Executive   **21 October 2008**

Report of the Assistant Director Audit and Risk Management

Corporate Risk Management Report 2008/09

Summary

1   This report provides information on the council's significant business risks identified through deployment of the risk management strategy and details progress made in embedding risk management arrangements across the organisation. Specifically included within the report are:

- the council's significant business risks;

- details of work undertaken to further embed risk management across the council.

Background

2   Risk management is a business discipline that public and private sector organisations use to better manage potential opportunities and threats to the achievement of corporate objectives. Risk management forms a key part of the council's corporate governance arrangements, strategic management and performance management process.

3   Effective risk management should act as an enabler – supporting well-informed decision making and facilitating sustainable improvements in service delivery. It is fundamental to good management practice and should not be viewed as a separate discipline or token paper exercise to be carried out in isolation.

4   At its most basic level effective risk management is simply a thought process and only when a major threat is identified do we need to take a systematic approach to managing it. To that end, risk management disciplines serve to protect the organisation: its assets, people and reputation. The use of rigorous risk management disciplines can help managers to minimise the risk of something adverse happening that may in turn jeopardise the organisation's ability to achieve its objectives - as opposed to stopping the organisation from achieving its ambitions. Understanding risk can help to create opportunity, rather than prevent

us from doing things, in so far as thinking through the way in which problems might be best resolved or managed can lead to more innovative and better ways of working. Risk management asks that when we manage we consider risk and that we do so in a disciplined way that better protects the interests and the assets of the Council.

5   A simple way of thinking about risk is in terms of the formulae **R = P x I** Where **R** is the risk, **P** the probability of something happening and **I** the impact should it occur.

Significant Business Risks

6   The Council has been actively developing and deploying effective risk management arrangements across the organisation since 2002. The introduction of risk consideration into service planning and more recently the implementation of a web based risk register (Magique) has resulted in the compilation of a comprehensive and robust corporate risk register. The register includes details of approximately 769 risks across all directorates stratified according to whether they are regarded as corporate, strategic, operational or project. Identification of such risks is part of effective planning processes, and as such should not be an indicator of bad management but about identification of potential causes of risk events that could prevent the Council from achieving its objectives. If these causes are identified early and action taken to mitigate and manage the causes then, hopefully the risk can be reduced or avoided.   Annex A to this report provides a consolidated view of all the council's significant business risks..   Full details of all the risks including controls and actions can be viewed in the council's risk register that can be accessed in full through the council intranet on the following link (Please contact the Risk Management Section for a password to access the system) Corporate Risk Register .

7   A key focus area since last year's report has been in developing a quarterly risk monitoring report for Corporate Management Team (CMT) based around the areas of significant risk (Key Corporate Risks KCR's) identified by Corporate Leadership Group (CLG) in September 2007 and reported to Executive in October 2007. This has been formally introduced to the CMT agenda during 2008/09. The KCRs contained within the report are:

0001   Implementation of new pay and grading structure

0002   Delivery of the accommodation review project

0003   Delivery of the waste management strategy partnership

0007   Delivering the Local Area Agreement

0009   Significant programmes of change

0010   Business Continuity

0011 Effectively govern & manage partnerships

8   Executive Members are asked to consider the KCRs set out at
        Paragraph 7 above and form a view as to whether they wish to amend
        or add any further risks. In addition to these risks four further risks
        identified at CLG are reported through existing business processes and
        are set out at Exhibit 1 below.

Exhibit 1

KCR No	Description	Route
0004	Budget Setting	Finance and Performance Report
0005	Delivering the Corporate Strategy	Performance Dashboard
0006	Delivering the Efficiency Programme	Strategic Procurement Programme Monitor
0008	Implementing changes required for Comprehensive Area Agreement	Single Improvement Plan

9   The monitoring and reporting arrangements for risk management are
        continuing to be developed and strengthened across the organisation.
        Audit & Governance Committee (A&G) who are constitutionally
        responsible for risk management review now receive bi-annual reports
        on progress made in embedding risk management arrangements and
        will receive the CMT quarterly monitors.   .

Embedding Risk Management

10   The embedding of risk management across the council is not a simple
        or quick process, as it requires winning 'hearts and minds' to support
        real cultural change. However, it is pleasing to note that an increasing
        number of services are taking a more rigorous and formal approach to
        identifying risk in their processes. This has been helped by the
        inclusion of risk consideration into committee papers and service
        planning requirements, which have acted as catalysts in further raising
        awareness. Nonetheless there is still a long way to go to ensure that
        the process becomes fully embedded across the whole organisation as
        part of the management culture.

11   One of the key building blocks to embedding risk management into the
        culture and processes of the organisation is ensuring that officers and
        Members have a good understanding of the subject and their role in the
        process. To support this a comprehensive training and communication
        plan is delivered on an annual basis including three Member training
        sessions during the year.

12   All events are evaluated to ensure that officers and Members are
        satisfied with the content and relevance of the training. In general they
        have been well received (98% satisfied or more than satisfied). The

success of theses sessions has resulted in an increasing number of officers coming forward to request further training and support.

Risk Management Work Plan

13   The risk management work plan is developed across the three key themes of:

- training & development;
- CPA/CAA Key Lines of Enquiry;
- development and embedding of the corporate risk register (Magique) including data quality.

14   This year's work plan includes the reviewing and updating of the current risk management strategy and drafting of a risk management policy. These will be reported to A&G committee early in 2009 and will come to Executive for approval as part of next years annual report. Horizon Scanning is a key part of the risk management process and as such consideration is to be given in the coming months to any potential risks arising from the current world wide credit crises.   A copy of the full work plan is set out at Annex B.

Options

15   Not applicable.

Corporate Priorities

16   Risk management relates directly to the Council's four values of:

- *Delivering what our customers want*
- *Providing strong leadership*
- *Supporting and developing people*
- *Encouraging improvement in everything that we do.*

As risk management should be integrated into all the Council's processes and routines it helps contribute to the effective delivery of all 10 corporate priorities.

Implications

17   There are no financial, legal, HR or other implications arising from this report.

Risk Management

18   In compliance with the council's Risk Management strategy. There are no risks associated with the recommendations of this report

Recommendations

19   Executive Members are asked to:

a)   note the contents of this report and progress to date;

Reason

To raise awareness of the progress made to date in respect of risk management arrangements at the Council.

b)   consider and challenge the significant business risks set out in Annex A & B and the Key Corporate Risks set out at Paragraph 7 .

Reason

to ensure executive members take appropriate action to ensure that significant business risks are being identified and effectively managed including reporting to full council as appropriate.

Contact Details

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Report Approved | √ | **Date** *1.10.08*

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Annexes

Annex A   Significant Corporate Business Risks

Annex B   Risk management work plan