



Board

27 January 2009

Strategic Risk Monitor

Report by Assistant Chief Executive and Director of Business

For decision	Area Implications	All
Executive Summary	This report provides Board with an update of the review of the Strategic Risk Register by YHN Board held in December 2008, facilitated by an independent risk consultant. The Strategic Risk Register has also been reviewed by Management Team with regard to controls, actions and dead risks. The revised Strategic Risk Summary Register is shown at appendix one.	
Recommendations	Board is recommended to agree the amendments to the summary register including: <ul style="list-style-type: none"> • The addition of five new strategic risks; • The removal of three dead risks; and • The updated actions and timescales. 	

Business Implications	
YHN Mission and Strategic Objectives	This report contributes to the following Strategic Objectives:- <ul style="list-style-type: none"> • Three star excellent services
Value for Money/Efficiencies	There are some risks that relate to value for money.
Resources (financial, property, technological or human)	Resources are in place to deliver risk register reviews.
Impact on Services/Performance	Strengthening current risk controls can have significant organisational benefits such as improving YHN's ability to achieve objectives and to successfully deliver on strategies.

Outcomes for tenants/leaseholders	As above.
Risk (reputation, relationship)	<p>Risks include:-</p> <ul style="list-style-type: none"> • Senior management unaware of key risks due to limited risk register reviews – resources are in place within the Business Strategy Team to undertake reviews. • Failure to embed risk management – a programme of 6 monthly reviews is in place for all the risk registers. Risk management will be incorporated into the business and financial planning process and a corporate risk management budget is available.
Environmental	Not applicable
Legal Implications	Not applicable
Equality and Diversity	Not applicable
Stakeholder Involvement/Consultation (planned or already carried out)	There has been no specific consultation on this report.
Background papers	<p>Background papers include:-</p> <ul style="list-style-type: none"> • YHN Strategic Risk Register – January 2009
Contact officers	Keith McDonald, Lead Performance Management and Policy Officer ext. 28732.

Strategic Risk Register Monitor

1. Introduction

- 1.1 Risk management is a formal approach that enables the identification, assessment and analysis of risks and uncertainties facing an organisation, project or programme. The objective of risk management is to reduce or eliminate risk and enable residual risks and their impacts to be managed. Risks are events or actions that will adversely affect or, if managed creatively, enhance an organisation's ability to achieve objectives and to successfully execute strategies.
- 1.2 YHN's Risk Management Strategy was approved by Board in November 2005 and is currently being reviewed.

2. Background

- 2.1 At the YHN Board meeting in December 2008 a review of the Strategic Risk Register was carried out, facilitated by an independent risk consultant. A number of additions and changes to the register were discussed and these have been made along with revised actions and timescales. The detail is shown in a summary register at appendix one.

3. Amendments to Strategic Risk Register

- 3.1 As a result of the review by Board a number of new risks have been added to the Strategic Risk Register to reflect key concerns, opportunities and uncertainties facing YHN. These are:-
 - Failure to ensure adequate continuity planning if main YHN premises are not available;
 - Failure to ensure adequate continuity planning (and communication of these) for blocks of flats;
 - Viability of the HRA;
 - District and group heating; and
 - Viability of construction partners.

In addition, Management Team reviewed controls and actions for all strategic risks and are recommending that three green risks on the register should become dead risks. These are:

- Failure to implement adequate systems for YHN asset ownership and management;
- Diversification from core business results in decline in key services; and
- Changes in government policy (i.e. YHN slow to hear about changes or slow to respond to such changes)

4. Recommendations

4.1 Board is recommended to agree the amendments to the summary register including:

- The addition of five new strategic risks;
- The removal of three dead risks; and
- The updated actions and timescales.

5 Next Steps

5.1 The next review of the Strategic Risk Register is due in June 2009.

Contact Officer: Keith McDonald ext. 28732

Background Papers

YHN Strategic Risk Register – January 2009

YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Decline in our Housing Stock (Numbers)</p> <p>Risk owner: Management Team</p> <p>NB: Long term risk: An improvement may not be seen until 2010/11</p>	Average (3)	Red (16)	<p>Existing</p> <ul style="list-style-type: none"> New build pilot – 33 bungalows General decline in “Right to Buy” <p>To do</p> <ul style="list-style-type: none"> Investigate plans for managing other landlords stock Subsidiary proposal (April 2009) Investigate private sector leasing (April 2009) Discussions with Homes and Communities Agency developers and NCC re purchasing stock (ongoing) Submission to National Affordable Housing Programme (June 2009)
<p>Failure to ensure adequate IT business continuity plans and testing of these (NB: dependency on NCC)</p> <p>Risk owner: R Atkinson</p> <p>NB: General Business Continuity risk sits on Service Register</p>	Average (3)	Red (12)	<p>Existing</p> <ul style="list-style-type: none"> Review of IT infrastructure by consultants complete <p>To do</p> <ul style="list-style-type: none"> Greater assurance required by YHN Board– Update to be provided as part of revised IT Strategy (to Finance Committee Jan 2009)

