

Committee : **AUDIT AND PERFORMANCE COMMITTEE**

Date : **29 JUNE 2006**

Title : **DEVELOPMENTS IN THE COUNCIL'S RISK MANAGEMENT ARRANGEMENTS**

REPORT OF THE PROGRAMME LEAD, PERFORMANCE IMPROVEMENT

SUMMARY/PURPOSE

1. The Audit and Performance Committee has a particular interest in the way in which the Council manages risk. The Committee's terms of reference include:

To consider the effectiveness of the Authority's risk management arrangements.

BACKGROUND

2. As a relatively recent development (for Local Government at least), the subject of Risk Management is constantly evolving. In both private and public sectors, the management of risk is seen as an integral and essential part of good business management. The Council has been practising risk management for several years now and keeps under review the arrangements that it has in place to manage risk.
3. The importance of good risk management is reinforced by the attention it receives in the Comprehensive Performance Assessment (CPA). The Use of Resources Assessment – a key part of the CPA – includes a set of Key Lines of Enquiry (KLOE) in relation to risk, asking the question:

'How well does the Council manage its significant business risk?'

4. Officers have developed an action plan which effectively seeks to address any 'gaps' that the Council has in meeting the requirements of the KLOEs. Typically, the KLOEs represent a set of standards to which the Council should aspire (although one should perhaps view them as 'minimum' standards and certainly the Council should not follow them 'slavishly' to simply achieve CPA credit, important though that is). Nonetheless, the KLOEs provide a framework against which the Council can compare its own arrangements.
5. Appendix A provides the Committee with an Action Plan which has recently been adopted by the Aim High Strategy Group. The Committee is asked to note the content of the Plan.

OUTCOME OF CONSULTATIONS

6. The Action Plan has been discussed and adopted by the Directors' Group and the Aim High Strategy Group.

FINANCIAL, LEGAL AND RISK IMPLICATIONS

7. In terms of the Committee noting this report there are no financial, legal or risk implications. Many of the actions in the Plan at Appendix A though do involve the use of resources.

OPTIONS

8. The Committee has the following options:
 - (a) To note this report and the Action Plan at Appendix A
 - (b) To recommend appropriate changes to the Action Plan

RECOMMENDATIONS

9. There are no recommendations as it is appropriate for the Committee to judge for itself whether the Action Plan is sufficiently robust. The Committee should seek assurance that the Plan is both fit for purpose and that it can be implemented.

BACKGROUND PAPERS

10. The Comprehensive Performance Assessment (CPA)
The Harder Test (Audit Commission)

ADDITIONAL INFORMATION

None.

APPENDICES ATTACHED

Appendix A – Action Plan for Risk Management.

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APPENDIX A

4. INTERNAL CONTROL How well does the council's internal control environment enable it to manage its significant business risks?			
Key Line of Enquiry 4.1 The council manages its significant business risks			
Audit Focus			
Evidence that: <ul style="list-style-type: none"> The council has a risk management process in place The risk management system covers partnership working 			
Level 2	Actions	By whom	By when
The Council has adopted a risk management strategy/policy that has been approved by members	Review and update current Strategy/Policy and Guidance including Roles and Responsibilities. To be approved by AHSG or Cabinet or Full Council. (to be confirmed)	Risk Management and Insurance Manager	June 2006
The risk management strategy/policy requires the council to: <ul style="list-style-type: none"> Identify corporate and operational risks Assess the risks for likelihood and impact Identify mitigating controls Allocate responsibility for the mitigating controls 	Further develop the Corporate Risk Register, agreed at AHSG 25 April 06, to include action plans. Service (operational) risk to continue to be managed via the council's risk database.	Corporate and Service Risk owners.	Sep 2006
	Risk Champions are nominated in all areas to meet service level requirements.	Heads of Service	June 2006
	Ensure that named responsible officers are aware of their role and with the support of the relevant risk champion ensure action points are managed in a timely manner.	Risk Champions and Risk Management and Insurance Section	Sep 2006
	Risk workshops to be undertaken by Services where to date these have not been done so as to identify corporate and service risks.	Heads of Service, Managers as required	October 2006
	Corporate Objectives Groups to refer to corporate and service risk registers when reviewing progress with corporate objectives.	COG Leads	October 2006

