

Audit Committee

31 May 2012

The Work of Corporate Risk Management April 2011 – March 2012



Report of Corporate Management Team

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Purpose of the Report

1. The purpose of this report is to demonstrate the effectiveness of risk management across the Council during the year April 2011 to March 2012, focusing in particular on the management of risks by the Services, and the effectiveness of the Corporate Risk Management Group (CRMG) in supporting Services in their management of risk. It also provides evidence to support the Annual Governance Statement.

Background

2. Each Corporate Director has a designated member of staff (the Service Risk Manager) to lead on risk management at a Service Grouping level. In addition, the Council has designated the Deputy Leader of the Council and the Corporate Director, Resources as Member and Officer Risk Champions respectively. Collectively, they meet together with the Risk and Governance Manager as a Corporate Risk Management Group (CRMG). Risks are assessed and managed at both a service and corporate level.

Risk Management Strategy and Policy

3. CRMG have undertaken their annual review of the Council's Risk Management Strategy and Policy, and implemented revisions as required for 2012/ 13.

Changes in number of risks from April 2011

4. As at 31 March 2012, there were 54 strategic risks, a decrease of 25 from the previous year end at 31 March 2011.

Summary of performance of risk management in 2011/12

5. These are covered in the appendices to this report:
 - Appendix 2 highlights improvements to the risk management framework in 2011/ 12.
 - Appendix 3 highlights planned improvements to the risk management framework in 2012/ 13.
 - Appendix 4 highlights the performance of risk management during the year.

Recommendation

Audit Committee to confirm that this report provides assurance that strategic risks are being effectively managed within the risk management framework.

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Appendix 1: Implications

Finance - Addressing risk appropriately reduces the risk of financial loss.

Staffing - Staff training needs are addressed in the risk management training plan.

Risk – Not a key decision

Equality and Diversity/ Public Sector Equality Duty - None

Accommodation - None

Crime and disorder - None

Human rights - None

Consultation - None

Procurement – None.

Disability issues – None.

Legal Implications – None.

Appendix 2: Improvements to the Risk Management Framework in 2011/ 12

The main improvements to the risk management framework in 2011/ 12 were:

- Improved the level of support and advice on managing risk in significant projects;
- Developed and piloted a process for risk management of bids for external funding;
- Formalised the approach for managing risk in the Area Action Partnerships;
- Improved risk management links into the budget setting cycle;
- Streamlined the formal reporting process to ensure the information Members receive is up-to-date;
- Delivered training courses to Tier 4 and Tier 5 officers.

Appendix 3: Planned Improvements to the Risk Management Framework in 2012/ 13

The longer term aim has always been to embed risk management within Services to a degree where they identify and manage their own risks, and gain assurance over their governance arrangements, with minimal support from the corporate centre. Therefore, the workload of corporate risk management will increasingly focus more on providing risk management support in other parts of the Council's operations, such as projects, procurements, funding bids and supply chains, rather than support to Services on their strategic risks.

Clearly, this will require a culture of service managers taking greater responsibility and accountability for managing risk and controls, and providing assurance, through the implementation of control risk self assessment (CRSA) at an operational level. Internal Audit staff will work with Service managers to develop CRSA through their annual programmes of assurance reviews.

In addition, the Corporate Insurance Function transferred from Strategic Finance to the Internal Audit and Risk Management Service with effect from 1st April 2012. Insurance provision is a key mitigating control action to many operational risks and consequently by bringing the Insurance and Risk Management functions together as part of the same team there can be better co-ordination and evaluation of claims handling and risk management that may in the longer term identify opportunities for efficiencies. In the short term, resources will be provided to fully integrate the insurance service within the Risk and Governance Team.

With this in mind, the key improvements to risk management that we propose to implement in 2012/ 13 include:

- Develop a risk management training plan for Members;
- Develop an external facing website for risk management;
- Support the Voluntary and Community sector and Schools to establish effective risk management arrangements;
- Work with corporate procurement and the Civil Contingencies Unit to develop a process for risk assessing critical Supply Chains;
- Further develop computer-based training of risk management.

