Title of Report:	**Risk Management Strategy Update**	**Item 15**
Report to be considered by:	**Executive**	
Forward Plan Ref:	EX0799	

Corporate Plan Priority: **D4 - Stronger governance**

The proposals contained in this report will help to achieve the above Corporate Plan priority by:
Strengthening the internal control framework of the Council

Purpose of Report:

To update Members on progress with developing Risk Management.

Recommended Action:

To invite Members to comment on progress made and proposals for moving forwards over the next 12 months.

Reason for decision to be taken:

- To agree proposals for moving Risk Management forwards

List of other options considered:

- None

Key background documentation:

- None

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Supporting Information

1. Background

1.1 The Executive approved a report on a risk management strategy with the risk management policy statement on 18 December 2003. This report is an annual review of the risk strategy building on the work commenced last year.

1.2 Risk management is an integral part of the corporate governance framework. It is essential that risk management continues to be embedded in to the fabric and decision making process of the council.

1.3 Risk Management is a central part of any organisation's management. It is the process by which organisations methodically address the risks associated with their activities. The focus of good risk management is the identification and handling of those risks. The risk management process is fully supported by members and the senior management team

2. Achievements

2.1 The Risk management JCC has continued to meet on a six weekly cycle. This has proved to be a positive forum in which to discuss and promote risk management issues.

2.2 All reports to corporate board are first approved by the JCC. Quarterly reports are produced for CB to advise progress. The quarterly risk management report now includes insurance claims information and for the future this will give details of claims on a Service Area basis as well.

2.3 A summary of major Court Cases involving local authorities and other public sector bodies is distributed to corporate board and members of the JCC on a regular basis.

2.4 The strategic risk register and Action Plan which accompanied the previous risk strategy, was reviewed in detail with the Corporate Director Strategy & Commissioning with each of the officers identified as "responsible" for the risks. The SRR will be revised by CB & Executive members in the Autumn.

2.5 A series of risk workshops were facilitated by the Risk Manager for some of the major projects in which the authority is involved. (Parkway, The Waste PFI, Shaw House) these have proved to be highly successful and are reviewed on a three monthly basis. Similar workshops will take place in future for major projects. (Primary Care Trust and the regeneration of Market street are planned in the course of the next couple of months.)

2.6 Risk registers and Action Plans were written for all Service Areas and Units. These will be revised and updated by the end 2004. (See below)

3 Best Practice

Please refer to Appendix 15(a) attached. The authority has moved from a score of 2 in 2002 to 3 in 2003 and moving towards 4 in 2004. In order to achieve the highest scoring (4) we will need to establish:

- A system of benchmarking with other authorities or organisations. (Discussions are already in hand with suitable organisations)
- Changing behaviour and resource allocation in response to clarify risks
- The effectiveness of the internal controls through key indicators.

These issues will be addressed once para 4.2 is actioned

4 Looking Forward

4.1 Risk Management Policy Statement

The risk management policy statement was approved in December 2003 is attached as Appendix 15(b). The policy statement will be revisited in October 2005 and modified if necessary. The risk management strategy flows from this statement.

4.2 Statement of Internal Control:

The Council is now obliged to issue a Statement of Internal Control. The statement must be completed annually and is signed by The Leader & Chief Executive. In summary the SIC is a statement of assurance to the effect that:

- the Council has an effective Internal Control Framework (ICF) in place
- the ICF has been reviewed in the preceding year. (It must be reviewed annually)
- that any weaknesses that have been identified in the ICF are being dealt with through an appropriate action plan.

A diagram of the proposed sequence for the reporting of the SIC is attached as Appendix 15(c). The diagram shows the process required in the Risk Management sequence of the reporting of SIC. This demonstrates that RM process is at the heart of the SIC.

It is recommended that the SIC be reviewed by S&C select committee before approval by The Executive.

4.3 Risk Registers

Risk registers are a key mechanism for delivering the assurance that will underpin the SIC. Risk Registers at both operational and strategic level are being developed as follows:

- An officer needs to be identified as being responsible for the operation of each control
- The responsible officer needs to test, on a regular basis, that the control is operating, and report results of the tests.
- The risk registers need to be tied more closely to the objectives, the Corporate Plan in the case of the Strategic Risk Register (SRR) and Service Plan in the case of Operational Risk Registers (ORR).
- The risk registers also need to be tied more closely to the budget, the MTFS in the case of the SRR and service budget in the case of the ORR.

