



AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 26 March 2024

REPORT TITLE:	REGENERATION AND PLACE RISK MANAGEMENT
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

The Director of Regeneration and Place was requested by the Audit and Risk Management Committee at their meeting on 15 January 2024 to attend the next meeting of this Committee in March 2024 to present a risk report on all Directorate risks. This report provides the information requested by that Committee.

The report supports the Council Plan: Wirral Working Together 2023-27, specifically the People-Focussed Regeneration theme.

The report is not a key decision.

RECOMMENDATION/S

The Audit and Risk Management Committee is recommended to note the comprehensive arrangements in place within the Regeneration and Place Directorate for managing all Directorate risks.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide the Members of the Audit and Risk Management Committee with the opportunity to review all Regeneration and Place risks and their management.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered as this is a specific request from Committee for information.

3.0 BACKGROUND INFORMATION

- 3.1 Audit and Risk Management Committee at their meeting on 15 January 2024 resolved that the Director of Regeneration and Place be requested to attend the next meeting of the Committee in March 2024 to present a risk report on all Directorate risks.

- 3.2 Specifically, this request was understood to include:

1. a review of the Directorate Risk Register,
2. information on how risks are managed (the mitigation in place or planned),
3. the process for managing new risks when they arise and how these are communicated and documented and
4. the outcomes which should be expected from current programmes as a result of delivery.

- 3.3 Regeneration and Place is a diverse Directorate managing and delivering a range of services, programmes and projects. It is organised into five service areas:

- Housing (including Strategic Housing, Homelessness and delivery of housing with partners)
- Planning (including Local Plan, Forward Planning, Development Management and Building Control)
- Regeneration Strategy (including economic growth, Strategic Infrastructure and Transport, Culture and Heritage, Places and Partnerships)
- Property and Regeneration Investment/Delivery (including Asset and Facilities Management, Corporate Landlord, and Regeneration Delivery)
- Special projects (including Regeneration of New Ferry, co-location of services, and implementing community asset transfer)

- 3.4 The Directorate's Risk Register, at March 2024 is attached to this report at Appendix 1. It follows the Council's corporate format in setting out all the Directorate risks, scoring these and identifying managed and mitigation measures in place or planned. It is included in the annual Directorate Business Plan which is reported to the Economic, Regeneration and Housing Committee on an annual basis. The date for this report for 2024/25 is being discussed with the Chair of that Committee.

- 3.5 The Risk Register is formally reviewed by the Departmental Management Team (Director, Assistant Directors with the support of the Corporate Risk Lead Officer on a quarterly basis and is informally reviewed more regularly.
- 3.6 It is also a live document so when any new risks are identified (from whatever source) these are defined and assessed in line with the corporate risk methodology and then brought to the Departmental Management Team for consideration. Following this consideration, the risk is either added to the register or not and this process is documented by the minutes of the meeting. That is then communicated by circulation of the minutes or by the Assistant Director in the relevant service area. If a risk is considered by the Departmental Management Team to be corporate in nature it is escalated by the Director to the Strategic Leadership Team for their consideration. This matter is then documented in the minutes of the Strategic Leadership Team meeting. through the minutes of the Strategic Leadership Team and then communicated back by the Director to the Regeneration and Place Directorate Management Team.
- 3.7 All committee reports considered by Members include a formal section on risk. Reports from the Regeneration and Place Directorate are no exception to this. This allows specific and detailed risks to be identified for each project along with the mitigation measures that are in place or planned. Consequently, Members can fully consider all risks before deciding on any matter. In preparing such reports they go through an internal officer group (including colleagues from Audit and Risk Management, Legal, Communications and Finance) to ensure that the risk section considers all the relevant risks. The Directorate Management Team also considers all reports before they are “signed off” by the Director to progress to the relevant Committee.
- 3.8 The Directorate has a representative on the Council-wide Risk Co-ordinating Group to ensure that it is up to date on all risk matters and is informed of other risks across the Council (current or emerging) and can assess, as a result of this information, if there are implications on the Directorate’s risks. If there are, then the appropriate actions can be taken. This is important, as the Directorate’s work, particularly in relation to delivery, involves other Directorates.
- 3.9 Much of the Directorate’s work involves external partners, which include Government, Funding Organisations, Private Sector Developers, Businesses, Community and Voluntary Sector Organisations etc. It is important that “external” risks from such organisations are considered carefully as part of any programme or project. The general risk is identified in the Directorate Risk Register and then specifically (as appropriate) in the relevant reports to Members.
- 3.10 The outcomes expected from delivery of the current programmes and projects within the Directorate are specific to each project. These are reported specifically when

