

BUSINESS SUPPORT OVERVIEW AND SCRUTINY

15 OCTOBER 2009

ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY AND 6 MONTHLY REVIEW OF THE COUNCIL'S CORPORATE BUSINESS RISK REGISTER

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Summary

In accordance with paragraph 4.1 of the Council's Risk Management Strategy, this report is to discuss both the annual review of the Risk Management Strategy and 6 monthly review of the Council's Corporate Business Risk Register.

1. Budget and Policy Framework

- 1.1 The Risk Management Strategy underpins all aspects of Council work and is fundamental to the Performance Plan in terms of "giving value for money".

2. Background

- 2.1 The Strategy agreed by Council in April 2006, was last reviewed in September 2008. The revisions were agreed and progress on the actions noted.
- 2.2 The Corporate Risk Register was last reviewed by Cabinet on 31 March 2009. The risks were re-assessed for impact and likelihood and rated taking account of management action. The risk rating for five risks were reduced, four risks were incorporated into other risks and five removed.

3. Additional Background Information

- 3.1 The Cabinet on 31 March 2009 noted the comments of the Business Support Overview and Scrutiny Committee and agreed the reinstatement of Risk reference 14, "Delivering Radical Innovation" into the Council's Corporate Business Risk Register.

3.2 Cabinet, at that meeting, also agreed to use a process to monitor and escalate risks using the process designed by the Strategic Risk Management Group.

4. Advice and analysis

4.1 The Risk Management Audit 2008/2009 recognised that significant progress continued to be made during 2008/09 in demonstrating that the Council's key business risks are being managed effectively. However, the situation regarding identification and management of operational/service level risks and risks associated with partnership working (on which the revised Key Lines of Enquiry (KloE) place considerably more emphasis than previously) continues to require further development.

4.2 The Strategic Risk Management Group have reviewed the recommendations and developed an action plan to address the issues raised. These include:

- amending the Risk Management Strategy to reflect new performance management systems and processes;
- reviewing the Corporate Risk Register to clarify the status of the mitigating controls, lead officer for actions and target dates;
- the identification and reporting of service risks;
- further training for members and officers;
- identify identifying risks relating to partnership working
- ensuring partners have appropriate risk management arrangements in place.

4.3 Amendments to the Risk Strategy, (Appendix A) include monitoring and escalation of risk (3.8); updating the 'Roles and Responsibilities in Section 4 to reflect new performance management processes and update to Section 5, progress on actions. Text in italics identifies the changes.

4.4 The Strategic Risk Management Group reviewed the Corporate Business Risk Register on 3 August 2009 and consider the audit recommendations for clarifying the status of the mitigating controls, lead officer for actions and target dates. It was noted that risks were now entered into Covalent, the Council's performance management system, and that the way the system is structured will address the concerns raised in the audit report.

4.5 Management Team on 9 September 2009 reviewed the risk register and, taking account of management action, made the following recommendations:

- Risk Ref 03b – Finance, Longer Term be updated to reflect the possible impact of future financial settlements.
- Risk Ref 05 - Waste Procurement be changed to reflect the current delay in awarding the contract.

- Risk Ref 9a – Delivering the Transformation Agenda be amended to reflect a refocusing of the work.
- Risk Ref 16 - Improvement Plan for Housing Service – the current risk rating of C2 be downgraded to D2 (Low likelihood/Critical Impact) to reflect the significant service improvement as recognised by two independent reviews.
- Risk Ref 17 – Delivering Regeneration be increased to B2 (High Likelihood/Critical Impact) to reflect potential delays to the delivery programme.

4.5.1 Management Team also proposed that a new risk relating to procurement processes (risk reference 21) be added to the register. It was felt that although, the active role of the Procurement Board and the Procurement Forward Action Plan ensure a strongly managed process to deliver the Procurement Strategy, there is still a need to ensure that the processes and procedures are embedded across the organisation.

4.5.2 Appendix B, Summary or Corporate Risk Register - Record of Amendments summarises the proposed changes and shows the movement from the previous review. Appendix C, Corporate Risk Register details the changes.

4.6 From 2009/10 service risks will be identified in services plans and monitored through AD quarterly reports (ADQs). Directorate Risk Registers will also be produced from the service plans and sent to DMTs for review. They will be advised to select those risks above the tolerance line (C2, Significant Likelihood/Critical Impact) to be put before relevant service O&S Committees. To save any confusion for members, these risks will be cross-referenced with risks identified in ADQs.

4.7 The implementation of the Council's new performance management processes and system has required an amendment to monitoring and escalation procedure, previously agreed by Cabinet on 31 March 2009. The new process is detailed at Appendix D.

4.8 A programme of training, to be delivered in-house, is being developed for Members and staff (who have not yet received training), new staff as well as regular refresher training.

4.9 The Strategic Risk Management Group are developing proposals for discussion with corporate colleagues regarding risks associated with partnership working.

5. Consultation

5.1 The Strategic Risk Management Group have been consulted on the revisions to the Risk Management Strategy and relevant risk owners have been consulted on the revisions to the risk register.

6. Financial and legal implications

- 6.1 There are no direct financial or legal implications arising from this report although clearly the inability to control or mitigate risks could have a financial or legal impact.

7. Recommendation

- 7.1 Members' views are sought on the following:
- a) The amendments to the Risk Management Strategy and progress on actions, as set out in Appendix A to the report and,
 - b) Management Team's recommendations on amendments to the Council's Risk Register;
 - c) The proposed addition to the risk register.

8. Suggested reasons for decision

- 8.1 The establishment of a corporate framework for risk management is recommended by CIPFA and SOLACE and will complement and support the work already being carried out within each directorate to manage risks.

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Appendices:

- Appendix A - Risk Management Strategy
- Appendix B - Summary or Corporate Risk Register - Record of Amendments
- Appendix C – Corporate Business Risk Register
- Appendix D - Revised process for monitoring and escalation of risks.

Background papers

Internal Audit's management action plans from the risk management audit 2006/2007, 2007/2008 and 2008/9.

Audit Commissions Key lines of enquiry for use of resources 2009 assessments