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Level 2	Actions	By Whom	By When
The council maintains and reviews a register of its corporate risks linking them to strategic business objectives and assigning ownership for each risk.	Risk Champions Group to meet quarterly (timed to feed into AHSG as required) to provide a forum on the management of risks, to share good practice and identify areas for improvement, emerging risks and cross cutting risks. In particular to use Service Risk Registers (from service planning) bringing issues requiring attention at corporate level to AHSG.	Chair Risk Champions Group – Business Management Lead	Aug 2006
	The continued use of the council's risk management database including the rollout of the interactive browser system across all services to enable users to review, update and provide reports at specified levels (ie Head of Service, Risk Owner, Control Measure Owner, View only)	Risk Management and Insurance Manager and Officer/Risk Champions	Interactive browser pilot – Aug 06. Rollout by March 2007
	Corporate Objectives Groups to refer to corporate and service risk registers when reviewing progress with corporate objectives.	COG Leads	October 2006
There is a member committee with specific responsibility included in its terms of reference to consider corporate risk management.	Aim High Strategy Group to review corporate risks on a monthly basis and provide support where required in progressing actions. To be advised of escalating service risks (by RCG) and of any emerging risk issues.	AHSG/RCG	Monthly
	The Audit Committee to receive, on at least an annual basis, reports relating to the arrangements for the management of risk.	Audit Committee/Chief Internal Auditor	July 2006
Reports to support strategic policy decisions, and project initiation documents, include a risk assessment.	Develop guidance and a framework, in line with revised Strategy and Policy, for the appropriate use of risk assessments to be undertaken as part of decision making reports for Cabinet, Commission reports and AHSG reports.	Business Management Lead/Internal Governance Lead/Risk Management and Insurance Manager	July 2006
Level 3	Actions	By Whom	By When
The risk management process is reviewed and updated at least annually.	Review of Strategy/Policy and Guidance.	Business Mgt Lead/Risk Management and Insurance Manager	April 2007
The risk management process	The Partnership Governance Working Group to produce	External Governance	July 2006

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specifically identifies risks in relation to partnerships and provides assurances to be obtained about the management of risks.	<ul style="list-style-type: none"> • partnership register which maps the council's partnership activity • a best practice guide. 	Lead	
All appropriate staff have been given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.	<p>To develop a programme of appropriate risk management awareness and training sessions for the following groups:</p> <ul style="list-style-type: none"> • Members, including Audit Committee and Scrutiny Committee • Directors and Heads of Service • Managers with responsibility for risks • Risk Champions <p>To provide suitable risk awareness sessions via the Learning Centre on an ongoing regular basis.</p>	Business Management Lead/Risk management and Insurance Manager	<p>First sessions to start Sep 2006</p> <p>Nov 2006</p>
The members with specific responsibility for risk management have received risk management awareness training.	See above action point.		
The member committee with responsibility for risk management receives reports on a regular basis and takes appropriate action to ensure that corporate business risks are actively managed, including reports to full council as appropriate.	See actions for AHSG and Audit Committee		
Level 4	Actions	Rv Whom	Rv When

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<p>A senior officer and member jointly champion and take overall responsibility for embedding risk management throughout the council.</p>	<p>Paul Wilkinson, Assistant CX (Finance) and Councillor Wood, Cabinet Member for Auditing, Efficiency and Customer Champion to be confirmed as senior officer and member with responsibility for embedding risk management throughout the council.</p>	<p>AHSG</p>	<p>30 May 2006</p>
<p>The council can demonstrate that it has embedded risk management in its corporate business processes, including:</p> <ul style="list-style-type: none"> • Strategic planning • Financial planning • Policy making and review • Performance management 	<p>Consideration has been given to how the management of risk features in:</p> <ul style="list-style-type: none"> • Draft Corporate Plan • MTFP • Decision making reports • Service Plan <p>Further development is required to fully achieve the required standard.</p>	<p>Assistant CX (Finance)</p>	<p>March 2007</p>
<p>All members have received risk management awareness training.</p>	<p>See reference above on the risk awareness sessions.</p>	<p>Risk Management and Insurance Manager/Senior Development Learning Centre</p>	<p>March 2007</p>
<p>The council considers positive risks (opportunities) as well as negative risks (threats).</p>	<p>When developing the guidance and framework in line with the revised Strategy and Policy for the appropriate use of risk assessments to support strategic policy decisions, equal emphasis should be given to positive (opportunities) risk.</p> <p>Achievement of this standard is dependant upon embedding risk management into council processes.</p>	<p>Business Management Lead/Risk Management and Insurance Manager</p>	<p>Progress between July 2006 – March 2007</p>