

AUDIT COMMITTEE

13 DECEMBER 2012

REPORT OF HEAD OF RESOURCE MANAGEMENT

A.1 THE LOCAL COUNCIL TAX SUPPORT SCHEME - PROJECT RISK ANALYSIS

(Report prepared by Harry Bates)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To give a progress report of the on-going potential risks of the Local Council Tax Support Scheme (LCTS) project.

EXECUTIVE SUMMARY

On 25 September 2012, the Committee considered a report on the risk management of issues arising from the localisation of council tax support. At that meeting an update was requested to be submitted to the December meeting of the Committee.

The Pan Essex project continues under guidance from the Essex Finance Officers Association (EFOA) to monitor its risk register and is regularly reviewed at the bi-monthly project meetings. The latest risk rating matrix is shown in Appendix A. The risks for the project are categorised under 7 headings as follows

- Timescale
- Legislation
- Governance
- Implementation
- Service Delivery
- Transition
- Finance

Tendring District Council approved its Local Council Tax Support Scheme at the Council meeting on 27 November 2012

RECOMMENDATION

That the Committee note the actions being taken to manage and mitigate risks associated with the implementation of LCTS schemes across Essex.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Monitoring and management of the identified risks help to ensure that the LCTSS can be delivered in a timely and cost effective manner.

FINANCE, OTHER RESOURCES AND RISK

Finance and Other Resources

The Council approved its LCTS scheme for the working age group in accordance with the current Council Tax benefit regulations except for the following variance.

1. Include income from child maintenance payments
2. Include all child minders income
3. Include all household income (i.e. remove deductions for non dependents)

4. Remove backdating of claims
5. Remove underlying entitlement
6. Remove second adult rebate
7. 25% reduction in support for those who have been in receipt of Job Seekers Allowance (JSA) for more than 3 years
8. Blanket charge of 10% on all non pensioner council tax liability.
9. A residency criterion for working age households so that those moving into the Tendring District after 1 April 2013 will not be eligible for council tax support but will become eligible for support after living in the district for 5 years.

Risk

The risks are set out in the body of the report.

The register has been modified to reflect that the relevant legislation is now in place for Councils to implement their local schemes.

LEGAL

The Local Government Finance Bill containing the relevant legislative changes to enable the introduction of Local Council Tax Support Schemes received Royal Assent on 31 October 2012.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Equality and Diversity

Consideration has been given to restricting access to council tax support to those who take up residency in the area from 1 April 2013 onwards. The relevant equality and diversity issues are being considered in drawing up the detailed policy for implementation.

Consultation

The consultation was undertaken on the principles of the Council Tax Support Scheme. The results of the consultation were published in the report to the Corporate Management Committee on 17 September 2012.

SUMMARY OF RISKS

At the meeting of the Audit Committee on 25 September 2012 the project risks were reviewed and it was requested that a further review be undertaken later in the year.

Further detail of the 7 risk areas associated with the pan Essex LCTS project is as follows:-

Timescale

- ***LCTS scheme is not delivered on time***

This has been given a low risk score. For Tendring, the consultation process was completed on schedule and the LCTS scheme was approved by the full Council on 27 November 2012. Work continues within the wider pan Essex approach to ensure that implementation will start from 1 April 2013.

Legislation

- ***Failure to meet legislative requirements***

This has been given a low risk level because full legislative analysis has been undertaken at

regular intervals within the project. The DCLG approach is not being heavily prescriptive and continues in that same vein. The Local Government Finance Act 2012 has received Royal Assent and therefore the statutory provisions are in place.

Governance

- ***Governance model fails to deliver project objectives***

The governance model has been designed to ensure all relevant parties are engaged. This has been given a low risk score because the proposed governance structure has allocated clear responsibilities and has the flexibility to focus on delivering specific objectives. These principles were agreed with EFOA and have continued to be applied by all participating members of the Pan Essex LCTS group and the major preceptors.

- ***Individual member authorities may vary from framework***

Since this was given a low risk score, the pan Essex project group have kept members and senior officers informed of progress and scheme design throughout the project along with the major preceptors.

All interested groups have the open invitation to attend at any meeting and minutes of each meeting set out the progress of the project at that time. The minutes highlight the issues that have to be addressed, and the group receives briefings on latest developments from the Department of Communities and Local Government (DCLG) from the consultant.