reports are presented to Committee for decision. There are high-level summaries drawn from this detail which give target outcomes. Some of these, by way of example, include new residential units, floorspace created, jobs created and many others. A performance report is presented to the Economic Regeneration and Housing Committee on a quarterly basis.

- 3.11 It is important to understand that the Regeneration and Place Directorate follows the pattern of risk management embedded for all Council directorates. The risk management and mitigation arrangements outlined above have been successful in managing risks to date across the various service areas of the Directorate.
- 3.12 However, it is important to recognise that as the Council is now moving into a focused delivery phase of key Council priorities – for example Regeneration Delivery and the Local Plan (particularly the delivery of new housing on brownfield land), and the increasing complexity of housing and homelessness demands in the national context, that more detailed risk management and mitigation measures must be developed in relation to the emerging future priorities of the Council's work and their complexity. These key areas of risks and the proposed risk management and mitigation are set out below:

Regeneration Delivery

- 3.13 The most significant risks identified within the risk register relate to the delivery of the current regeneration projects and the Local Plan (particularly delivery of new housing on brownfield land), which are frequently intertwined. The risks incorporate all elements of project delivery from the availability of external time limited grant funding, the restrictions regarding grant conditions and timing for expenditure to be defrayed, legal and property considerations and on-site contractual risks in terms of delivery and the key dependencies.
- 3.14 Each project has a business plan, a project plan and a risk register. These are prepared by the project's lead officer and then assessed through internal processes within the project delivery team. Individual projects are then built into a Delivery Programme with approvals and then post-approval monitoring of project progress and performance, being considered internally by officers and ultimately at the Economic, Regeneration and Housing Committee as required.
- 3.15 The regeneration programme which I reviewed on coming into post programme has several issues including (1) too many projects in the pipeline that are not delivery ready or prioritised (2) a lack of the required delivery skills and capacity and (3) a need for greater project and financial management to ensure delivery within timescales. All of these identified issues create risks and therefore work is underway to assess all current projects and pipeline projects; to ensure that the Council has the appropriate skills and capacity to deliver prioritised projects and that project management and performance arrangements are strengthened to ensure delivery.

- 3.16 There are a number of risks that are common to all projects due to the current national market conditions and overall position of the Council. The recent high levels of inflation and the financial constraints facing the Council impact on the ability to mitigate the risks through allocation of additional funding. In Wirral, the low level of both reserves and capital receipts means that any additional funding would likely need to be funded through borrowing. This has an impact on revenue budgets through interest and MRP payments which adds to the revenue budget pressures and therefore future savings requirements. The financial position that Wirral finds itself is not unique in the landscape of Council's across the country.
- 3.17 The potential scale and impact of the financial risks across the overall programme will be fully quantified as projects progress through procurement and into delivery. This is likely to bring forward a requirement to prioritise within the current programme which may result in some schemes being reduced or removed. This will be done through the processes set out above and reported through the internal arrangements and then to the appropriate Policy and Service Committee.
- 3.18 The priority over the last 12 months has been to secure mitigation to schemes which does not impact on the scale and ambition of delivery. This includes securing flexibility within some significant elements of the programme through the successful application for Wirral to become a 'Pathfinder' as part of the Government's simplification process, relaxing the delivery timescales and providing a greater degree of financial flexibility between those schemes.
- 3.19 Within the 'Pathfinder' projects the schemes on the critical path of delivery have been prioritised, such as the town centre sub-station, and interim requests for additional capital funding have been made to minimise delays to delivery timescales.
- 3.20 Schemes at risk of clawback are being prioritised. These will be reported through to the ER&H Committee in June 2024.
- 3.21 A report on the resourcing of regeneration delivery is due to be considered by the Policy and Resources shortly. If this is agreed, it will provide significant financial resources to secure delivery resources addressing several of the delivery risks set out in this report.

