Review of Governance of Risk Management – Supporting Information

1.   Introduction

1.1   The recent retirement of the Chief Internal Auditor has resulted in the Risk Management function being subsumed into Strategic Support and a restructure within the Finance and Property Service which has delivered a significant saving. It is proposed that going forward the Performance, Research and Consultation Manager assumes responsibility for this work and that this team be renamed "Performance and Risk".

1.2   This report therefore looks at the impact of this change on the new Performance and Risk team, reviews the current governance arrangements, makes appropriate recommendations and proposes a review of the Risk Management Policy.

2.   Strategic Support and Risk Management

2.1   The Performance, Research and Consultation Team is managed by the Performance, Research and Consultation Manager and has a small number of individuals across the Council all responsible for managing and submitting statutory returns covering Schools, Adults, Education and Children's etc.

2.2   In addition to the above work, some of this team also have democratic responsibilities (area Planning Committee), play a key role in consultation and election activities. This means that there is no capacity in the current team to subsume the Risk Management work and it will be necessary therefore to review what will need to be stopped and/or the frequency changed of any work of this team in order to accommodate the risk management function.

2.2   It has been suggested that the Risk Management Function will take approximately 0.75 days of one fte a week to perform.

3.   Review of Risk Management - Councillor James Cole

3.1   At the meeting of the Governance and Ethics Committee on the 23rd November 2015 Councillor James Cole, commenting on a report outlining the Council's risk management approach, raised some reservations about the approach taken by the Council. The Committee accordingly asked Councillor James Cole to review the Council's approach to risk management and report back to the committee in due course. This report takes account of that review and embraces four of the five recommendations for improving the Council's risk management arrangements.

3.2   The review suggested that the Council needed to develop a more effective understanding of risk, and a more effective and sophisticated process for managing risk. This was seen as particularly important given the increasing financial and service pressures that the Council is having to deal with. Councillor Cole made the following recommendations:

(1)   The Council's risk appetite and tolerance needed to be determined, in line with the approach recommended by the Institute of Risk Management.

(2)   The service risk registers needed to be amended to ensure that they contain the full impact of any risks such as any financial liability, reputational damage etc.

(3)   A new risk management database should be procured and used to provide clear and transparent information on both risks and controls.

(4)   The performance management and risk functions should be merged in order to develop the synergies that exist, and help facilitate efforts to mitigate risks to the delivery of the Council Strategy.

(5)   The quality of the risk management information supplied to the Governance and Ethics Committee needed to be improved so that it could provide effective support and challenge to the process.

4.   Governance

4.1   There is currently a Risk Management Group (RMG) in place with the following responsibilities:

(i)   Review strategic risk, through the key issues list, quarterly and the corporate risk register annually.

(ii)   Review the Annual Governance Statement to consider whether it adequately identifies any risk/governance issues that need to be addressed.

(iii)   Carry out periodic reviews of service risk registers every 6 months (1 to 2 a month).

(iv)   Review the quarterly updates for:

(a)   Information Security

(b)   Business Continuity

(c)   Health and Safety

(v)   Consider lessons to be learned from significant insurance losses.

4.2   It is considered that the Risk Management Group is not fulfilling any particular function and, as such, it is proposed to use the existing governance arrangements set out below to manage the Risk Management function going forward.

(i)   Corporate Board receive all of the undermentioned quarterly monitoring reports:

(a)   Monthly budget monitoring, both capital and revenue;

(b)   Quarterly Safeguarding, Adults and Children;

(c)   Quarterly update on Contingency Planning

(d)   Quarterly update on Information Security;

(e)   Quarterly update on Business Continuity;

(f)   Quarterly update on Performance Management.

(ii)   Service Risk Registers are reviewed with Directors and Portfolio Holders on a 6 monthly basis.

(iii)   The Finance and Governance Group provide a review of the Annual Governance Statement.

(iv)   The existence of a number of other existing Groups such as, Capital Strategy Group, ICT Programme Board, Property Investment Board etc be used to carry out the risk role as part of their day to day work.

4.3   In recommending changes to the Risk Management governance it is also proposed that the Governance and Ethics Committee and Operations Board receive 6 monthly Risk Management update reports on strategic risks.

4.4   The former chair of the Governance and Ethics Committee (Councillor James Cole) has suggested that Operations Board review the Corporate Risk Register annually by virtue of a workshop led by himself. Operations Board will need to consider whether this is an approach that they support.

5.   Conclusion

5.1   The review of Risk Management carried out by the former Chair of the Governance and Ethics Committee and the recent retirement of the Chief Internal Auditor has provided an opportunity to review Risk Management and its governance arrangements.

5.2   With the Council being required to become even more efficient, this report recommends that the Risk Management Group be abolished and that existing governance arrangements set out in paragraph 4.2 be used to manage the Risk Management function.

5.3   This report also supports 4 of the 5 recommendations proposed by Councillor Cole, the only one not supported at this stage being the need for new Risk Management database.

Subject to Call-In:
No: ⊠

Report is to note only   ⊠

Strategic Aims and Priorities Supported:
The proposals will help achieve the following Council Strategy aim:
X   MEC –   Become an even more effective Council

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

priority:

X   MEC1 –   Become an even more effective Council

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