The issues and project has frequently been discussed at Essex wide meetings for Leaders, Chief Executives and Chief Finance Officers.

Some concern has been expressed locally over the residency requirement to as whether or not there could be legal challenge to this Council because it is the only local authority that has endorsed a residency criterion as part of its local scheme and therefore sits outside the pan Essex framework. There is nothing in the Local Government Finance Act 2012 that precludes such a criterion. The detailed policy for implementation will need to be robust, reasonable and workable to mitigate any challenge.

Implementation

- ***Failure by DCLG to deliver legislation/admin grant and main grant within timescale***

This has been given a low risk level because legislation is now in place.

- ***Failure to go live within each local authority***

This has been given a low risk level because the project team and project support will work with all the billing authorities to ensure that full support is given up to and including the go live date. There is considerable experience within the benefit project team to support and give advice on issues raised by any project member.

- ***Project team is not sufficiently resourced and skilled***

This has been given a low risk level, although there is robust monitoring by the Project Group to identify the need to supplement skills and redirect resource to manage skills shortage issues, the potential impact of a shortfall is high.

- ***Failure to reach political agreement on scheme - County Council, Fire and Police***

This has been given a low risk level because the project team is keeping each of these authorities informed and their respective finance officers have agreed the terms of reference in the Position Statement of the project. Each of these authority's representatives are regularly briefed on the project.

- ***Changes to CT Base will affect parish finances detrimentally***

This was given a low risk level. DCLG have responded to the question of Parish finances by providing grant funding to cover any impact.

- ***Late consultation delaying implementation***

This has now given a low risk level because the consultation process has been completed. The responses from the public consultation have been published.

Service Delivery

- ***Disruption to public facing services caused by poor planning / implementation of changes***

This has been given a medium risk. There is analysis of any potential effects to services through the life of the project with action being taken as appropriate.

- ***Failure to deliver a scheme that meets the needs of the customers, including vulnerable groups***

This has been given a medium risk level as there is continuous analysis of the scheme throughout the life of the project both in procedural and financial terms.

- ***Failure to deliver IT changes on time***

This has been given a medium risk level. Even though project governance and early communication has ensured software suppliers are aware of requirements, the allowed timeframe is short and discussions are on-going to ensure all the elements of the Tending scheme can be implemented on time.

Transition

- ***Ineffective change management transition planning / training***

This has been given a low risk score because there is a robust project plan in place with group responsibility to deliver an appropriate approach to transition.

- ***Loss of existing service whilst resources (technology and human) are diverted to prepare the new scheme.***

The project plan will document dependencies and resource requirements which will identify resource requirements throughout the project.

Finance

- ***Unexpected costs of project***

This has been given a medium risk score. There are strong financial controls in place and the project was agreed with the consultant on a fixed costs basis to work with the benefit manager group. IT costs remain subject to confirmation as part of the implementation process.

There has been additional government funding awarded for implementing a LCTS of which the majority of the fund will go towards the cost of writing the software.

- ***Scheme fails to deliver required financial outcomes***

This has been given a medium risk score because although robust financial modelling has been undertaken throughout the project and detailed analysis of the caseload and impacts have been made with our IT suppliers modelling tool kit, the caseload is variable. The final scheme has been designed to be cost neutral but will need to be reviewed once implemented.

BACKGROUND PAPERS

None

APPENDICES

Appendix A: Pan Essex Project Risk Register
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Pan Essex LSCT Project Risk Register

The matrix used to assess the level of likelihood and impact is provided for information.

Risks are recorded as HIGH, MEDIUM or LOW

Likelihood	Very likely	5	5 Low	10 Medium	15 Medium	20 High	25 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High	20 High
	Possible	3	3 Low	6 Low	9 Medium	12 Medium	15 Medium
	Unlikely	2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Very Unlikely	1	1 Low	2 Low	3 Low	4 Low	5 Low
RISK RATING MATRIX			1	2	3	4	5
			Minor	Moderate	Significant	Serious	Major
		Impact					

