

Committee: Performance Select Committee

Agenda Item

Date: 2 February 2010

11

Title: Risk Management Strategy and Update

Author: John Mitchell, Chief Executive, ext 401

Item for decision

Summary

1. This report presents the council's new Risk Management Strategy to the committee and provides a further update on what is being done to progress and embed risk management throughout the authority.

Recommendations

2. The committee endorses the Risk Management Strategy and recommends its approval at Full Council.

Background Papers

3. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author upon request.

- Corporate Plan 2009-2012 Uttlesford District Council
- Improvement Plan Uttlesford District Council
- Annual Governance Statement Uttlesford District Council
- Use of Resources Assessment criteria Audit Commission
- A Risk Management Standard Federation of Risk Management Associations
- National Performance Model for Risk Management in the Public Services Alarm (The Public Risk Management Association)
- BS 31100: Code of Practice for Risk Management British Standards Institute

Impact

- 4.

Communication/Consultation	Internal communication around new drive on risk management required through team meetings
Community Safety	None
Equalities	Equalities issues can be integrated into risk management programme where

	appropriate. Equalities and Diversity is a theme of the Corporate Plan and so will appear in the new Corporate Risk Register
Finance	None
Health and Safety	Health and safety risks can be incorporated where appropriate
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

5. The results of the Audit Commission Use of Resources inspection show the council scoring a 1 (below minimum standards) for risk management. This is mainly because risks are currently not directly linked to performance management and financial planning, although risk management does form part of the budget approval process.
6. A small working group comprising the Head of Community Engagement, Chief Finance Officer, Business Improvement and Performance Manager and the council's new risk management champion, Cllr Andrew Yarwood, identified steps that needed to be taken to improve the council's management, and use of, risk information.
7. It was noted that the council required a revised Risk Management Strategy and better reporting structure to ensure the most important risks were being effectively and regularly monitored and that these risks should be closely linked with the council's aims at corporate and divisional/service level.
8. A draft Risk Management Strategy is attached to this report. It has already been reviewed by the Strategic Management Board, Cllr Yarwood and Tilden Watson (a risk management expert from Zurich Municipal – see below). It outlines the process and controls that will be adopted to ensure best practice in the identification, evaluation and cost effective management of risks as well as the key roles and responsibilities of officers.
9. Since the last committee meeting, as well as creating the new strategy and framework, the current operational risk registers (which comprised of approx 680 risks, have been heavily edited to deactivate all risks scoring below a 6 (the council's risk appetite as per the strategy and previous report to PSC.) These cut down registers (now comprising of approx 100 risks) will form the basis of new operational risk registers.

10. The new operational risk registers will be drawn from 3 primary sources: the risks that remain on the current registers (following the deactivation exercise described above), risks identified in the recent risk management training session (see below) and any established through the 2010/11 Service planning process.
11. It is intended that risk management will now form an integral part of the Service planning process. To this end, to ensure not only our achievement of all identified audit commission criteria but also the timely implementation of next year's service plans, a timetable of activity has been drawn up and will be monitored regularly (see below).
12. A training session was held on the morning of Monday, 18 February, led by Tilden Watson from Zurich Municipal. Mr Watson is Zurich Risk Engineering's Strategic Practice Municipal Consultant and has many years' experience in helping councils and other public sector bodies with improving their risk management processes. The training was attended by all members of the Strategic Management Board and all Heads of Division.
13. The training was extremely useful and will provide significant help for managers to focus on the key risks in their service areas.
14. Mr Watson considered the draft strategy to be one of the better examples he had seen in local authorities and provided several useful tips for how it could be improved even further.
15. For members' information, the steps that will be taken between now and the end of the financial year are as follows:

Strategy to SMB for approval	13.01.10
Development of revised Corporate Risk Register	From 13.01.10
Risk Champion to review Corporate Risk Register	End January
Risk training – SMB/HoD's	18.01.10
Strategy to PSC for approval	02.02.10
Strategy and Corporate Risk Register to Full Council (with Corporate Plan and Budget)	18.02.10
HoD's discuss new approach with management teams and create new Operational Risk Registers	18.01 – end Feb
Risk Champion to review Operational Registers	End Feb/early March
New process implemented	31.03.10

Risk	Likelihood	Impact	Mitigating actions
That the council fails to demonstrate it has made the necessary improvements in the area of risk management by the time of the next Use of Resources inspection	2 – The remaining steps that are required can be achieved in the timescale set out.	3 – The council fails to move off a level 1 for risk management	A clear plan has been established showing what the council needs to do now in order to complete its risk management review and bring in new, improved processes.
Risks are not properly identified or managed with the result that preventable problems occur	2 –the existing operational risk registers are burdensome; the slimmed down operational registers , coupled with the training Heads of Division have received, will ensure a focus on the key risks affecting services	3 – The council may fail to effectively manage the most likely risks or those with the highest impact due to the current weight of information contained within risk registers. The new registers will ensure a focus on the key issues.	New approach coupled with training for all those with responsibility for risk management will ensure a corporate approach which focuses on the real risks facing services and the authority. The adoption of a new risk strategy and appetite that are linked to both the council’s corporate priorities and budget is designed to address risk management in a simpler and more streamlined way.

- 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.