



EXECUTIVE

7 July 2009

Report of the Assistant Director of Resources (Customer Service &amp; Governance)

## **Annual Risk Management Report 2009**

### **Summary**

- 1 This report provides information on the successful outcomes achieved through the consideration and deployment of effective risk management arrangements across the council over the past year. The report also includes:
  - a summary of the impacts and risks of the current economic downturn;
  - a revised risk management policy and strategy.

### **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.

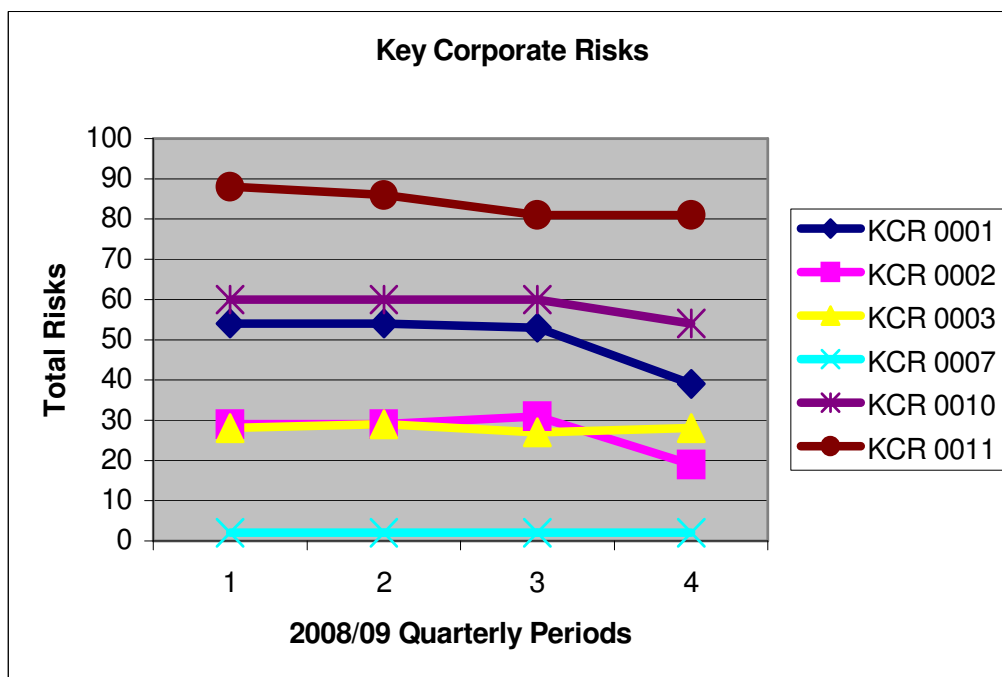
### **Outcomes of effective risk management**

- 4 There is evidence in key documents and plans that the organisation as a whole is considering risk in a much more positive way across its major projects and within service delivery. This approach is in part driven from prior failures and in part through better understanding of risk as an enabler to more successful delivery coupled with a willingness by the council to seek opportunity and improve efficiency.
- 5 The ownership of risk has now moved from the Risk Management Officer in Resources and is owned, managed and delivered as part of good business practice by officers across the organisation. Key

projects such as the Administrative Accommodation Project and Access York Phase 1 actively use risk to help guide the project, decision making and in order to deliver successful outcomes. The inclusion of risk in the council's Improvement Plan and Business Model helps support and underpin the new Corporate Strategy and in turn the Sustainable Community Strategy. Business Continuity is now better embedded across the organisation and is reviewed in light of the developing risks to service delivery, the most recent being the threat of a Swine Flu pandemic

- 6 It is not only officers across the council who have better engaged in managing risk but the Audit & Governance Committee (A&G) now play a much greater role. A&G actively review key corporate risk on a quarterly basis and this process has been particularly effective in raising Members awareness of both the risk and opportunities associated with major projects and programmes of work. In addition A&G regularly request officers to present reports on key areas of concern to satisfy themselves that risk is been properly and proportionally managed.
- 7 A similar quarterly monitor is presented to Corporate Management Team (CMT) on a regular basis. This report has helped to create a focus on some of the council's key areas of risk and provides the opportunity for directors to consider current as well as new and emerging issues.
- 8 It will always be difficult to prove that risk management helps to deliver a project more successfully or that performance has improved as a result of better understanding the challenges involved in service delivery. There have been demonstrable changes in risk assessments; risks have either decreased, hopefully as a result of being managed and mitigated, or increased as risks have become more likely or have increased in potential impact – these changes can be seen through the quarterly monitoring reports reviewed by both CMT and A&G. A summary of changes in the Key Corporate Risks (KCR's) profile is reflected at Table 1 below. The table shows the movement in the number of individual risks associated with each focus area (KCR) across the four quarters of 2009/10. In most but not all cases the number of risks has been reduced over the course of the year.