*Controls adequacy: Very Good (1), Good (2), Average (3), Some (4), Poor (5)

YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
Financial Impact from Single Status/equal pay claims Risk owner: J P Lee	Good (2)	Red (16)	Existing <ul style="list-style-type: none"> • Financial Impact analysis • Legal advice • Recent review of current financial contingencies • Report to Board and (special) Governance & Personnel Committee To do <ul style="list-style-type: none"> • Awaiting NCC action (end of Jan 2009) • Report to Governance and Personnel Committee and Board (March 2009)
Failure to ensure adequate contractor management processes Risk owner: Management Team NB: possible knock on impact on Modern Homes Standard risk	Good (2)	Red (12)	Existing <ul style="list-style-type: none"> • SLA reviewed by Internal Audit and now include client and contractor functions • Quarterly Benchmarking reports and challenge of contractors as required • Regular meetings with City Design To do <ul style="list-style-type: none"> • Revise Procurement Strategy (Feb 2009) • Contract Management training for staff to be developed (March 2009)

*Controls adequacy: Very Good (1), Good (2), Average (3), Some (4), Poor (5)

YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Failure to acquire and retain skilled employees NB: higher risk due to Single Status and “3 star factor”</p> <p>Risk owner: Management Team</p>	Good (2)	Red (12)	<p>Existing</p> <ul style="list-style-type: none"> • Developed and implemented Mentoring scheme • Packages and benefits for staff in place <p>To do</p> <ul style="list-style-type: none"> • Staff survey to be conducted (June 2009) • Reviewing HR Strategy (April 2009) • Well being at work campaign recently launched • Review Staff retention issues (Chair, June 2009)
<p>Rapid expansion of services not being resourced adequately resulting in opportunities for growth not being maximized or service quality falling</p> <p>Risk owner: Management Team</p>	Average (3)	Amber (9)	<p>Existing</p> <ul style="list-style-type: none"> • Performance Management Framework • Business and Financial Planning <p>To do</p> <ul style="list-style-type: none"> • Away Day planned which will cover infrastructure (Chair, Jan 2009)
<p>Failure to exploit opportunities to stretch targets and maximize income</p> <p>Risk owner: J P Lee</p>	Average (3)	Amber (9)	<p>To do</p> <ul style="list-style-type: none"> • Review approach to bidding for external funding – now pre-qualified to bid for National Affordable Housing Programme • Review organisational approach to source funding and submit bids (March 2009)

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YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Failure to hit Modern Homes Standard</p> <p>Risk owner: Management Team</p>	Good (2)	Amber (9)	<p>Existing</p> <ul style="list-style-type: none"> • Benchmarking cost/quality on DHP (quarterly) • Review of specifications • Review of scope of work on certain property types e.g. non traditional, multi's • Action plan to optimise the use of IT systems • Bi-monthly report to Property and Finance Committees • NE procurement pilot • In house survey • Byker PFI – dependent on DCLG decision
<p>Failure to ensure adequate skills base and succession planning within Board structure</p> <p>Risk owner: J P Lee</p>	Average (3)	Amber (8)	<p>Existing</p> <ul style="list-style-type: none"> • Area Boards review – due to report March 2009 • Review methods of promoting and publicizing • Board member training • Board member appraisal • Board reports on attendance and training (Jan 2009)
<p>Change of major funding mechanisms</p> <p>NB: this risk is reflected in detail on three Divisional Registers</p> <p>Risk owner: Management Team</p>	Average (3)	Amber (8)	<p>Existing</p> <ul style="list-style-type: none"> • 30 year HRA Business Plan, 5 year Medium Term Plan • Main Board (Monthly) and Finance Committee (quarterly) reporting • Regular liaison with City Treasurer • Improve performance on rent collection and rent arrears

