Audit & Governance Committee

Report of the Assistant Director (Audit and Risk Management)

Risk Management Outturn Report 2007/08

Summary

1.   The purpose of this paper is to inform Members of the progress made during 2007/08 in delivering and embedding risk management arrangements across the organisation and in particular:

   a) progress against the 2007/08 risk management work plan

   b) progress in achieving the CPA Key Lines of Enquiry

   c) the key deliverables of 2008/09 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

Progress in delivering 2007/08 Work plan

4.   The teams work plan for 2007/08 comprised two key work streams, development of the corporate risk register including key corporate risks and training & communication.

5   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 450 risks across all directorates stratified according to whether they are regarded as corporate, strategic, operational or project. The register can be accessed through the Council intranet on the following link (Please contact the Risk Management Section for a password to access the system)
http://webapp001/Galileo/default.aspx?ReturnUrl=%2fGalileo%2fHome%2fGalileo.aspx

6   The Turnbull Report (1999), which established the basis for risk management in both the public and private sector, recommends that the corporate management team should be informed by and focussed on the effective management of its corporate risks or jeopardies. Turnbull further suggests that recommended best practice would have in the order of anything up to 15 key corporate risks. This is not to say that an organisation will not have more than 15 risks across the complexity of all its services but that other risks may be better thought through and managed at the appropriate level e.g. Directorate, Programme and Project risks.

7   In the spirit of the Turnbull report eleven Key Corporate Risk focus areas were identified for corporate monitoring purposes further to a workshop held at a session of the Corporate Leadership Group (CLG) in September 2007 and agreed by the Executive in October 2007. The key corporate risk focus areas are;

        I   KCR 0001 – Implementation of the Pay & Grading Review Implementation

        II   KCR 0002 – Unsuccessful delivery of accommodation review project

        III   KCR 0003 – Failure of waste management strategy partnership

        IV   KCR 0004 – Ensuring the Council achieves a balanced budget year on year

        V   KCR 0005 – Failure to deliver the Corporate Strategy

        VI   KCR 0006 – Failure to achieve agreed efficiency programme outcomes

        VII   KCR 0007 – Failure to deliver Local Area Agreement

        VIII   KCR 0008 – Failure to prepare adequately for CAA & New Use of Resources

        IX   KCR 0009 – Failure to coordinate significant programmes of change

        X   KCR 0010 – Failure to ensure Business Continuity

        XI   KCR 0011 – Failure to effectively govern and manage partnerships

8   These risk focus areas form the basis of the quarterly risk monitors that are to be reported to CMT and A&G on a quarterly basis. The initial risk monitor was due at CMT in April (Quarter 1) however the first complete monitor will not be presented to CMT until June (Quarter 2). The reasons for the delay are primarily around identifying and scoring the key risks associated with the eleven risk focus areas detailed at paragraph 7 above. Annex A of this report provides an example of the agreed format and how it will look when populated the data contained is fictitious. This is further to the template that was provided to A&G in January 2008.

9   Underpinning the objectives of the Corporate Risk Strategy is the necessity to provide effective training and communication to Officers and Members across the organisation. While resources in the risk management team are small the corporate risk management officer has delivered a comprehensive training programme during 2007/08. A summary of this programme is detailed in the table below:

Officer Training		
Date	**Title**	**Number of Delegates**
28 September 2007	Risk Management Awareness	25
7 November 2007	Risk Management Awareness	7
13 & 14 November 2007	Risk Management Awareness	24
16 January 2008	Risk Management Awareness	6
5 February 2008	Use of Risk Register	8
13 February 2008	Use of Risk Register	9
21 February 2008	Use of Risk Register	15
25 February 2008	Use of Risk Register	10
5 March 2008	Use of Risk Register	2
26 March 2008	Use of Risk Register	1
January & February	Use of Risk Register for Projects	5
Member Training		
19 March 2008	Risk Management Awareness	4
Communication		
June 2007	New & Jobs article – Risk Register	
October 2007	News &Jobs Article – Risk Awareness	
January 2008	New & Jobs article – Risk Register	
November 2007	New website Launched	210 Hits (Dec 07 – Feb 08

10   Training & communication is a critical component in delivering the Council's risk management programme and further sessions are currently being planned for 2008/09 including further Member training sessions.

CPA Key Lines of Enquiry

11.   Risk management forms one of the key strands (Internal Control) of the CPA inspection process. The Audit Commission will shortly be reviewing the documentation and supporting evidence to determine the

2007 refresh score. The Council's score for this criteria has consistently been 2 (Fair) and much work was undertaken in 2007/08 to ensure that risk management met the minimum requirements to score at least a 3 (Good) in the 2007 CPA refresh. This work has included:

- Risk identification with CLG, CMT and directorate management teams.
- Development of a corporate risk management framework.
- Review of significant Partnership.
- Ensuring risk is considered in major projects & programmes.
- Delivery of an Officer & Member training programme.
- Reporting of key risks, controls and actions to Members
- Ensuing committee papers have a risk management entry to provide evidence of risk based decision making

Work plan 2008/09

12. At the core of the 2008/09 work plan is the necessity to embed risk management into Council processes, continue to raise awareness through further training and aligning the risk register to the corporate priorities. Achieving this ambitious work plan should help the Council to lower its exposure to risk while ensuring it develops more robust services prepared to take advantage of opportunity through a better understanding of their risks.

13. The work plan is attached to this report at Annex B. The key deliverables within the plan include:

- ensuring risks are linked to the Corporate Strategy

- update and review of all risk register entries

- development of the Member and Officer Risk Champion roles

- further risk management training for Members and Officers

- a more formal consideration of opportunities as well as risks

- publication of the risk management framework document

Options

14. Not applicable.

Corporate Priorities

15.   Risk management supports and underpins the Values, Direction and 10 priorities of the Corporate Strategy 2007 – 2011.

Implications

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

Risk Management

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

Recommendations

18.   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 2008/09 work programme.

Contact Details

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Report Approved | Y | **Date** *30 April 2008*

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable   **All**

For further information please contact the author of the report

Background Papers

None.

Annexes

Annex A – Example Risk Monitor
Annex B – Risk Management Work Plan