

## PERFORMANCE AND GOVERNANCE COMMITTEE – 8 JANUARY 2013

### Risk Management Update

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

Status: For Consideration

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**Executive Summary:** This report provides Members with an update on the progress of implementing the Council's revised risk management framework, following the meeting of this Committee in June, at which Members were informed of plans to refresh and revise the framework.

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### **This report supports the Key Aim of Corporate Performance Plan “Effective Management of Council Resources”**

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Adrian Rowbotham, Group Manager – Finance

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

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### Introduction

- 1 As part of its terms of reference the Performance and Governance Committee considers reports on the Council's risk management strategy and framework. Members were informed of proposals to simplify and strengthen the Council's risk management framework at their meeting on 12 June 2012. This report updates Members on the progress being made in implementation of the revised framework and further proposals to improve and embed the process across the Council going forward.
- 2 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.
- 3 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.
- 4 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.

### **Risk Management Framework**

- 5 Since June 2012 through its officers Risk Management Group the Council has developed a revised risk management framework for the Council. The revised framework takes account of best practice guidance as developed by ALARM (The Public Risk Management Association) and the views of senior management that helped to shape the framework to ensure it fits with the organisations culture and practices.
- 6 The revised risk management framework is attached at Appendix A to this report and is entitled 'Risk on a page'. The framework has been simplified to ensure the Council is able to focus on its key risks and provides the tools that are needed to demonstrate that the Council has a thorough understanding and strong basis to evaluate the risks it faces.

### **Risk Management Training**

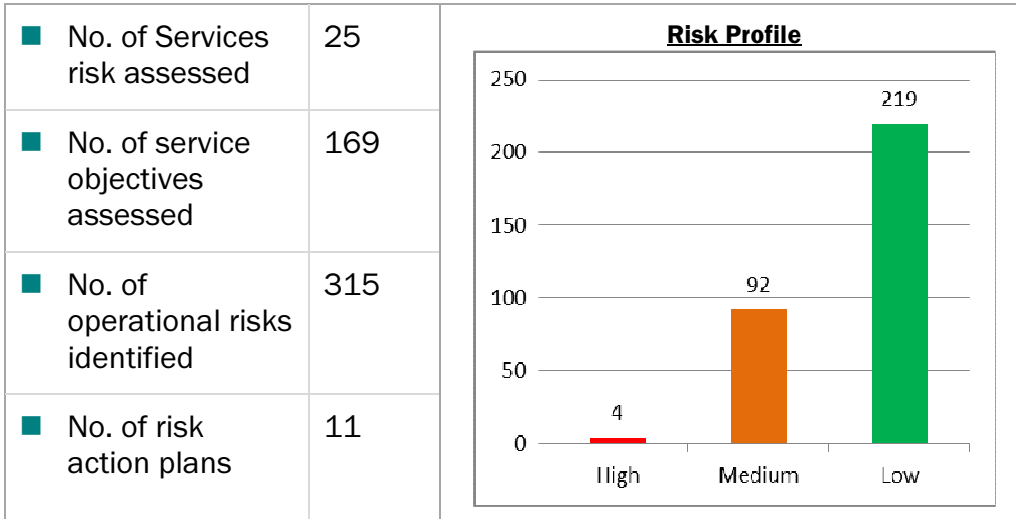
- 7 The facilitate the introduction and adoption of the revised risk management framework across the council risk management training workshops were designed and delivered to Members, Directors , Heads of Service and Service Managers.
- 8 The delivery of training to both Officers and Members was a key objective for improving the risk management framework for 2012/13. The Council's insurance provider, Zurich Municipal, assisted in providing the training required and the Council was able to access the training as part of its insurance contract at no additional cost.
- 9 In February 2012 training on the identification and assessment of strategic risks was delivered to Members. The feedback received from Members that attended indicated that the training was useful and well received.
- 10 In August 2012 training was delivered to Directors, all Heads of Service and Service Managers focusing on the identification and assessment of operational risks. As a result of the training all of the Council's operational risk registers were updated to provide for a robust assessment of the risks facing services to the achievement of their service objectives.

### **Operational Risk**

- 11 The assessment and mitigation of operational risks remains a key activity for Officers. Operational risk assessments are carried out by Service Managers annually and assess the risks of achieving the service objectives set out in their Service Plans.
- 12 Operational risks are assessed and scored on the same basis as strategic risks and are subject to a mid year review to ensure the risks remain relevant and are

accurately scored. Operational risk action plans are put in place where high risks are not adequately controlled.

- 13 For Members information the table below summarises the Council’s current operational risk profile:

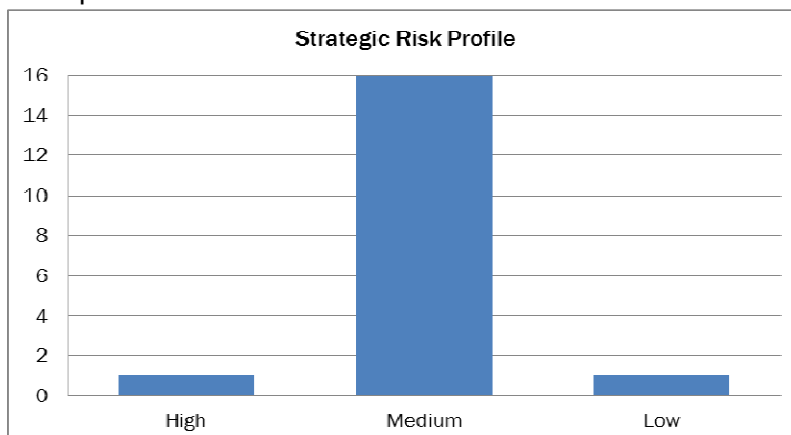


- 14 Officers, through the Risk Management Group, undertake an evaluation of each of the operational risk registers to identify if there are any recurring or significant risks. Where any such risks are identified the risk would be raised for consideration at a strategic level. No such operational risks were identified during 2012/13.

**Strategic Risk**

- 15 A summary of strategic risks, those risks that may prevent the Council achieving its objectives, is attached at Appendix B 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. A 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.

- 16 For Members information the chart below summarises the Council’s current strategic risk profile:



- 17 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 or event which could have an impact on the Council.
- 18 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.
- 19 Officers continue to evaluate how each of the strategic risks interlink and identify actions that can be taken to further reduce the Council's exposure to high impact threats, whilst looking at ways to maximise potential opportunities

### **Risk Management programme for 2013/14**

- 20 In early 2013 the Council will be carrying out a thorough review of its Strategic Risk Register. The review will take in to account the Council's new vision and promises and the updated Community Plan. In addition the review will reflect on the difficult economic environment the Council continues to operate in and the Government's legislative priorities that are due to be set out in their 'Mid-term review'.
- 21 It is proposed that a draft Strategic Risk Register will be presented to Performance & Governance Committee for their scrutiny and to ensure that Members views are taken in to account as strategic risks are identified and assessed. Taking in to account Members comments the Strategic Risk Register will be reported to Cabinet for adoption.
- 22 Operational risk assessments will continue to be carried out by Officers during the first quarter of 2013/14, on completion of their service plans.

### **Key Implications**

#### Financial

- 23 None

#### Community Impact and Outcomes

- 24 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.

- 25 None

#### Resource (non-financial)

- 26 None

## Value For Money

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

## Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	There are no equality impacts arising from this report.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

## **RISK ASSESSMENT STATEMENT**

- 28 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.

**Appendices** Appendix A – Strategic Risk Register

**Background Papers:** None

**Contact Officer(s):** Bami Cole, Ext. 01322 343023

Lee Banks, Ext. 7161

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