Table 1



### Key

KCR ref	KCR Title
KCR 0001	Implementation of new pay & grading structure
KCR 0002	Delivery of the Accommodation review project
KCR 0003	Waste management strategy partnership
KCR 0007	Delivery of the Local Area Agreement
KCR 0010	Business Continuity Planning
KCR 0011	Managing and governing partnerships

- 9 It is however more noticeable that risk is being used as a natural part of the council's business processes and is no longer an add-on or separate bureaucratic process. There will always be an element of process in terms of risk registers, framework and policy but there would now seem to be a fundamental change in the way risks are more routinely identified and managed. This cultural change has been delivered with very little resource (one member of staff) and it is hoped that this improvement will be reflected in the council's next Use of Resources score for risk management.

## **Risk Management Policy & Strategy**

- 10 The purpose of the policy (Annex B) is to set out the aspirations and objectives of the council with regard to risk management. The policy forms part of a practical and effective framework comprising the overarching risk management policy itself, underpinned by the risk management strategy and supported by supplementary risk management guidance documents and a comprehensive training and communication plan. The key changes in the documents are that they have been completely rewritten to provide clear, up to date and practical best practice advice to officers. They also reflect the more risk mature organisation that we have become as set out at paragraphs 4 – 9 above.
- 11 The policy reinforces the principles of risk management in the context of York and will support officers and Members in understanding the purpose and role of risk management. The application of the policy principles will help the organisation in making better informed decisions while at the same time encouraging innovation and opportunity. The progress of embedding the policy effectively through the organisation will be monitored through the Use of Resources element of the CAA inspection process.
- 12 The Strategy (Annex C) provides the corporate framework which is designed to provide practical advice and guidance for implementing risk management practices within all activities of the organisation. It sets out the relevant roles and responsibilities and provides a comprehensive risk reporting process allowing risks to be escalated up and devolved down the organisation

## **Economic Downturn**

- 13 When the annual risk management report was presented to Executive in October 2008 members requested a further report on the impact to the council of the current economic downturn. Officers across the council were very supportive of this piece of work and the feedback received from delegates at a workshop undertaken in January 2009 was also very positive.
- 14 The output of this work is shown in detail at Annex A of this report. The Annex describes the risk along with its potential consequences, actions been taken to manage it and the National Indicators (NI) that may be affected. The risks have also been aligned to the appropriate corporate strategy theme.
- 15 From the evidence gathered through this work it is clear that the council is not immune to the affects of the recession and that its impact will not only be in financial terms but could also affect service provision and NI performance levels.

- 16 This report can only present the output from the workshop and some assurance that many of the risks resulting from the current economic recession have been identified and that work is being undertaken to a greater or lesser degree to manage and mitigate these risks across the council. It also endeavours to pass on the enthusiasm and commitment of officers to provide and protect services that we deliver to the community and especially the vulnerable in the face of the current economic pressures.

### **Consultation**

- 17 Officers from a range of services took part in the Economic Downturn risk workshop and have contributed to the content of Annex A. Audit & Governance Committee have commented upon and agreed the content of the Risk Management Policy & Strategy at Annex B and C.

### **Options**

- 18 No further options are provided in this report.

### **Analysis**

- 19 Not applicable.

### **Corporate Priorities**

- 20 Risk management directly supports the corporate strategy objective of delivering an Effective 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 corporate priorities and is a fundamental component of the council's Business Model. The key development issues reported in this paper support the actions required to improve the Council's CAA (Use of Resources) score.

### **Implications**

- (a) **Financial** - There are no implications
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

## **Risk Management**

- 21 This report has been produced in compliance with the council's Risk Management strategy. The risk associated with the recommendation of this report is "Failure to provide adequate documentation to achieve a level 3 for risk management in CAA UOR" and was originally assessed at a net level of 18 (High).

## **Recommendations**

- 22 Executive 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) note the economic downturn risks set out at Annex A and the intended action to manage them;

Reason

*to raise awareness of the risks facing the council as a result of the current economic downturn.*

- c) approve the revised and refreshed risk management policy and strategy set out at Annex B & Annex C respectively.

Reason

*to raise awareness of the framework used to deliver effective risk management at the council.*

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**Report Approved**



**Date** 28.5.09

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

**Wards Affected** Not applicable

All

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

**Background Papers**

Corporate risk management report 2008/09

**Annexes**

- Annex A Economic downturn risks
- Annex B Risk management policy
- Annex C Risk management strategy