Risk Managment – Revised Approach Supporting Information

1. Introduction/Background

1.1 The Council has in place a Risk Management Framework that has been developed and amended / adapted over the years. The main reasons for the present review and revisions are:

(1) Ensure that the risks associated with the delivery of the Council Strategy and the associated manifesto pledges are identified and appropriate mitigation is in put in place.

(2) Reduce the volume of information going to Corporate Board in relation to risk to a quarterly review of Key Issues, and delegate the responsibility for supervising the risk management arrangements to the Risk Management Group.

2. Supporting Information

2.1 The diagram at Appendix C summarises the proposed approach. The following paragraphs outline the way each of the elements of the risk management process works.

2.2 The **Key Issues List** is designed to consolidate and summarise all major issues where there is a view that risks are being triggered and action, or active monitoring is required. The Key Issues List is broken into 4 sections:

(1) Section 1 – outlines any new issues of concern that Corporate Board have not previously considered. Corporate Board will then determine whether this is something that:

(a) Requires immediate action (and if so what that action should be) and move the item to Section 2,

(b) Requires monitoring, and move the item to Section 3.

(2) Section 2 – outlines issues that are impacting on the Council now and need immediate / ongoing action/ direction from Corporate Board. The section outlines the nature of the issue, perceived net risk and a recommendation for action to Corporate Board, completed by the lead officer and also a response to the issue from Corporate Board.

(3) Section 3 – outlines issues that require monitoring, usually because they are high risk issues that action has being taken reduce risk, often following actual examples occurring, eg loss of confidential information, but which are not currently impacting on the Council.

(4)   Section 4 – outlines issues where actions have been implemented and the lead officer is recommending to Corporate Board that the issues can come off the list.

2.3   The Key Issues List will be reported to Corporate Board on a quarterly basis and will draw on information from service / project / corporate and Council Strategy risk registers. It will also draw on the results of the Quarterly reporting of the Council's Delivery Plan, the Quarterly review of Controls Assurance reporting and any actions identified in the Annual Governance Statement. It will also be circulated to all Heads of Service and lead officers and reviewed by the Risk Management Group.

2.4   The **Council Strategy Risk Register** is designed to provide a high level overview of the risks associated with the delivery of the Council's Strategy.

2.5   The register will be revised annually by the Risk Management Group, in conjunction with Heads of Service who have responsibility for specific aspects of delivery of the Strategy. The risk register will be reviewed by Corporate Board annually.

2.6   The quarterly performance reporting against the Council's Delivery Plan will be used to obtain assurance that the risks identified in the register are being managed. Where the performance reporting indicates problems / issues these will be fed back into the risk register.

2.7   The **Corporate Risk Register** is designed to identify risks that affect the Council as a whole, rather than sitting with a specific service.

2.8   The register will be revised annually by the Risk Management Group. All Heads of Service will be consulted. The risk register will be reviewed by Corporate Board annually.

2.9   **Service Risk Registers** are designed to mitigate risk to specific service delivery objectives.

2.10   Each Head of Service, apart from the Head of Communities Efficiency Programme, maintains a register. The registers form a key element of the Annual Assurance Statements that all Heads of Service complete to support the Annual Governance Statement of the Council.

2.11   The registers should also pick up the manifesto pledges that each Head of Service has specific responsibility to deliver. In addition the service risk register should provide a useful overview of the issues each Head of Service is dealing with, which will be available to relevant Portfolio Holders.

2.12   It is recommended that risk registers are reviewed in Service Management Team meetings on a quarterly basis, and that a copy of the revised register is emailed to the Chief Internal Auditor.

2.13   The Risk Management Group will, on a rolling basis, review service risk registers with the Head of Service. Corporate Board may wish to indicate which services should be reviewed, or leave that decision to the RMG.

2.14   **Project Risk Registers** are designed to mitigate risk to specific major projects. The Council's Project Management Methodology recommends the use of a risk register

for anything other than minor projects. Project Sponsors should ensure that Project Managers maintain a risk register.

2.15 On an annual basis Corporate Board will identify projects where their scale and hence risk to the Council is significant. The Risk Management Group will then seek assurance that for these projects a risk register is in place. The Risk Management Group will also carry out a rolling review of these project risk registers, in conjunction with the relevant project manager.

2.16 It is recommended that risk registers are reviewed by the project team / sponsor on a quarterly basis, and that a copy of the revised register is emailed to the Chief Internal Auditor.

2.17 **Chief Executive's key risks** have been identified and are monitored through a controls assurance process. These are risks that if triggered will have a significant Council wide impact. These risks are usually characterised by having a very high gross score, but often a low net score. The assurance process is designed to test whether the controls in place are actually working and hence protecting the Council.

2.18 These key risks will be reviewed annually by Corporate Board to determine if they remain relevant for this process, allowing additions or deletions. The current list is:

   (1) Safeguarding Children

   (2) Safeguarding Adults

   (3) Budget monitoring

   (4) Health and Safety

   (5) Performance Management

   (6) Civil contingencies

   (7) Business Continuity

   (8) Information Security.

