

REPORT TO AUDIT AND PERFORMANCE REVIEW PANEL

Title: **COUNCIL'S KEY RISKS UPDATE REPORT**

Date: **17th February 2009**

Member Reporting: **Councillor D McBride**

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Wards Affected: **All Wards**

1. SUMMARY

- 1.1 This report makes Members aware of the Key Council Risks as at 5th February 2009, in compliance with the requirements of good Corporate Governance.

2. RECOMMENDATION:

That the findings of this report on the Key Council Risks are noted.

What will be different for residents as a result of this decision?
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Due to specific actions to identify and manage the Council's significant business risks with mitigations and controls in place as far as reasonably practicable, residents will benefit from the Council's improved operational stability and consistency, which will result in improved Customer satisfaction.

3. SUPPORTING INFORMATION

Background

- 3.1 Risk Management is a key element in the Council's governance arrangements and control environment.
- 3.2 The Corporate Risk Register records the risks that relate to the achievement of the Council's objectives. This tool is accessible to all Risk Owners who have various updating and viewing privileges, depending on their position in the Council hierarchy with regard to the management of the risk/s in question.
- 3.3 All risks are mapped onto either the Operational or Strategic Corporate Plan. The purpose of the Risk Register is twofold:
- To highlight those risks that Directors identify as 'over-arching' which require a corporate response. Some 'Directorate' risks can also included in the Key Strategic Risk report, where it is felt that failure could seriously compromise the whole Council.

b) To highlight those risks specific to Operational activities of Service Areas within Directorates where failure carries catastrophic impacts.

3.4 Strategic risks are those risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Council. These typically impact across the entire or significant portions of the organisation. Strategic risks are by their very nature best identified by those in the most senior positions, whose role entails policy and strategic decision-making.

3.5 A named Council Officer and a Lead Member own all key risks jointly to ensure sufficient priority and attention is given towards controls. Risk Owners have been apprised of the methodology used to determine these risks and the current scores attributed to ensure they correctly reflect the professional views of those Officers. Lead Members have been briefed by the named Council Officers on these risks.

Update To Risk Register Following Meeting Of This Panel 8th December 2008

3.6 The Council's Risk Register contains the Council's Key Strategic and Operational risks. The reports detailing the Key Strategic and Directorate Operational Risks were presented to the previous meeting of the Panel held 8th December 2008.

3.7 Owing to the Council restructure, also implemented from 8th December 2008, the reports previously presented to the Panel have necessarily since been rearranged to reflect the new Council Directorates. The Key Strategic Risk report was not affected by the restructure and did not require rearranging.

3.8 These reports were subsequently reviewed by Directorate Management Teams as follows:

Environmental Services – 29th January 2009

Childrens' Services – 30th January 2009

Adult and Community Services – 8th January 2009

Resources – 5th February 2009

3.9 The reports referred to in 3.8 are available in the Members' Room, Group Rooms, from Democratic Services and the Council's website and as such have not been included as part of this report. These comprise:

Appendix

A Key Strategic Risks

B Current Key Operational Risks for Environmental Services

C Current Key Operational Risks for Childrens' Services

D Current Key Operational Risks for Adult and Community Services

E Current Key Operational Risks for Resources

F Explanation of Information Captured by the Key Risk Reports

The Risk Owners reviewed strategic Risks, details contained in Appendix A.

3.10 The actions in 3.7 and 3.8 have created two new risks to draw Members' attention to. Details of these are contained in Appendix A1.