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YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Failure to maintain star rating and improve services following 2008 inspection</p> <p>Risk owner: Management Team</p>	Good (2)	Amber (8)	<p>Existing</p> <ul style="list-style-type: none"> Existing Business Strategy, Project Management, Performance & Risk Management, VFM Strategy, Regional Peer Review process Service improvement programme
<p>Failure to improve our relationship with our customers</p> <p>Risk owner: Management Team</p>	Good (2)	Amber (8)	<p>Existing</p> <ul style="list-style-type: none"> Tenants Federation, Area Boards Tenant Involvement Team, Leaseholder Forum Customer satisfaction surveys Complaints procedure YHN Website Customer service strategy Diversionsary activities
<p>Failure to implement adequate systems for YHN Asset ownership and management</p> <p>Risk owner: J P Lee</p> <p>Recommend to move this to a dead risk</p>	Average (3)	Green (6)	<p>Existing</p> <ul style="list-style-type: none"> Articles of Association Meeting with Ernst & Young to discuss impact and options Work by PWC and legal advisers Related Report to Board October 2008 re new build.

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YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Failure to implement long term Business Plan resulting in failure to achieve strategic objectives</p> <p>Risk owner: J P Lee</p>	Average (3)	Green (6)	<p>Existing</p> <ul style="list-style-type: none"> • Business Plan principles agreed with Board and NCC <p>To do</p> <ul style="list-style-type: none"> • Write Business Plan and Action Plan (options paper Feb 2009)
<p>Diversification from core business results in decline in key services</p> <p>Risk owner: Management Team</p> <p>Recommend to move this to a dead risk</p>	Average (3)	Green (6)	<p>Existing</p> <ul style="list-style-type: none"> • Performance Management Framework • Business and Financial Planning
<p>Relationship between NCC and YHN deteriorates resulting in a lack of strategic direction and challenges to decisions taken by YHN</p> <p>Risk owner: Management Team</p>	Good (2)	Green (6)	<p>Existing</p> <ul style="list-style-type: none"> • Ongoing monitoring • Ensure liaison with key officers and members

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YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Changes in government policy (i.e. YHN slow to hear about changes or slow to respond to such changes)</p> <p>Risk owner: Management Team</p> <p>Recommend to move this to a dead risk</p>	Very Good (1)	Green (6)	<p>Existing</p> <ul style="list-style-type: none"> Ongoing monitoring
New risks			
<p>Failure to ensure adequate continuity planning if main YHN premises are not available</p> <p>Risk owner: J P Lee</p>	Poor (5)	Amber(8)	<p>Existing</p> <ul style="list-style-type: none"> Disaster Recovery Plan Maintenance and call out agreements CCAS emergency plan <p>To do</p> <ul style="list-style-type: none"> Audit space in Community Housing Offices (Feb 2009) Prepare a Business Continuity Plan (when gaps identified possibility of an emergency planning group to be set up) First draft March 2009

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YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
<p>Failure to ensure adequate continuity planning (and communication of these) for blocks of flats</p> <p>Risk owner: Management Team</p>	Good (2)	Amber (9)	<p>Existing</p> <ul style="list-style-type: none"> • Emergency plan reviewed yearly • Link to NCC emergency plan • Staff on NCC emergency planning group • Updates and warnings from NCC <p>To do</p> <ul style="list-style-type: none"> • Test YHN emergency plan (July 2009)
<p>Viability of the HRA</p> <p>Risk owner: R Atkinson</p>	Very good (1)	Amber (8)	<p>Existing</p> <ul style="list-style-type: none"> • MTP process • Reports to Board and Finance Committee • Section 151 meetings • Service reviews of key areas of expenditure • Time limited committees • Comprehensive spending review <p>To do</p> <ul style="list-style-type: none"> • Maximise income from other sources (ongoing) • Prioritisation of capital projects (March 2009)

*Controls adequacy: Very Good (1), Good (2), Average (3), Some (4), Poor (5)

YHN Strategic Risks – Summary Register Jan 2009			
Risks, Opportunity and Uncertainties	How well are we doing this now?*	Current Risk Priority (RAG)	What exists /What we need to do:
District & Group Heating Risk owner: J P Lee	Some (4)	Red (16)	Existing <ul style="list-style-type: none"> • Time Limited Committee • Programme of meter and controls installation • Procurement of Technical consultant • Broader social impact on tenants To do <ul style="list-style-type: none"> • Key messages to tenants on environmental aspects (March 2009) • Detailed programme for meter installation (July 2009) • Proposal on charging (July 2009)
Viability of construction partners Risk owner: Management Team	Very good (1)	Green (4)	Existing <ul style="list-style-type: none"> • Framework agreement (no sole provider) • Calderdale check To do <ul style="list-style-type: none"> • Review contingencies (multi externals would be an issue) • Scenario planning (Feb 2009)

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