2.19 These controls assurance process involves quarterly reporting on each of these areas. The first two, relating to safeguarding are reported directly to Corporate Board, the remainder to the Risk Management Group. Corporate Board determine the reporting arrangements for each.

2.20 **The Council's Risk Appetite** is designed to set out the Council's view of what level of risk is acceptable. In addition the Risk Appetite should help ensure some consistency, across the Council, in scoring risks. The Risk Appetite should be reviewed on an annual basis by Corporate Board to ensure that it reflects the environment in which the Council is operating. For example when money is in short supply, as at present, it may be prudent to tighten the scoring for the risk of financial losses.

2.21 A copy of the Risk Appetite is at Appendix D.

3.   Options for Consideration

3.1   The Council should put in place an assurance mapping process for the major areas of risk that exist. This should follow from the present review of the risk registers included in this report. The aim will be to ensure that the Council can clearly see where / how the various sources of assurance fit. For example assurance will come from External and Internal Audit, external inspection such as Ofsted, the LGA peer review, the performance management process and the Council's scrutiny process.

3.2   Mapping the different sources of assurance against the different areas of risk will help to ensure that the process is as cost effective as possible.

4.   Proposals

4.1   A range of proposals are set out in paragraph 2 supporting information, above, and in the covering report.

5.   Conclusion

5.1   The Council's Risk Management process is reasonably effective, particularly given there are no specific staffing resources to support it. There still remains a question mark over the extent to which the use of risk registers is accepted as a useful management tool or simply a time consuming tick box exercise.

6.   Measures of Success

6.1   In addition to the overall measure for success, noted in the covering report, there are a number of indicators that may help determine the success or otherwise of the proposals set out in this report.

6.2   An assessment of the usefulness of the process outlined above will be undertaken through consultation with Portfolio Holders, Directors and Heads of Service. This will take the form of a simple online survey in 12-18 months time.

6.3   Whether Corporate Board are able / willing to provide sufficient space on their meeting agendas to carry out the annual reviews and quarterly reviews set out in this report.

6.4   The extent to which Heads of Service maintain and review their service risk registers.

6.5   The extent to which Project Managers maintain and review the project risk register, for those projects where Corporate Board have required a register to be maintained.

7.   Consultation and Engagement

7.1   Corporate Board, Risk Management Group, Corporate Management Team (to be consulted at their October meeting).

Background Papers:
None

Subject to Call-In:

Yes: ☒   No: ☐ *:*

The item is due to be referred to Council for final approval	☐
Delays in implementation could have serious financial implications for the Council	☐
Delays in implementation could compromise the Council's position	☐
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	☐
Item is Urgent Key Decision	☐
Report is to note only	☐

Wards affected:

None

Strategic Aims and Priorities Supported:

The proposals contained in this report will help to achieve the following Council Strategy priorities:

☒   **MEC1 – Become an even more effective Council**

The proposals contained in this report will help to achieve the above Council Strategy aims and priorities by ensuring the Council's Risk Management processes are effective

Officer details:

Name: Ian Priestley
Job Title: Chief Internal Auditor
Tel No: 01635 519253
E-mail Address: ipriestley@westberks.gov.uk

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Appendix B

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Equality Impact Assessment

Is this item relevant to equality? Please tick relevant boxes	**Yes**	**No**
Does the policy affect service users, employees or the wider community and:		
• Is it likely to affect people with particular protected characteristics differently?	☐	☒
• Is it a major policy, significantly affecting how functions are delivered?	☐	☒
• Will the policy have a significant impact on how other organisations operate in terms of equality?	☐	☒
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?	☐	☒
• Does the policy relate to an area with known inequalities?	☐	☒
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)		
Relevant to equality - Complete an EIA available at http://intranet/EqIA		☐
Not relevant to equality		☒

Appendix C - Overview of the Risk Management Process

Corporate Board

Quarterly review Controls Assurance for CX Key Risks

Quarterly reporting using Key Issues List

Rolling review of project / service risk registers at RMG

Risk Management Group

Annual Review of Corporate and Council Strategy Risk Register, prior to review by CB

6 weekly reporting – report collates concerns of Heads of Service via RMG or CMT, and any concerns re Strategic – Corporate or Service Risk.

Mitigate risks to delivery of the Council Strategy

Owned by CB maintained by CIA

Council Strategy Risk Register

Highlight significant risks to CB

Key Issues List

Owned by RMG Maintained by CIA.

Routine reporting – assurance that risks are being managed

Quarterly Delivery Plan reporting

Identify and mitigate risks to specific major projects

Project Risk Registers

Owned by project sponsor Maintained by Project Manager.

Exception reporting – any issues that may impact on Strategic / Corporate Risk

Identify and mitigate wider risks to the Council – eg weather

Owned by RMG Maintained by CIA.

Corporate Risk Register

Mitigate risks to delivery of Service Objectives

Service Risk Registers

Owned by relevant Head of Service

Routine reporting – annual assurance that risks are being managed

Annual Governance Statement

Key:
CB – Corporate Board
CMT – Corporate Management Team
RMG – Risk Management Group
CIA – Chief Internal Auditor