

Committee: Performance Select
Date: 29 September 2009
Title: Risk Management
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Agenda Item

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Item for
decision

Summary

- 1 It has been identified by the council's Strategic Management Board and this committee that the current approach to risk management requires review.
- 2 It is one area in the Use of Resources inspection that the Audit Commission has highlighted as being in need of improvement, particularly the fact that risk management is not embedded or integrated with performance management and financial planning.
- 3 The council's approach is therefore being reviewed by officers and this report requests that Performance Select Committee takes on responsibility for overseeing risk management in order to raise the profile of this important area of work.

Recommendations

That the committee approves the disbanding of the Risk Management Steering Group and takes on responsibility for monitoring the council's risks.

Background Papers

None

Impact

Communication/Consultation	None
Community Safety	None
Equalities	Equalities issues can be integrated into risk management programme where relevant
Finance	Integration between risk management and finance
Human Rights	None
Legal implications	None

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Sustainability	Sustainability issues can be integrated into risk management programme where relevant
Ward-specific impacts	None
Workforce/Workplace	Transfer of risk management from internal Audit to Business Improvement and Performance will help ensure independence of the former to then audit the council's future approach to risk management

Situation

- 4 Risk management has not enjoyed as high a profile as it should within the authority. The results of the Audit Commission Use of Resources inspection will show the council scoring a 1 (below minimum standards) for this area of work. This is mainly because risks are not linked to performance management and especially to financial planning, although a risk assessment does form part of the budget approval process.
- 5 Clearly, the council's approach to risk management needs to change to ensure it is an integral part of its work.
- 6 The Strategic Management Board believes that in order to ensure effective monitoring of risk, it should be the responsibility of one of the council's main committees and would like Performance Select to take on this role and disband the current Risk Management Steering Group.
- 7 At an officer level, responsibility for risk management will transfer from Internal Audit to the Business Improvement and Performance team. This way it can be linked more closely to performance management, which has improved greatly in the council in recent years.
- 8 It will also necessitate close working between the Performance team and the council's Finance department and initial discussions have already taken place between the relevant managers.
- 9 Other areas of improvement currently being investigated include.
 - ownership of risk reports by SMB to emphasise their importance, distilling a top 10 corporate risks
 - Top 10 corporate risks to be closely monitored by SMB and PSC
 - Introduce a risk management section in future Medium Term Financial Strategies, integrating corporate risks and commenting on financial implications

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- Further review of operational risks. Although these have been reduced in number following a recent exercise it is likely operational risks can be further focused
- Issue clear guidance and definitions on what risks are and how to score them
- Integrate operational risks into the divisional planning process. Monitor progress via Internal Audit and quarterly reporting to SMB
- Obtaining risk management expertise via partnership working with other councils and Zurich insurance

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That the council fails to integrate risk management with performance management and finance, thus preventing it from scoring 2 in the relevant section of a future Use of Resources inspection	2	3	Close working between Finance and Performance teams, along with ownership of risk management from the Strategic Management Board will ensure the identified improvements are put into place in a timely manner
Risks are not properly identified or managed with the result that preventable problems occur	3	3	Revamped approach to risk management as described in this report.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.