

Title of Report:

Risk Management Strategy

Item 6

Financial Year 2006/07

Report to be considered by: Governance and Audit Committee

Forward Plan Ref:

Corporate Plan Priority: D4 – Stronger Governance

The proposals contained in this report will help to achieve the above Corporate Plan priority by:
Refreshing the Risk Management Strategy and Policy for the Council for the coming year

Purpose of Report:

To outline a revised Risk Management Strategy for the Council

Recommended Action:

To approve the Strategy

Reason for decision to be taken:

To allow the Committee to comment on the Strategy

List of other options considered:

none

Key background documentation:

- Strategic Risk Register

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Supporting Information

1. Background

- 1.1 The Executive approved the Risk Management Strategy with the Risk Management Policy Statement on 18 December 2003. This was updated on 9 December 2004. This report is an annual review of the Risk Strategy building on the work commenced in 2003.
- 1.2 Risk management is an integral part of the Corporate Governance Framework. It is essential that risk management remains embedded in the decision making processes 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 objectives. 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 continues to meet eight times a year. This has proved to be a positive forum in which to discuss and promote risk management issues.
- 2.2 Quarterly reports are produced for CB to advise progress. The quarterly risk management report 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 Board and with each of the officers identified as "responsible" for the risks. The SRR is reviewed by Corporate Board on a quarterly basis.
- 2.5 The major projects in which the authority is involved. (Parkway, The Waste PFI, Shaw House, Market Street regeneration, Children's Trust) have risk review meetings on a quarterly basis and a synopsis of these are included in the quarterly report to CB. Similar workshops will continue to take place in future for major projects.
- 2.6 Risk registers and Action Plans were updated for all Services.
- 2.7 Risk Registers have been tied to the budget, the MTFS in the case of the Strategic Risk Register and service budget in the case of Operational Risk Registers. Risk Registers are designed to identify the risks to the Council Objectives as set out in the Corporate Plan, Strategic Risk Register, and in Service Plans, Operational Risk Registers.

3 **Best Practice**

Best practice is set out in the CPA Key Lines of Enquiry for Use of Resources. (Please refer to Appendix **A** attached). Our present score is 3. In order to achieve the highest scoring 4 we will need to establish:

The council can demonstrate that it has embedded risk management in its corporate business processes, including:

- *strategic planning*
- *financial planning*
- *policy making and review*
- *performance management*

All members have received risk management awareness training.

The council considers positive risks (opportunities) as well as negative risks (threats).

The member committee with responsibility for risk management receives reports at least quarterly and takes appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council at least annually.

4 **Looking Forward**

4.1 Risk Management Policy Statement

The Risk Management Policy statement was approved in December 2003. This has been modified and is attached as Appendix **B**. 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.

Attached as Appendix **C** is the Timetable for preparation of the SIC

The SIC is reviewed by The Governance & Audit 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 continue to be developed as follows:

- An officer has been identified as being responsible for the operation of each control
- The operational risk registers need to be tied more closely to the business objectives of service areas.
- Risk Registers must be formally reviewed by each service SMT quarterly and the results of the review be minuted. (This mirrors the review of the SRR by Corporate Board)
- The Risk Register should be attached to the Head of Service Assurance Statement.
- The Head of Service Assurance Statement should be signed by the Head of Service and countersigned by both the Corporate Director / Chief Executive and the relevant Portfolio holder.
- Any Risks that have a net score that is Red should be reviewed formally by Corporate Board to determine whether note should be made of the risk in the SIC.

4.4 Strategic Level

The Strategic risk register is embedded in the corporate plan and is monitored and reviewed on a quarterly basis by Corporate Board. Members are specifically identified as being responsible for risks together with officers.

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

4.5 Quarterly reports will be made to the Governance and Audit Committee. These will include the Quarterly Risk Management Reports, the revised Strategic Risk Register and progress with action plans for all risk registers

4.6 Training

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

Half day courses for third tier managers has also taken place during 2005 and has been well received. Further courses will be offered in 2006.

All members should receive risk management training. The course run in the autumn of 2005 will be re-run before the end of March 2006. In addition a Members Guide to Risk Management will be produced to ensure that all Members receive appropriate training.

4.7 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 A – Risk Management KLoE's
- Appendix B – Risk Management Policy Statement
- Appendix C – Timetable for Statement of Internal Control

Consultation Responses

- Local Stakeholders:** *
- Officers Consulted:** *
- Trade Union:** *

4. INTERNAL CONTROL		
How well does the council's internal control environment enable it to manage its significant business risks?		
Key line of enquiry		
4.1 The council manages its significant business risks		
Audit Focus		
Evidence that:		
<ul style="list-style-type: none"> the council has a risk management process in place the risk management system covers partnership working 		
Criteria for Judgement		
Level 2	Level 3	Level 4
<p>* The council has adopted a risk management strategy/policy that has been approved by members.</p> <p>* The risk management strategy/policy requires the council to:</p> <ul style="list-style-type: none"> identify corporate and operational risks assess the risks for likelihood and impact identify mitigating controls allocate responsibility for the mitigating controls. <p>* The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk.</p> <p>* There is a member committee with specific responsibility included in its terms of reference to consider corporate risk management.</p> <p>* Reports to support strategic policy decisions, and project initiation documents, include a risk assessment.</p>	<p>* The risk management process is reviewed and updated at least annually.</p> <p>* The risk management process specifically identifies risks in relation to partnerships and provides for assurances to be obtained about the management of those risks.</p> <p>All staff have been given appropriate training and guidance to enable them to take responsibility for managing risk within their own working environment.</p> <p>* The members with specific responsibility for risk management have received risk management awareness training.</p> <p>* The member committee with responsibility for risk management receives reports at least quarterly and takes appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council at least annually.</p>	<p>A senior officer and member jointly champion and take overall responsibility for embedding risk management throughout the council.</p> <p>The council can demonstrate that it has embedded risk management in its corporate business processes, including:</p> <ul style="list-style-type: none"> strategic planning financial planning policy making and review performance management <p>All members have received risk management awareness training.</p> <p>The council considers positive risks (opportunities) as well as negative risks (threats).</p>

Appendix C

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.

Risk Management aims to:

- Help the Council achieve its overall aims and objectives
- Manage the significant risks the Council faces to an acceptable level
- Support the quality of the environment
- Assist with the decision making process
- Preserve & Enhance Service delivery
- 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

Appendix D

Timetable for preparation of the SIC

	Item	Recipient	Deadline
1	Heads of Service Assurance Statements signed off by Corporate Director and Portfolio Holder along with Service Risk Register and Action Plan		28.2.06
2	Corporate Directors bring forward any Red risks to Corporate Board to consider whether they should be highlighted in the SIC		31.3.05
3	Monitoring Officer Assurance Statement re Strategic Risks produced		30.4.06
4	S151 Officer produce an Assurance Statement to highlight any financial issues that need to be covered in the SIC		30.4.06
5	Head of Assurance produce "head of internal audit" annual report commenting on the effectiveness of the internal control framework		30.4.06
6	First draft of the SIC and all supporting documentation	Corporate Board	31.5.06
7	Statement of Accounts prepared	Corporate Board	31.5.06
8	Review of SIC and all supporting documentation	Governance and Audit Committee	30.6.06
9	Review of Statement of Accounts	Governance and Audit Committee	30.6.06
10	Statement of Accounts and signed SIC completed	Council	31.7.06