Local Plan Delivery

- 3.22 The Council has now received a letter from the Secretary of State regarding the Local Plan. This is being considered and any risks will be identified, assessed and reported as soon as possible.

- 3.23 The attached Risk Register (Appendix 1) identifies general risks in relation to the Local Plan, but these will be added to with specific risks once the outcome of the Examination is known.

Housing

- 3.24 The Council's statutory housing functions are set out in the relevant housing legislation. Housing matters are dealt with by the ER&H Committee and a performance management framework (across all areas of the Directorate) is currently in development and will be approved soon. This will be then used to actively, and regularly, on a quarterly basis advise Members.
- 3.25 The attached risk register sets out in detail the housing risks alongside management and mitigation measures.

Planning

- 3.26 The Planning Service is governed by statute through the various Town and Country Planning Acts and National Planning Policy as set out in the National Planning Policy Framework. The Council's Planning Committee makes decisions on planning matters and has a member approved scheme of delegation in place to ensure timely decisions are made on planning applications.
- 3.27 There are national performance indicators set by the Government which Local Planning Authorities must report against on a quarterly basis. Performance on planning is reported on a quarterly basis to the Planning Committee for oversight and scrutiny.
- 3.28 There are also, currently, risks around the Land Charges system due to issues with IT software. These are being addressed as a priority and actions being assessed to reduce the risks in this area of the Directorate's work.
- 3.29 The key risks are set out in the attached Directorate Risk Register alongside management and mitigation measures.

4.0 FINANCIAL IMPLICATIONS

- 4.0 The Directorate Risk Register and the active management of risk is in place to allow any financial risks to be assessed, and mitigated, prior to any decisions being made by the Council or when a decision is taken identifying a financial risk to be effectively managed by the Council.
- 4.1 A report on financial resources for regeneration delivery will be considered by Policy and Resources Committee on 20 March 2024.

5.0 LEGAL IMPLICATIONS

5.1 All risks potentially have legal implications. The active risk management set out in this report seeks to mitigate such legal implications or manage them effectively if they do arise.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The Departmental Management Team within the Directorate, supported by colleagues from the Audit and Risk Management Team, Finance and specialist risk advisors (where required) and Legal identify, assess, mitigate, and manage the risks across the Regeneration and Place Directorate.

6.2 A report on resourcing regeneration delivery will be considered by the P&R Committee in March 2024 to ensure that there was sufficient capacity to deliver this area of the Directorate's work.

7.0 RELEVANT RISKS

7.1 These are set out in the Directorate Risk Register and managed by the active management of processes set out in this report.

8.0 ENGAGEMENT/CONSULTATION

8.1 The ER&H Committee are engaged on the regeneration programme and individual projects. Regeneration Masterplans and individual projects are subject to public consultation.

9.0 EQUALITY IMPLICATIONS

9.1 There are no direct equality implications arising from this report. Each specific programme and project have their own Equality Impact Assessment.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are no direct environment and climate implications arising from this report. Where appropriate each programme and project set out environment and climate change implications, in line with the Council's policies, as part of its implementation.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are no direct community wealth implications arising from this report. Where appropriate, each programme and project identifies community wealth implications.

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APPENDICES

Appendix 1 - Directorate Risk Register (March 2024)

BACKGROUND PAPERS

The following background papers were used in the preparation of this report.

Regeneration and Place Risk Register – March 2024

Risk Management Policy and Strategy

Regeneration and Place Directorate Plan 2023/24

Regeneration Resourcing Delivery Report, Policy & Resources Committee March 2024

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section (C) (ii) of its Terms of Reference” Risk Management – Consider the effectiveness of the system of risk management arrangements.”

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	