

**Risk Monitor Quarter One 2009/10 & Risk Management Outturn Report
2008/09**

Summary

- 1 The purpose of this paper is to provide Audit & Governance Committee (A&G) with the quarter one risk monitor for 2009/10 (Annex A) and to inform them of the progress made during 2008/09 in embedding corporate risk management across the organisation.

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. Effective risk management acts as an enabler by supporting well informed decision making and can facilitate sustainable improvements in service delivery.
- 3 The Key Corporate Risk monitor was established during 2008/09, and was initially only reported to Council Management Team (CMT). As A&G are charged with ensuring effective and robust risk management arrangements are in place at the council, and at their request, this was extended to A&G during 2008/09.

Key Developments

- 4 The refreshed risk management policy and strategy that was approved by A&G in March 2009 (due at Executive in July) allows directorates to escalate significant (high & critical) risks through their management hierarchy to CMT initially and then A&G as part of the regular monitoring process. This is to ensure that all business significant risks, not just those listed as key corporate risks, can be brought to the attention of both directors and members.
- 5 This process has now been put in place across the council and the first set of high/critical risks identified by directorates can be found on the final page of the quarterly monitor set out at Annex A of this report.

Quarter One Monitor

- 6 The position of the Key Corporate Risks (KCRs) at the end of the first quarter of 2009/10 are detailed at Annex A of this report. The monitor is complete in terms of accurately reflecting the information recorded in the council's risk register (Magique) however, there is an on-going requirement for risk owners to ensure their risks are accurate, complete and up-to-date.
- 7 While A&G will need to review the monitor (Annex A) in its entirety they may wish to consider the critical (red) risks in more detail, these include the following:

KCR 0001 Implementation of the new pay & grading structure

- Neighbourhood Services risk 9 (Legal Challenge)

KCR 0002 Accommodation Review Project

- Design & Planning risk 1 (Planning Approval)
- Challenge to Procurement risk 1 (Procurement)
- Development brief risk 2 (Procurement)

KCR 0003 Waste Management Strategy Partnership

- Planning Consent risk 4 (Failure to secure consent)
- Financial risk 1 (Increased costs)
- Financial risk 4 (Insufficient budget)
- Financial risk 5 (Inability to secure private finance)
- Leadership & Communication risk 4 (Termination)

- 8 If further information is required in relation to any of the above risks or others contained within the monitor this can be obtained by inviting the relevant risk owner to either bring a report or make a presentation to A&G.
- 9 At the A&G Committee in March 2009 Members requested a report on the security issues at the Mansion House. The security and insurance concerns relating to the Mansion House and Civic Regalia are complex and need to be considered in detail. With regards to the contents of the Mansion House and the Civic Regalia there have been previous papers brought to CMT and discussions around how best to manage the risk since Sotheby's undertook a valuation in the early 1990's. Considerations around the physical security of the building itself are more straightforward than the risk and insurance issues relating to the Civic Regalia much of which is unique to York. It is recommended that the Head of Civic Democratic & Legal Services with the support and input of the council's risk and insurance officers bring a fuller paper on these issues to the September A&G meeting.

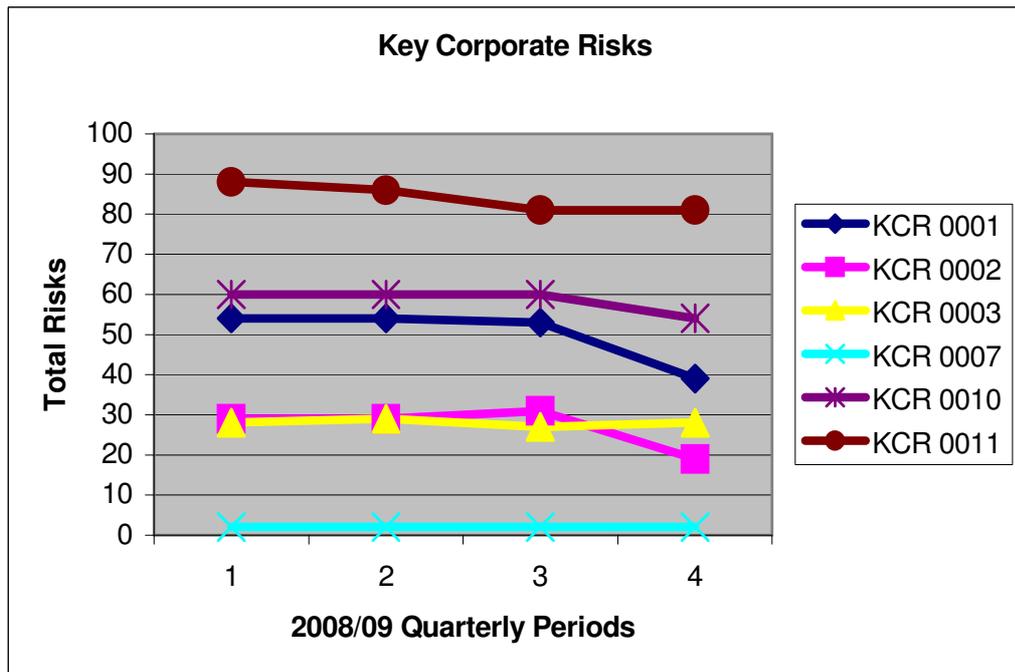
- 10 At A&G in March 2009 at members request, a report on the risk and issues around the Waste PFI project was presented by the Director of City Strategy. As part of an ongoing process of reviewing in more detail some of the key risks contained within the monitor a report on the new Accommodation Project was requested by A&G Members for this meeting. This project again falls under the responsibility of the Director of City Strategy and he has provided a more detailed report on the key risks and issues facing the project. This report is set out in detail at Annex B of this paper. Following the presentation of this report members may wish to suggest a further detailed risk report from another area for consideration at A&G in September 2009