Progress on implementing these improvements will be monitored by the CRMG.

Appendix 4: Performance of Risk Management during 2011/ 12

CRMG manage a framework to review the effectiveness and performance of risk management. This includes self-assessment, highlighting successful outcomes achieved from managing individual risks, and performance measures for risk management, which have been identified to help us demonstrate whether risk management is supporting the Council, and its partnerships, in delivering successful outcomes. The following table reports on performance for 2011/ 12.

	Objective: To demonstrate that risks are being effectively managed		
KPI	Measure of Assessment	Target	Performance in 2011/12
All risks are reviewed on a continual cycle	Service Risk Review completed each quarter	100%	100%
To provide informed decision making	Key decisions reports with a risk assessment	100%	100%
The delivery of Council services via Significant partnerships is effectively risk managed	Significant partnerships with joint risk management arrangements in place within 6 months of being established	90%	Over 80% of AAP risk registers completed
	Objective: To ensure that Officers and Members are appropriately skilled in risk management		
Appropriate staff are adequately skilled in risk management	Tier 4 managers attending risk management training course	75%	Training delivered to 92 Tier 4 and 5 officers
Appropriate staff are adequately skilled in risk management	Tier 5 managers attending risk management training course	50%	
Members are adequately skilled in risk management	New Members attending risk management training course within 6 months of being elected (for co-opted members, within 6 months of being appointed)	75%	Working with Member risk champion to address this

Objective: To ensure that the risk management service is effective and adding value			
KPI	Measure of Assessment	Target	Performance in 2011/12
Contributing to effective corporate governance	Meeting CIPFA governance principles and objectives on risk management	To confirm in the annual review of the effectiveness of corporate governance	Confirmed in the annual review of corporate governance currently underway
Planned improvements in risk management are being implemented	Tasks in Risk Management Improvement plan are achieved within target date	80%	Over 85% of planned actions either implemented within target, or rescheduled with formal approval

The following table highlights examples of how effective management of risks by Service management has contributed to Services improving performance and decision-making across the Council:

Objective: To demonstrate that risks are being effectively managed and adding value		
KPI	Measure of Assessment	Evidence of successful outcomes from risk management
<p>Successfully delivered projects</p> <p>Innovative decisions that were risk managed</p> <p>Reputation protected</p> <p>Good governance maintained</p> <p>Financial return for the Council</p>	<p>Gather information on risk management successes, and beneficial outcomes the Council achieve in managing risks</p>	<ul style="list-style-type: none"> ➤ The successful delivery of a programme of efficiency savings totalling £66m in 2011/12. ➤ The successful transfer of Agresso systems to DeBS mitigated the risk of delays in implementing the FMS Migration Project. ➤ All Phase 3 Children’s Centre Capital Build projects were successfully completed. ➤ Following the winding-up of a major residential care company, all homes were either closed or transferred to new owners under a transition plan which ensured continued residential care for all residents affected. ➤ Further improvements to the Events Management process are enabling the risk of failing to effectively support events organised by the Council or taking place on Council land to be managed at an acceptable level. ➤ The risk of salt supplies running out during a severe weather event was reduced due to the substantial control measures now in place. ➤ The implementation of a new single ICT system and the development of training programmes has mitigated to an acceptable level the risk of “Failure to deliver an effective intervention regime, leading to adverse impact on public health”. ➤ Continuous monitoring of the corporate approach to managing procurement across the Council has mitigated the risk of it not being consistently applied. ➤ The introduction of a computerised committee management system has managed the risk the Council losing challenges because of unlawful calling of meetings. ➤ The risk of ‘Failing to meet escalating costs of external and high-cost placements’ has been effectively managed due to the close monitoring of the plan to implement a new contract for the placement of children and young people with independent fostering providers. ➤ Negotiations between the Council and the two main bus operators (accounting for 90% of the cost to the Authority) delivered a £0.5 million saving to the MTFP and successfully mitigated the risk of increases in concessionary fares.