

Risk management

Committee: Performance Select Committee
Date: 8 March 2006
Title: Risk management – update
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Agenda Item

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Item for
information

Summary

- 1 This report updates Members about the Council's risk management arrangements and the need to stabilise and improve them. This issue joins up with the Audit Commission's assessment of the Council's use of resources and therefore the direction of travel for CPA.

Recommendations

- 2 None.

Background Papers

- 3 The Council's Risk Management Strategy (2003).
Audit Commission KLoE section 4.1 – The Council manages its significant business risks.

Impact

Communication/Consultation	Position statement submitted to EMT during December 2005. Also submitted to Risk Management Steering Group in February 2006. Agreed to stabilise and improve existing arrangements.
Community Safety	There may be implications for the community and its safety if the Council fails to manage its significant business risks.
Equalities	There may be inequalities if the Council fails to manage its significant business risks.
Finance	There may be financial implications if the Council fails to manage its significant business risks.
Human Rights	Human Rights may be infringed if the Council fails to manage its significant business risks.
Legal implications	Litigation may result if the Council fails to manage its significant business risks.
Ward-specific impacts	All wards may be affected if the Council fails to manage its significant business risks.

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Workforce/Workplace	The Council's workforce may be affected if the Council fails to manage its significant business risks Members and officers are likely to require training
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Situation

- 4 It could be reasonably argued that the Council has managed its business risks for many years, for example through the service planning process. Experienced Members, managers and staff have also been conscious of the way they deliver services on a day-to-day basis and the implications this has for risk exposure within the Council and the community it serves.
- 5 Irrespective of this, external expectations have grown in recent years and the Council responded in 2003 by adopting a risk management strategy and policy. Workshops were also held with the assistance of an external facilitator. From this work came the Council's first corporate risk register. A member/officer steering group was also formed and met regularly.
- 6 Since that time there have been a number of competing priorities, reorganisations and changes to Members and officers. Work is now needed to reinforce risk management within the Council.
- 7 A self- assessment exercise associated with how the Council manages its significant business risks was recently carried out and benchmarked against the Audit Commissions key lines of enquiry. This has highlighted potentially significant gaps in existing arrangements and barriers that prevent the Council moving forward with risk management.
- 8 The current position was reported to the Executive Management Team in December 2005. They responded by agreeing that the Council begins to address the situation by reducing the likelihood and impact of failing to visibly manage its business risks. The mitigating actions shown in the table below will therefore be implemented.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Council fails to manage its significant business risks resulting in criticism and declining performance	Medium	High	Officers will need to carry out a review of the risk management strategy/policy, update it and seek member approval. The Council will need to produce, maintain and review a register of its corporate and operational risks. Corporate and operational risks will need to be linked transparently to internal

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		<p>controls.</p> <p>Officers and Members will need to refresh the committee with specific responsibility for risk management.</p> <p>Officers and Members will need to have received risk management awareness training.</p> <p>A senior officer and Member will need to champion and take responsibility for embedding risk management throughout the Council.</p> <p>Risk management will need to be embedded into corporate business processes such as strategic planning, financial planning and performance management.</p>
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9 Progress reports will be submitted to Members of this Committee at future meetings.