- 3.11 There were 3 risks removed from the Key Risk Report pertaining to the former Learning and Care Directorate following its transition into elements of Childrens' Services and Adult and Community Services. Adult and Community Services DMT removed these risks following their review noted in 3.8. Details of these risks are contained in Appendix A2. Their removal was because these risks were considered as already implicitly captured in the remainder of several Key Risks. It was felt by DMT that continuing to report separately on these matters was hence excessive.
- 3.12 There are two amendments to note to the Key Strategic Risk schedule presented at the meeting 8th December 2008. These are contained in Appendix A3.
- 3.13 There is an incentive driven by the Comprehensive Performance Assessment (CPA) and Comprehensive Area Assessment¹ (CAA) to enter into Partnerships as a means to improve the quality of services. The only key risks noted on the Risk Register relating to Partnerships relate to Local Area Agreements (LAA's). It will be important to ensure that any Partnerships that are outside LAA's are subject to robust standards of Governance and risk management to contribute to maximising the Council's CAA score.
- 3.14 The same approach as existing to reviewing and, where appropriate, completing Service Area risk profiling as a result of the restructure will be taken to ensure the Risk Register is up to date. Each Service Area is allocated a Risk Priority Rating of between 1 and 4, where 1 represents low risk and 4 represents high risk. It should be noted that the number and/or quality of controls in place do not affect this Rating. The Rating is a measure to ensure that those service units deemed as inherently higher risk are closely monitored and reviewed.

4. OPTIONS AVAILABLE AND RISK ASSESSMENT

4.1 Options

	Option	Comments	Financial Implications
1.	Note the findings of this updated report on the Council's Key Risks.	The Council must demonstrate that it complies with Regulations ² in relation to the publication of an Annual Governance Statement. One of its core principles is a requirement for the Council to demonstrate how it manages risk and ensure that it has a system of controls that are key in mitigating those risks that may affect the achievement of the Council's objectives.	Revenue Officer time in dealing with operation of Risk Management Strategy. Capital None

¹ In 2009, the Comprehensive Area Assessment will take over from the existing performance assessment of local government (CPA).

² Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

	Option	Comments	Financial Implications
2.	Accept the findings of this updated report on the Council's Key Risks with amendments.	This may expose the Authority to unnecessary risks by not having an adequate internal control framework leading to poor performance, poor outcomes for service users/citizens and a specific attributable negative impact on the Council's Comprehensive Performance Assessment / Corporate Area Assessment.	Revenue Inappropriate expenditure on aspects of business with uncontrolled risks attached to them. Capital None
3.	Reject the style of report on the Council's Key Risks.	The report structure has been arrived at after proper and suitable consultation with Members on the most appropriate amount of detail required. However, in order to make quarterly reports manageable in terms of paperwork, future reports will be on an exception basis.	Revenue None Capital None

4.2 Risk Assessment

- 4.2.1 If Risk Management is not made part of "business as usual" for Council officers, this may lead to the Council's self-assessment of Risk Management indicating a weakness in embedding the process. Specific and measurable parts of the CPA promote and persuade officers of the significance and value of the Risk Management process. Risk Management is at the heart of the new CAA, both from a Use of Resources rating perspective and in relation to the implementation of the Area Assessment. The critical difference between the CPA and CAA is that the CAA is an assessment of the area and will cover all local services for which the Council, alone or working with its partners, is responsible.
- 4.2.2 Failure to ensure good governance of partnerships by way of risk management leads to decisions not properly scrutinised, conflicts of interest, and poor management of key dependencies, complaints, poor service delivery and criticism from inspecting bodies.
- 4.2.3 An absence of Member support for Risk Management would be viewed as disappointing by the Audit Commission. The regular reporting structure and scrutiny process ought to provide a robust framework for managing risk.

4.2.4 There is the general risk that if the Council fails to make good use of the management of risk processes it is likely to lead to uncontrolled exposure to many high level strategic and operational risks. As Risk Management becomes a management competency, part of staff skills set and part of Council business as usual the regular reporting and assessment structure ought to provide a robust framework for managing risk.

5. CONSULTATIONS CARRIED OUT

5.1 Consultations have taken place with the Audit Commission, Audit and Performance Review Panel, Services Management Team, Audit and Review Unit, Risk Champions and Unit Managers through Directorate Management Teams.

5.2 Significant parts of the Council’s “Risk Managed” process guide for managers were included in the Alarm³ national Risk Management process, which is now utilised by the majority of UK public sector bodies.

6. IMPLICATIONS

The following implications have been addressed where indicated below.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
N/A	N/A ⁴	N/A ⁵	N/A	N/A	N/A

Background Papers: None

³ The national body responsible for promoting best practice in the management of risk within the public sector.