

## Audit & Governance Committee

3 April 2007

Report of the Assistant Director (Audit and Risk Management)

## Risk Management Outturn Report 2006/07

### Summary

1. The purpose of this paper is to inform Members of the progress made during 2006/07 in managing and embedding risk management arrangements at City of York Council and in particular:
  - a) progress against the risk management development agenda
  - b) progress against the CPA Key Lines of Enquiry
  - c) the key deliverables of 2007/08 work plan

### 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. The Audit & Governance Committee asked to receive mid-term monitoring and outturn reports at its meeting on 3 October in relation to progress against CPA criteria and the risk management development agenda as recommended in the paper 'The Role of Audit & Governance Committee in Managing and Monitoring the Implementation of Risk Management'.

# Development Agenda

5. The three key deliverables of the development agenda are training, recording of consistent and good quality data into the risk management database (Magique) and use of the information to better manage risk including informing the decision making process.
6. 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. The risk management team supported by external providers (Marsh) put together and delivered training to 75 Council officers on 16/17 January 2007. This was provided in four discreet half-day workshops with delegates invited from all Council directorates as shown in Exhibit 1 below:

## Exhibit 1

Directorate	Places available	Total attended
LCCS	15	15
HASS	10	12
Resources	20	17
Chief Executives	10	7
City Strategy	15	9
Neighbourhood Services	20	15

7. The feedback from the training was generally good with 98% of the delegates who responded to the evaluation form indicating they were satisfied with the training provided. Since the four sessions were delivered a further 27 officers have come forward to request formal training. To satisfy this and continue the objectives of the development agenda the risk management team will deliver two further formal training sessions during 2007/08 as part of their work plan.
8. Since the Member risk management awareness training session on 29 June 2006 no further training has been delivered to Members. However inviting Members to the planned training sessions to be delivered during 2007/08 is being considered as well as a separate session specifically for Members. Building on Member awareness has seen risk management added to the formal induction for new Members and two sessions will be delivered on 10/15 May 2007.
9. Work to develop and improve the risk register is ongoing with more detailed information around the impact of risks, details of risk controls and action planning added to the Magique database. This work has included quality checking of risks currently in the register as well as addition of new risks identified through directorate based workshops and service planning.

10. At a strategic level a visioning session has been undertaken with Council Management Team (CMT) to try and identify what they believe are the key risks to the Council (The risks identified during this session are attached at Annex 1). These risks will now be presented to Corporate Leadership Group (CLG) on 27 April to:
- ensure discussion with a wider audience for validation
  - plan and discuss key controls and mitigations around the risks for inclusion in the risk register
  - showcase the new risk management system (Magique) to encourage broader corporate use as an effective management tool
11. The new report writing format introduced last year following the review of the constitution includes a risk management section to help inform the decision making process. Compliance with the protocols has been monitored during the year the details of which are shown in Exhibit 2 below:

## Exhibit 2

### Analysis of Risk Management Paragraphs in Committee and Executive Reports

Directorate	Corporate Services	Leisure & Culture	Neighbourhood Services	Childrens Services	City Strategy	Housing and Adult Social Services	Executive
"Risk Identified" Paragraph complies with the Risk Management Policy for Committee Reports	40%	0%	0%	0%	14%	0%	10%
"Risk Identified" Paragraph gives some detail information in relation to the risks, however does not comply with the Risk Management Policy	60%	50%	50%	33%	43%	67%	80%
"Risk Identified" Paragraph not included or does not detail the risks	0%	50%	50%	67%	43%	33%	10%
Total Number of Reports Reviewed	5	4	6	6	7	6	10

12. This audit was undertaken during November 2006 and the results reviewed by Officer Governance Group (OGG) on 4 December. Following this review the Director of Resources wrote to all members of Corporate Leadership Group to encourage compliance and set directorates a minimum target of achieving the first two criteria.
13. The risk management team are continuing to provide advice and support in relation to the completion of this element of committee reports and will monitor compliance with the Directors of Resources minimum target during 2007/08.

14. There is good evidence in the form of risk registers, committee papers and project board minutes that risk is been considered in formal decision making processes especially with regard to major projects including the Accommodation Review and easy@york.

## CPA Key Line of Enquiry

15. Risk management forms one of the key strands (Internal Control) of the CPA inspection process. The Council's score for this criteria has consistently been 2 (Fair) and much work has been undertaken over the past twelve months to ensure that risk management meets the minimum requirements to score at least a 3 (Good) in this years CPA refresh.
16. The development plan while acting a road map to the embedding of effective risk management at the Council also aligns itself to the additional criteria required to increase the Councils CPA score specifically:
  - the development and delivery of a training programme for relevant officers
  - development of the risk register specifically considering risk in relation to significant partnerships
  - the delivery of risk management awareness training to Members
  - providing regular reports to Members to ensure that corporate business risks are being actively managed
17. The aspiration of the team is to raise the CPA score to level 4 (Excellent). This involves a considerable amount of work and is underpinned by the work plan currently being developed for 2007/08, which will contribute to achieving this goal.

## Work plan 2007/08

18. At the core of the work plan is the necessity to embed risk management into Council processes, continue to raise awareness through further training and aligning the revised risk register to the corporate priorities. Achieving this ambitious agenda should result in the Council being exposed to lower risk while enabling it to develop robust and enabled services more prepared to take advantage of opportunities by having better understanding and control of their risk.
19. The final plan is not yet complete and approved but the key deliverables include:
  - ensuring risks are linked to the Corporate Strategy

- development of the Member and Officer Risk Champion roles
  - a more detailed review of Partnership risk
  - development of risk consideration in the budget process including growth bids
  - further risk management training for Members and Officers
  - a more formal consideration of opportunities as well as risks
20. The resources for risk management are quite small in comparison to the risk management agenda both at York and nationally. However the appointment of a full time risk management officer during 2006 has helped in being able to support and deliver the aspirations of the Council's risk management strategy.

## Summary

21. This paper acknowledges that there has been considerable progress made in embedding risk management during 2006/07. This should positively assist the Council in raising its CPA score for risk management at the next inspection. While progress has been good there is still much work to be carried out in fully embedding and integrating risk seamlessly into the organisations culture and processes. Where risk is already being used as a tool for effective management the benefits are starting to be seen especially in regard to projects such as [easy@york](#).

## Options

22. Not applicable.

## Corporate Priorities

23. Risk management relates directly to the Council's priority to *'improve leadership at all levels to provide clear, consistent direction to the organisation'* clear and consistent leadership and direction requires a thorough understanding of all the risks and challenges to the organisation. As risk management should be integrated into all the Council's processes and routines it should help contribute to the effective delivery of all 13 corporate priorities. The key development issues raised in this paper support the actions required to improve the Council's CPA score of 2 for Risk Management to 3 as a minimum prior to the next inspection.

## Implications

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

## Risk Management

25. In compliance with the Councils Risk Management strategy. There are no risks associated with the recommendations of this report

## Recommendations

26. Audit and Governance Committee are asked to:

- a) note the contents of this report;

Reason

*To raise awareness of the progress made to date in respect of the risk management framework at the Council and advise Members of the 2007/08 work programme.*

## Contact Details

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**Report Approved**

Yes

**Date** 21 March 2007

**Specialist Implications Officer(s)** Not applicable

**Wards Affected** Not applicable

All

**For further information please contact the author of the report**

## Background Papers

The Role of Audit & Governance Committee in Managing and Monitoring the Implementation of Risk Management.

## Annexes

Annex 1 CMT Corporate risks list