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- 11 The council has been actively developing and deploying risk management arrangements across the organisation since 2002. The corporate risk register 'Magique' along with the refreshed policy and strategy continue to provide the key framework and tools for developing and embedding risk management and providing the up to date, accurate and relevant information to populate the KCRs.
- 12 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.
- 13 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 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.
- 14 It is not just officers across the council who have better engaged in managing risk but the Audit & Governance Committee (A&G) themselves now play a much greater role. A&G actively reviewing key corporate risk on a quarterly basis has been particularly effective in raising Members awareness of the risks and opportunities associated with major projects and programmes of work.
- 15 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, however, 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 at both CMT and A&G. A summary of changes in the Key Corporate Risks (KCRs) 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

16 It is more noticeable that risk is being considered 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.

Inspection outcomes

- 17 Risk management was one of the Key Lines of Enquiry of the Use of Resources (CPA) inspection process. The Audit Commission have reviewed the documentation and supporting evidence to determine the 2008 refresh score and made a judgement that risk management is at level 2 (Fair). The council's score for this criteria has consistently been judged at level 2 in previous years and much work was undertaken in 2008/09 to ensure that risk management should meet the minimum requirements to score at least a level 3 (Good) in the 2009 Use of Resources (CAA) assessment. This work has included:
- i enhancement of the corporate-wide risk reporting framework;
 - ii improved reporting of significant business risks to senior management and elected Members;
 - iii enhancement of the corporate risk management framework.

Work plan 2009/10

- 18 At the core of the 2009/10 work plan is the continued need to embed risk management into all council processes, to raise awareness through further training, and align the risk register to the refreshed Corporate Strategy. Achieving this ambitious work plan can help the council lower its exposure to risk while ensuring it develops more robust services prepared to take advantage of opportunities through a better understanding of the associated threats.
- 19 The key deliverables within the 2009/10 work plan include:
- i linking appropriate risks to the refreshed Corporate Strategy;
 - ii updating and reviewing all risk register entries;
 - iii continuing risk management training for members and officers;
 - iv refresh of the Key Corporate Risks;
 - v integration of risk reporting in to the Finance & Performance monitor.

Consultation

- 20 There is no formal consultation applicable to this report however all the information contained within the monitor at Annex A is provided by officers across the council not the risk management team.

Options

- 21 Not applicable.

Analysis

- 22 Not applicable

Corporate Priorities

- 23 The effective consideration and management of risk within all of the council's business processes will aid the successful delivery of each theme within the Corporate Strategy. It specifically contributes to the achievements of the Effective Organisation theme as risk management has been identified as a priority area in the council's Improvement Plan.

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

- 24 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

25 It is recommended that the Audit & Governance Committee:

- a) notes the contents of this report and progress made to date;

Reason

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

- b) considers & comments on the risks set out at Annex A and at paragraph 7 of this report;

Reason

To note the progress made to date in developing the corporate monitoring and reporting arrangements for the council's KCRs;

- c) suggests a further detailed risk report for A&G in September as set out at paragraph 10;

Reason

To provide assurance that key risks are being appropriately managed by the organisation

- d) approves the presentation of a formal report on security issues at the Mansion House at the September A&G Committee.

Reason

To provide assurance that key risks associated with the Mansion House and Civic Regalia are being properly managed by the organisation.

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Report Approved



Date 16 June 2009

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 Monitor Quarter 4 2008/09.

Annexes

Annex A – Key Corporate Risk Monitor Quarter One 2009/10

Annex B – Accommodation Project Report