

PERFORMANCE AND GOVERNANCE COMMITTEE – 10 JANUARY 2012

RISK MANAGEMENT UPDATE

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Consideration

Executive Summary: This report provides the Committee with a summary of the Council's risk management processes and plans for improvements to the Risk Management Framework. The report also updates Members on the current strategic risks facing the Council.

This report supports the Key Aim of Corporate Performance Plan "Effective Management of Council Resources"

Portfolio Holder Cllr. Ramsay

Head of Service Head of Finance and Human Resources – Mrs Tricia Marshall.
Ext 7218

Recommendation:

It be RESOLVED that Members note the contents of this report.

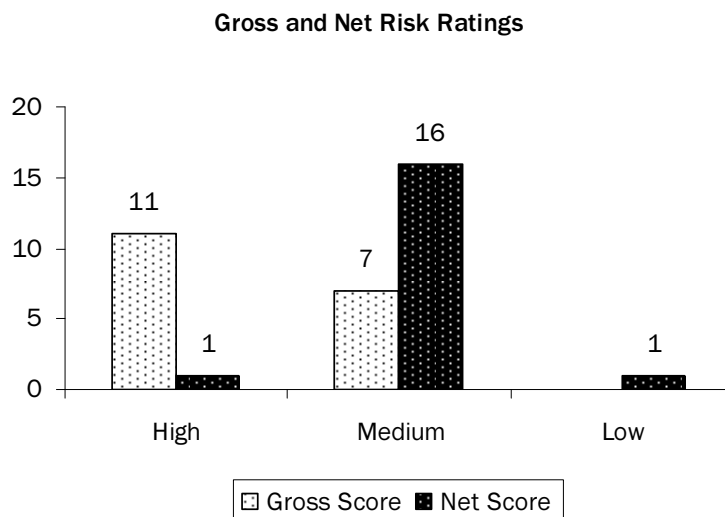
Introduction

- 1 The Council's risk management strategy sets out that risk will be identified, assessed and managed both strategically and operationally. Strategic risks are those that may prevent the Council achieving its objectives as set out in the Corporate Plan 2009-12. Strategic risks are managed by Directors and Heads of Service with oversight and scrutiny being delivered by Performance and Governance Committee.
- 2 Operational risks are those that may prevent individual services meeting the objectives set out in their service plans. Operational risks are managed by Service Managers, supported by Heads of Service.
- 3 The Council also has processes in place to manage financial risks, project risks and health and safety risks that operate alongside the risk management framework. Financial risks are monitored by the Finance team and assessed and scrutinised by the Finance Advisory Group. Project risks are managed by the relevant Head of Service working closely with the project manager and are subjected to DMT and MT monitoring, based on the type of project. Health and Safety risk assessments are overseen and coordinated by the Council's Environmental Health team, with Service Managers responsible for

undertaking regular risks assessments and taking actions to mitigate those risks.

Strategic Risk

- 4 The Council undertook a thorough reassessment of the strategic risks it faced in May 2010. This process resulted in Directors and Heads of Service identifying 18 strategic risks that were approved by the Performance and Governance Committee at their meeting of 29 June 2010. Each of the strategic risks is assigned to a lead officer to monitor and where appropriate take mitigating action against. Strategic risks are reviewed by lead officers whenever there is significant change in legislation or an incident of major impact. Risks are also routinely reviewed every six months to ensure fitness for purpose.
- 5 To ensure strategic risk assessments remain relevant and up to date in the intervening periods the officers Risk Management Group, which meets every two months, maintains oversight and discusses any new or emerging risks that may become relevant. Where sufficient concern exists amongst the group a recommendation will be formed for the strategic risk register to be updated, including relevant mitigating action to address any perceived risks.
- 6 Officers' most recent assessment of strategic risks is attached at the Appendix to this report. Risks are scored by looking at the likelihood of the risk occurring and the severity of the impact if the risk was realised. The Council chooses to use a 5 by 5 matrix to assess risks, multiplying the score for likelihood by the score for impact gives the overall risk score. An overall risk score of 5 or less indicates a low risk, a score between 6 and 14 indicates medium risk and a score of 15 or more indicates high risk.
- 7 Risk scores are calculated as both 'gross' and 'net'. The gross scores reflect the likelihood and impact if no actions were taken by the Council to mitigate those risks. The net scores quantify the residual risk and reflect the likelihood and impact of the risks after the documented 'Internal Controls' are taken in to consideration.
- 8 The chart below shows a summary of the Council's strategic risks, indicating the number of risks ranked high, medium and low at both gross and net risk stages.



- 9 Officers are continuing to evaluate how each of the strategic risks interlink and what further actions can be taken to further reduce the Council's exposure to high impact threats, whilst looking at ways to maximise potential opportunities

Improving the Risk Management Framework

- 10 The Risk Management Framework is developed and overseen by the Audit, Risk and Anti-Fraud team. As a shared team it also takes on responsibility for risk management at Dartford Borough Council. To deliver improvements it was determined that a review of risk management processes would be undertaken at each Council with the findings used to identify areas where a common approach would lead to improved efficiency and service delivery.
- 11 The review, completed by the Internal Audit team, in October 2011 has assisted in setting out the following improvements that will be delivered by Sevenoaks District Council in the coming months:
- update of the Council's Risk Management Strategy;
 - a joint Risk Management Group meeting with officers from Dartford BC at least annually to discuss approaches to managing common risks that are shared by both Councils;
 - improved use of the Covalent system to assist the Council in managing risks; and
 - delivering a training programme for both Members and Officers.
- 12 The Council is discussing with its insurance provider, Zurich Municipal, developing a training and strategic risk assessment course for Members of the Performance and Governance Committee. The objective of the day would be to improve Members understanding of the approach taken to risk management at the Council and importantly to have an independent assessment of risk by Members that can feed directly in to the Council's assessment of its strategic risks from April 2012.

Key Implications

Financial

13 None

Community Impact and Outcomes

14 A robust risk management process enhances the Council's ability to minimise waste and improve efficiency and to deliver better services and outcomes for the community.

Legal, Human Rights etc.

15 None

Resource (non-financial)

16 None

Value For Money

17 A robust risk management process will enhance the Council's ability to minimise waste and inefficiencies whilst maximising value for money.

RISK ASSESSMENT STATEMENT

18 This report highlights the steps being taken to implement the Council's risk management strategy and framework. Strategic risks are being actively managed and where appropriate mitigating controls are in place or being developed to minimise threats whilst maximising available opportunities.

Sources of Information: SDC Risk Management Strategy
Strategic Risk Register
Covalent performance and risk management system

Contact Officer(s): Bami Cole, Audit, Risk & Anti Fraud Manager.
Phone: 01322 343023
Lee Banks, Policy and Performance Manager.
Ext. 7161

Dr. Pav Ramewal
Deputy Chief Executive and Director of Corporate Resources