

## Audit & Governance Committee

24 September 2007

Report of the Assistant Director (Audit and Risk Management)

## Risk Management Mid-term Report 2007/08

### Overview

1. This paper is to inform Members of the progress made by the Risk Management Team during 2007/08. It considers the achievements in relation to developing and embedding the risk management agenda and framework, and in particular:
  - i) Key deliverables of the 2007/08 work plan.
  - ii) Progress against the CPA Key Lines of Enquiry.
  - iii) Risk in committee reports.
  - iv) Development of a corporate risk management policy

### 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 processes.
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 against 2007/08 work plan

4. At the core of the work plan is the necessity to further embed and improve risk consideration within Council processes. It focuses on the need for an effective training and communication programme and active facilitation of risk consideration at all levels of management teams and within partnerships.

5. The risk management work plan for 2007/08 has been developed taking into account the key issues highlighted in the 2006/07 outturn report to Audit and Governance Committee. The work plan attached at Annex A provides in more detail the progress made in 2007/08. The critical deliverables in the work plan are: -
  - Training and communication programme.
  - Embedding the Risk Management framework.
  - Effective use of the corporate risk register.

## Training and communication

6. Training is an essential part of ensuring an effective risk management framework is embedding throughout the Authority, ensuring officers have the tools required. The Risk Management Team delivered training to 75 officers in January 2007 and following its success an ongoing in-house programme will be rolled out from October 2007. This will provide an essential introduction to risk management at City of York Council including its framework and the corporate risk register. The training and communication plan attached as Annex B includes an outline of the training course content.
7. Effective communication is key to the overall promotion of the importance of managing risk and published in News & Jobs on 26 June 2007 was the first risk management article. The focus of this was to raise the profile and highlight the benefits of the corporate risk register. In addition to this a dedicated risk management website is under construction, available on the Council's intranet, providing an additional point of reference and level of support for officers involved in risk management.

## Embedding the Risk Management framework

8. It is necessary to embed a robust framework throughout the Council to achieve effective risk consideration and a corporate standard approach. One of the minimum requirements to attaining a level 2 in the Comprehensive Performance Assessment (CPA) is to undertake an annual review of the corporate risk register. This review is achieved through risk identification sessions carried out in collaboration with corporate and directorate management teams which informs the service planning process.
9. Corporate Management Team (CMT) undertook a strategic level risk identification session in September 2006, where they identified the key risks to the Council. The next stage of this process is for Corporate Leadership Group (CLG) to take this work forward and consider the use and distribution of this information across the organisation.

10. The Risk Management Team is coordinating a similar risk identification process with all Directorate Management Teams (DMT). This work has started and is ongoing with the Chief Executive's and Neighbourhood Services DMT's and will commence with Resources, City Strategy, Learning, Culture and Children's Services and Housing and Adult Social Services, later this year.

## Effective use of the Corporate Risk Register

11. A new corporate risk register was introduced at the beginning of 2006/07, it is an online, web-based system, used for risk documentation, evaluation and action planning. An essential part of embedding good risk management practices into the culture of the Authority is in ensuring officers effectively and consistently use this system. This forms part of the training and communication programme detailed in paragraph 6.
12. Since the introduction of the system distribution of licences for its access and use has continued to increase, with 40 users currently utilising the system. There had been an initial barrier to take up, with services reluctant to use the system due to the £100 cost to them to purchase a licence. To secure funding for 75 additional licences, taking the total to 100, a corporate ITD (Information Technology Development) bid has been made. If successful these funds will allow the purchase and distribution of further licences in 2008/09. An analysis made of the current distribution and use of licences for the first quarter of 2007/08 is in Annex C.
13. There is good evidence in the risk register and from the licence analysis that major projects including the Admin Accommodation Review and [easy@york](mailto:easy@york) are using the system effectively. The number of Magique licences held within the Resources directorate and the higher level of use in this area, emphasises this.

## CPA

14. Risk management forms one of the key strands (Internal Control) of the CPA inspection process. The Audit Commission is currently reviewing the documentation and supporting evidence to determine the 2006 refresh score. The Council's score for this criteria has consistently been 2 (Fair) and much work was undertaken in 2006/07 to ensure that risk management met the minimum requirements to score at least a 3 (Good) in the 2006 CPA refresh. This work has included:
  - Risk identification with management teams.
  - Development of a corporate policy.
  - Partnership reviews.
  - Project & programme support.
  - Officer training.

## Risk in committee reports

15. Risk is one of the required sections used to help inform the Member decision-making process in the new report writing protocol, introduced following the review of the constitution.
16. A review of compliance to the protocol has been made for the first quarter of 2007/08. This analysis attached at Annex D shows a moderate improvement since November 2006, however, detailed analysis identified a noticeable move toward better risk consideration. Report authors have made a considered effort to include risk information, but failed to meet the standard of the protocol through the omission of a scoring mechanism, used to estimate and prioritise the Authority's level of exposure.
17. In consultation with report authors a slightly revised format that is easier to understand and implement will be designed. Providing simplification and closer alignment with other essential report criteria, helping to improve compliance.

## Corporate Risk Management Policy

18. As part of delivering an effective risk management framework, work has been undertaken throughout 2007 to develop a corporate risk management policy, underpinning the strategy approved by Members in 2003/04. The policy aims to provide a consistent framework to follow in the development of risk management throughout the organisation. This policy, still in draft, is attached in annex E and Prior to receiving the appropriate approval your views and comments on it are welcome.

## Options

19. Not applicable.

## Corporate Priorities

20. 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

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

## Risk Management

22. In compliance with the Council's Risk Management strategy. There are no risks associated with the recommendations of this report.

## Recommendations

23. Audit and Governance Committee are asked to:
- a) note the contents of this report and progress made during 2007/08;

Reason

*To raise awareness of the progress made to date in respect of the risk management agenda and framework at the Council.*

- b) Comment on the draft risk management policy;

Reason

*To achieve Audit & Governance Committee's endorsement prior to submission to Corporate Management Team and the Executive Committee.*

## Contact Details

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Report Approved

Date 13/9/07

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

**Wards Affected** Not applicable

All

For further information please contact the author of the report

## Background Papers

Audit & Governance Committee Outturn Report 2006/07 (3 April 2007)

## **Annexes**

Annex A Work plan for 2007/08.

Annex B Training and communication plan for 2007/08.

Annex C Analysis of Magique licences issued and in use.

Annex D Analysis of risk identified paragraphs in Executive committee reports.

Annex E Policy (draft).