RISK IDENTIFICATION			RISK ASSESSMENT/MANAGEMENT							
Risk Categorisation	Risk Ref	Risk Description	GROSS Risk Assessment (Prior to the influence of treatment)			Mitigation / Controls	Risk Ref	RESIDUAL Risk Assessment (After the influence of treatment)		
			Probability	Impact	Risk Score			Probability	Impact	Risk Score
Timescale	R01	LSCT Scheme is not delivered on time	3	5	15	The Establishment of the Essex Group and the creation of a comprehensive project plan will ensure that all areas of the project are scoped, analysed and executed.	R01	1	5	5
Legislation	R02	Failure to meet legislative requirements	2	4	8	Full legislative analysis to be undertaken at regular intervals within the project. DCLG approach is not heavily prescriptive.	R02	1	4	4
Governance	R03	Governance model fails to deliver project objectives.	2	3	6	The proposed governance structure has clear responsibilities and has the flexibility to focus on delivering specific objectives.	R03	2	3	6
Governance	R04	Individual member authorities may vary from framework etc	4	5	20	Responsibility for group to keep members and officers informed of progress and scheme design throughout the project	R04	2	5	10
Implementation	R05	Failure by CG to deliver legislation/admin grant and main grant within timescale	4	5	20	Legislation now in place and admin grant being reviewed as part of budget setting process.	R05	1	4	4
Implementation	R06	Failure to go live within each local authority	3	5	15	Project team and project support will work with all LAs to ensure that full support is given	R06	1	4	4
Implementation	R07	Project team is not sufficiently resourced and skilled.	2	5	10	Robust monitoring by the Project Group will identify the need to supplement skills and redirect resource to manage skills shortage issues.	R07	1	5	5
Implementation	R08	Failure to reach political agreement on scheme - County Council	3	5	15	Project team to keep authority members informed and engaged throughout the process	R08	1	5	5
Implementation	R09	Failure to reach political agreement on scheme - Police Authority	3	5	15	Project team to keep authority members informed and engaged throughout the process	R09	1	5	5
Implementation	R10	Failure to reach political agreement on scheme - Fire Authority	3	5	15	Project team to keep authority members informed and engaged throughout the process	R10	1	5	5
Implementation	R11	Changes to CT Base will affect parish finances detrimentally	3	3	9	Council Tax base calculations now finalised along with grant funding allocations to Parish / Town Councils to ensure financial stability maintained with the introduction of LCTSS.	R11	1	3	3

RISK IDENTIFICATION			RISK ASSESSMENT/MANAGEMENT							
Risk Categorisation	Risk Ref	Risk Description	GROSS Risk Assessment (Prior to the influence of treatment)			Mitigation / Controls	Risk Ref	RESIDUAL Risk Assessment (After the influence of treatment)		
			Probability	Impact	Risk Score			Probability	Impact	Risk Score
Implementation	R12	Late consultation delaying implementation	3	5	15	Consultation process now completed although ongoing discussions with Major preceptors remains in progress as part of the final phases of agreement and implementation.	R12	1	5	5
Service Delivery	R13	Disruption to public facing services caused by poor planning / implementation of changes.	3	5	15	Analysis of potential effects to services through the life of the project with action being taken as appropriate	R13	2	5	10
Service Delivery	R14	Failure to deliver a scheme that meets the needs of customers including vulnerable groups	3	5	15	Effective analysis of scheme both in financial and procedural terms	R14	2	5	10
Service Delivery	R15	Failure to deliver IT changes on time (by 1st December)	3	5	15	Project Governance and Communication will ensure all of software suppliers are aware of requirements. Failures will be identified early and alternative approaches developed where necessary	R15	2	5	10
Transition	R16	Ineffective change management / transition planning / training	3	3	9	Robust project plan and group responsibility to deliver an appropriate approach to transition	R16	2	2	4
Transition	R17	Loss of existing service whilst resources (technology and human) are diverted to preparing the new scheme	3	5	15	The Project plan will document dependencies and resource requirements which will identify resource requirements throughout the project.	R17	2	5	10
Finance	R18	Unexpected costs of project	3	4	12	Strong financial controls with the Project (fixed costs) and specific Government Grant awarded to support cost of implementation although IT costs need to be finalised to deliver the necessary changes as part of implementation.	R18	2	4	8
Finance	R19	Scheme fails to deliver required financial outcomes	3	5	15	The final scheme has been designed on a cost neutral basis, but will be subject to on-going review.	R19	2	5	10