- The risk registers need to become part of the routine business of the relevant management teams. IE the SRR part of Corporate Board and the ORR part of the relevant service management team. Used effectively the Risk Registers could be used to drive the agendas of the management teams. This will also help to inform spending decisions as resources are directed towards mitigating risks that stand in the way of delivery of objectives.

A statement of Assurance from each Head of Service and the Monitoring officer for Strategic Risk will be required. Risk Management will develop a Proforma guide to assist them.

4.4 Strategic Level

The register needs to be refreshed now so that it ties in with the Corporate Plan and the MTFS. The points noted above need to be included in the refresh. The refresh should be performed, through a workshop, by Corporate Board and the results of the refresh confirmed by the Executive in a further workshop.

All major projects will be included in the revised SRR and regular reports on risks associated with these projects will be made to CB.

4.5 Training

Training will now take place in the form of workshops. The most useful training comes from giving colleagues an opportunity to talk about their objectives, the activities they undertake and the resulting risks.

4.6 Project Risk

Workshops will continue to be run for large projects. These are reviewed on a three monthly basis. This process is also a most useful form of training by giving colleagues an opportunity to talk about their objectives, for the project and the activities they undertake and the resulting risks.

Appendices

Appendix 15(a) – CPA Scorecard
Appendix 15(b) – Risk Management Policy Statement
Appendix 15(c) – Proposed sequence of reporting for the Statement on Internal Control

Consultation Responses

Local Stakeholders: N/A

Officers Consulted: N/A

Trade Union: N/A

Appendix 15(b)

West Berkshire Council

RISK MANAGEMENT POLICY STATEMENT

The Council provides a diverse range of services, involving the community and visitors to the area. It is essential that the Council protects and preserves its ability to continue to provide these services, by ensuring that it can manage its assets, both tangible and intangible including its control mechanisms. The very nature of the services provided presents a vast potential for losses and lost opportunities. This potential must be controlled to enable the Council to discharge its responsibilities to the community and its employees.

The Council is fully committed at the highest level to the management of risk. This forms an integral part of our approach to corporate governance and best value.

Risk Management aims to:

