: none"> <li>appropriate resources allocated to the setup project</li> <li>regular liaison and monitoring</li> </ul>
6	Failure to meet tenants' expectations and subsequent loss of confidence	Reputational Service	Director of Neighbourhood Services	<ul style="list-style-type: none"> <li>regular consultation</li> <li>Area Panels and tenant liaison officers</li> <li>Resident Involvement Agreement and monitoring on performance</li> </ul>	<ul style="list-style-type: none"> <li>reorganisation of tenant liaison officers reporting and authority</li> <li>Area Panel consultations</li> <li>work with focus groups</li> <li>tenants' survey</li> </ul>
7	Decision making and delegation	Organisational	Board / Chief Executive	<ul style="list-style-type: none"> <li>regular review of delegations to ensure effective use of time and levels are appropriate to provide control</li> </ul>	<ul style="list-style-type: none"> <li>review of standing orders and delegations</li> <li>staff briefings and consultations</li> <li>communication</li> </ul>

<b>PRIMARY RISK REGISTER</b>					
Risk No	Risk Description	Risk Status	Lead responsibility	Existing Controls	Risk Actions
				but not constrain service delivery <ul style="list-style-type: none"> <li>• creation of Sub-Committees</li> </ul>	champions
8	High dependence on MCC	Financial	Director of Business Services	<ul style="list-style-type: none"> <li>• independent Board and separate Executive Team</li> <li>• own offices</li> </ul>	<ul style="list-style-type: none"> <li>• branding and creation of own identity</li> <li>• SLA review programme</li> </ul>
9	Lack of efficiency savings	Financial Organisational	Director of Business Services	<ul style="list-style-type: none"> <li>• creation of Value for Money Strategy and Annual Efficiency Statement</li> <li>• financial management and budgetary control framework</li> </ul>	<ul style="list-style-type: none"> <li>• establishment of Value for Money culture</li> <li>• regular monitoring and benchmarking including testing progress on efficiencies</li> </ul>
10	Delays in Comino project	Organisational	Director of Business Services	<ul style="list-style-type: none"> <li>• Project Group with clear project plan and timetable</li> </ul>	<ul style="list-style-type: none"> <li>• regular monitoring and review</li> <li>• period of parallel running to ensure systems working properly</li> <li>• proper staff training</li> </ul>
11	Capital cost overruns	Financial	Director of Property Services	<ul style="list-style-type: none"> <li>• JVC contract with clear responsibilities</li> <li>• project management team in place</li> </ul>	<ul style="list-style-type: none"> <li>• regular reporting and monitoring</li> </ul>
12	Use of temporary staff and agencies	Financial	Chief Executive	<ul style="list-style-type: none"> <li>• budgetary control</li> <li>• executive authorisation of additional resources</li> </ul>	<ul style="list-style-type: none"> <li>• financial management and review</li> <li>• HR review of use of temporary staff and agencies</li> <li>• protocol for use being drawn up</li> </ul>
13	Not focussing on performance management	Organisational	Chief Executive	<ul style="list-style-type: none"> <li>• Performance Management Framework</li> <li>• reporting to Board, EMT and</li> </ul>	<ul style="list-style-type: none"> <li>• review of Performance Management Framework reporting and</li> </ul>

**NORTHWARDS HOUSING  
RISK MANAGEMENT STRATEGY**



<b>PRIMARY RISK REGISTER</b>					
Risk No	Risk Description	Risk Status	Lead responsibility	Existing Controls	Risk Actions
				SMT	means of communication • establishment of regular item on team and management agendas