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## Audit & Governance Committee

24 September 2008

Report of the Assistant Director (Audit and Risk Management)

## Risk Management Mid-term Report 2008/09

### Overview

1. This paper is to inform members of the progress made by the Risk Management Section during 2008/09. It considers the achievements in relation to embedding the Risk Management framework across the organisation, and in particular:
  - i) Progress against the CPA key lines of enquiry
  - ii) Key deliverables of the 2008/09 work plan
  - iii) Use of the council's risk register
  - iv) Risk in committee reports.

### Background

2. Risk Management is used to better manage potential opportunities and threats to the achievement of corporate objectives. It forms a key part of the council's corporate governance arrangements and strategic management process.
3. Effective Risk Management acts as an enabler by supporting well informed decision making and it can facilitate sustainable improvements in service delivery. It is fundamental to good management practice and should not be viewed as a separate discipline or be carried out in isolation.

### Progress against the CPA key lines of enquiry

4. Risk Management is one element of the Use of Resources block of the current Comprehensive Performance Assessment (CPA) inspection regime and will remain as part of the new Comprehensive Area Assessment (CAA). Each year the Audit Commission review documentation and supporting evidence to determine the score for this area, which has consistently been rated as 2 (Fair). The Audit Commission are currently assessing the 2008 refresh score for Risk Management, the results of which will be reported in the Outturn report to Audit and Governance Committee (A&G) in April 2009. The team have been working with the Audit Commission to deliver the improvements that are required with regard to the risk reporting process to members. It was the score for this key line of enquiry that meant the council failed to meet the minimum requirement for a score

of 3 (Good) during 2006/07. The key improvements required were included in the 'User Guide' Report to A&G in January this year and have been incorporated into the 2007/08 annual risk report to the Executive (October 2008).

## Key deliverables of the 2008/09 work plan

5. The primary focus of the 2008/09 Risk Management work plan is to further embed the Risk Management Framework and in doing so ensure compliance and consistency across the council. The critical deliverables of this work plan are establishing a risk review and reporting framework and delivering those actions essential to improving the Council's CPA/CAA score.
6. Key to embedding the framework is ensuring directorates, projects, significant partnerships and the Corporate Management Team (CMT) actively participate and contribute to the risk review and reporting process. Consideration of Risk Management in these areas has improved in comparison to previous years, but further work is planned to address areas where risk is still seen as a separate process and is not fully integrated into existing business processes.
7. A major piece of work delivered by the team this year has been the formal introduction of quarterly Key Corporate Risk (KCR's) monitors to CMT. Introducing this is the first step in developing a corporate wide risk review and reporting process. The Quarter 2 CMT risk monitor is attached at Annex A of this report.
8. The information contained within the monitor has been provided by the relevant risk owners. This information allows CMT to make a judgement and gain assurance on how risks are being managed across the organisation. It is recommended that A&G review the monitor (Annex A) and consider receiving it on a quarterly basis for comment and challenge.
9. With regards to training, this year has seen the service continue to develop and deliver a corporate training and communication programme to officers and members. Further to the programmed training additional training has been provided to officers at their request primarily to individual management teams in Learning, Culture & Children's Services, Resources and Chief Executives Directorate.
10. The team has organised three separate member training sessions during September and October 2008. A total of 11 Members have taken the opportunity to increase their awareness and understanding of Risk Management through booking onto one of these sessions. Taking into account the four Members who attending the same training during 2007/08, this will mean 32 % of Elected Members have received the awareness training they require.
11. The full Risk Management work plan is attached at Annex B of this report.

## Use of the council's risk register

12. The council's risk register (Magique) is used to document all of the organisation's significant risks regardless of their business focus (operational, strategic, partnership or project). It is made up of a four tier hierarchy allowing the separation of Corporate, Directorate, Divisional and Service level risks. This provides for each level of the organisation to concentrate on its most significant risks.
13. The responsibility for maintaining the entries within the register rests with each relevant risk owner. It is important that all risks are regularly reviewed and are as complete as possible, and where necessary reported to the appropriate management team as set out in the Risk Management Policy. To support this and help achieve compliance with the policy a consistent risk review and reporting process is currently being rolled out to each Directorate as part of the risk management framework.

## Risk in committee reports

14. The council's report writing template includes a Risk Management paragraph to comply with the report writing protocol (Annex C).
15. The Risk Management Section is continuing to monitor the quality of the content of each Risk Management paragraph, compliance with the protocol and provides support and advice to report authors when requested. Exhibit 1 below provides an analysis of compliance with the protocol for quarter one of 2008/09 in respect of committee reports sent to Executive.

### Exhibit 1

Directorate	% Reports including a Risk Management paragraph	% Risk Management paragraphs that are compliant
Resources	100	20
City Strategy	100	20
Neighbourhood Services	N/a	N/a
Chief Executives	92.86	42.86
Learning, Culture and Children's Services	100	50
Housing and Adult Social Services	100	100

## Options

16. Not applicable.

## Corporate Priorities

17. 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 reported in this paper support the actions required to improve the Council's CPA score of 2 for Risk Management to 3 as a minimum .

## Implications

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

## Risk Management

19. The risk associated with the recommendation of this report is "Failure to provide adequate documentation to achieve a level 3 for risk management in CPA UOR" and was originally assessed at a net level of 18 (high); the action planned to reduce the risk is outlined in Annex B.

## Recommendations

20. Audit and Governance Committee are asked to:
  - a) note the contents of this report and progress made during 2008/09;  
Reason  
*To raise awareness of the progress made to date in respect of the risk management agenda and framework at the Council.*
  - b) help promote and embed the risk reporting process by receiving the quarterly risk monitors as a standing item on their agenda for comment and challenge(Paragraph 8).

Reason

*To ensure compliance with the Council's Risk Management Policy and help to improve the CPA score.*

## Contact Details

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Report Approved

Date 11<sup>th</sup> September 2008

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

**Wards Affected** Not applicable

All

For further information please contact the author of the report

### Background Papers

Risk Management User guide & Key risk monitoring report  
Risk Management Policy & Framework

### Annexes

Annex A Quarter 2 Key Corporate Risk monitor.  
Annex B Work plan for 2008/09.  
Annex C Officer Guidance for Committee reports

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