

REPORT TO AUDIT AND PERFORMANCE REVIEW PANEL

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

Date: **28th April 2009**

Member Reporting: **Councillor D McBride**

Contact Officer(s): **Catherine Hickman, Head of Audit and Review
tel: 01628 796233
Steve Mappley, Insurance and Risk Manager
tel: 01628 796202**

Wards Affected: **All Wards**

1. SUMMARY

- 1.1 This report makes Members aware of the Key Council Risks as at 16th April 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?
--

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 'overarching' which require a corporate response. Some 'Directorate' risks can potentially be 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 High Risk 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.

3.6 Lead Members have all been notified of the risks where they are named as Risk Owner. This action took place w/c 13/04/09. Lead Members were asked to confirm the date of their review of these risks with the Officer Risk Owner. Where this information is outstanding from the reports at the time of writing, Members of the Panel will be apprised of this detail at the meeting.

Update to Risk Register Following Meeting Of This Panel 17th February 2009

3.7 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 17th February 2009.

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

- CMT – 1st April 2009
- Environmental Services – scheduled for 30th April 2009
- Children's Services – 8th April 2009
- Adult and Community Services – 19th March 2009
- Resources – 16th April 2009

3.9 The reports referred to in 3.8 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

3.10 There were eight risks removed from the Schedules presented to the Panel on 17th February 2009. Details of these risks are contained in Appendix A1. The reasons for their removal came from the review process in 3.8 and, for clarity, they are captured in Appendix A1 using the wording and references maintained from the report 17th February 2009. The reasons for their removal are as follows:

- CS3: The Area Teams no longer exist under the new structure of Children's Services. It is the intention of the Director of Children's Services following the review in 3.8 that this risk is replaced by a high level summary of risks that need to be addressed because of the restructure.
 - RES4: Financial and Reputation Impacts reduced to "Moderate" from "Major" resulting in the Uncontrolled Score reducing from "High" to "Medium" Risk. Since the risk is no longer "High" if left uncontrolled, it has been removed from this report.
 - RES5: Reputation, Service Delivery and Financial Impacts revised to "Moderate" from "Major" resulting in the Uncontrolled Score reducing from "High" to "Medium" Risk. Since the risk is no longer "High" if left uncontrolled, it has been removed from this report.
 - AC9: Key factors significantly overlapped with Risk Reference AC8 so combined under that reference.
 - AC10: Removed since Key Strategic Risk reference KSR9 captures this situation with regard to the overarching nature of Data Integrity as a risk to the Council.
 - AC11: Financial, Legislation and Reputation uncontrolled likelihoods revised to "Likely" rather than "Very likely". The effect of this is to reduce the Uncontrolled Score from "High" to "Medium" Risk. Since the risk is no longer "High" if left uncontrolled, it has been removed from this report.
 - AC14: Moved to Key Resources Risk reference RES5 due to overarching nature of debt recovery impacts.
 - ENV8: Now captured solely in RES3 as a shared Resources/Environmental Services risk.
- 3.11 There are three amendments to note to the Key Strategic Risk schedule presented at the meeting on 17th February 2009. These concern references KSR4, KSR11 and KSR12 in Appendix A.
- 3.12 The Officer Risk Owner has significantly amended KSR4 in order to provide less reliance on savings from Berkshire Procurement and Shared Services Unit and Improvement & Efficiency South East. This is to ensure that sole responsibility for the achievement of procurement savings sits with Council Officers and Members and not with third party organisations where there is limited sanction in the event of failure to deliver. The Uncontrolled Score has been reduced to Medium so this risk would normally be removed from the schedule. However, since there are considerable changes to the detail the risk has been included on this occasion so that Members can see the amendments.
- 3.13 KSR11 is a new risk that concerns the risk of no Customer Management Strategy leading to an uncoordinated customer experience. KSR12 is new risk that concerns the failure to deliver Maidenhead Rejuvenation Programme on time and/or on budget.

- 3.14 There are two new risks under Adult and Community Services Directorate, Appendix D reference AC11 and AC12. AC11 concerns the Transforming Social Care Agenda. AC12 concerns the demand for Council services being affected by Demographic changes.
- 3.15 There is one new risk under Resources Directorate, Appendix E reference RES5. This concerns the risk of debt recovery failure.
- 3.16 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. The LAA Lead Officer Group is tasked with identifying those partnerships where failure would have the most damaging effect on the Council.
- 3.17 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.	Accept 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	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
		of the Council's objectives.	

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 being 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 Heads of Service 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.