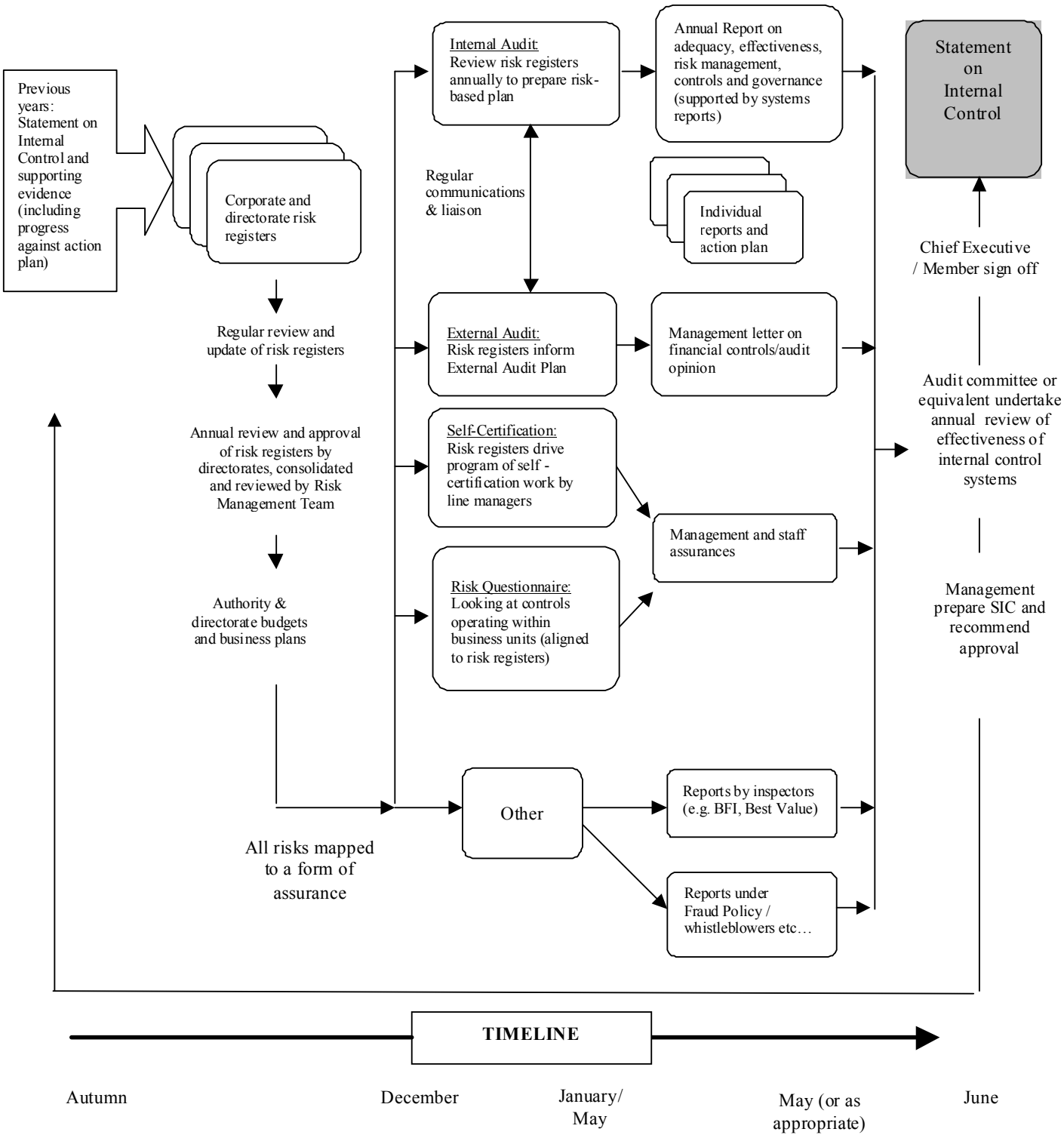
- Help the Council achieve its overall aims and objectives
- Manage the significant risks the Council faces to an acceptable level
- Assist with the decision making process
- Implement the most effective measures to avoid, reduce and control those risks
- Balance risk with opportunity
- Manage risk and internal controls in the most effective way

The Council seeks to undertake to protect and preserve its tangible and intangible assets from any loss, damage or interruption, which could materially affect its ability to discharge its responsibilities to its employees and the community. People (employees and residents) and property are the most important assets in West Berkshire Council. Their protection and security are essential for the future.

It is the responsibility of every Service Area and Business Unit to have regard to the Council's Risk Management Policy. Senior Management and Budget Managers are accountable for managing the risks to which their area is exposed whilst all employees have a duty to support the Council's initiative by recognising and managing risks within their control which may cause harm.

(1) Signed by Chief Executive. Leader of the Council

Flowchart 2: Proposed sequence of reporting for the Statement on Internal Control



CPA SCORE CARD

	1	2	3	4
Risk Identification and Management	There are no arrangements for the identification, assessment and management of key financial and operational risks. No involvement of members in determining key risks and responses Only insurance risks are assessed	There are arrangements for risk identification and assessment, but not for the subsequent management of all the key financial and operational risks identified. Risk register in place, but needs updating for some areas No involvement of members in determining key risks and responses	There are arrangements for risk identification, assessment and management in place for all key financial and operational risks which include: • Formal identification and assessment of risks • Mapping of risks to internal controls • Risk register in place which is reviewed and updated • Changing behaviour and resources allocation in response to clarifying risks • Involvement of members in determining key risks and response	There are arrangements for risk identification, assessment and management in place for all key financial and operational risks which include: • Formal identification of risks • Mapping of risks to internal controls and to budgets and resource allocations • Risk register in place which is reviewed and updated • Changing behaviour and resources allocation in response to clarifying risks • Involvement of members in determining key risks and response • Monitoring the effectiveness of the internal controls through key indicators • Comparison with peer authorities