

Individual Decision

The attached report will be taken as an
Individual Portfolio Member Decision on:

22nd May 2008

Ref:	Title	Portfolio Member	Page No.
ID1092	Risk Management Strategy Financial Year 2008/09	Councillor Anthony Stansfeld	3

Individual Decision

Title of Report:	Risk Management Strategy Financial Year 2008 / 2009		
Report to be considered by:	Councillor Anthony Stansfeld	on:	22 May 2008
Forward Plan Ref:	ID 1092		

Purpose of Report: To outline revised Risk Management Strategy for the Council

Recommended Action: To Comment and approve the Strategy

Reason for decision to be taken: For the Risk Management Strategy to be approved and The Policy Statement to be signed by the Leader and Chief Executive

List of other options considered: None

Key background documentation: None

Portfolio Member:	Councillor Anthony Stansfeld
Tel. No.:	01488 658238
E-mail Address:	astansfeld@westberks.gov.uk

Contact Officer Details

Name:	Charles Morris
Job Title:	Risk & Insurance Manager
Tel. No.:	01635 519310
E-mail Address:	crmorris@westberks.gov.uk

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 13 February 2007. 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 Strategy Group (RSG) has been formed and met for the first time in January 2007. The RSG has a strategic co-ordinating role covering a broad range of risk related activities under the chairmanship of Cllr Jeff Beck These include:
 - Business Risk
 - Health and Safety
 - Security Management (physical and information)
 - Business Continuity Management
 - Civil Contingencies
- 2.2. Risk Management training sessions have taken place for Officers, Members and Governance & Audit Committee. The Audit Commission stated that the training for members was notable practice and assisted the Council in maintaining a score of 4 for risk management, in Use of Resources.
- 2.3. Quarterly reports are produced for CB to advise progress. The quarterly risk management report includes insurance claims information.
- 2.4. The Strategic Risk Register and Action Plan are reviewed in detail with the Corporate Board / Management Board and Governance & Audit Committee on a quarterly basis. Responsible officers provide an update on the Risk Action Plan on a quarterly basis.
- 2.5. The major projects in which the authority is involved, (Parkway, The Waste PFI, Shaw House, (phase 3) Market Street regeneration, Children's Trust, Tilehurst Learning Campus) have risk review meetings on a quarterly basis and a synopsis of these are included in the quarterly report to CB. Similar workshops take place for St Bartholomew School on a more regular basis.

- 2.6. Service Risk Registers and Action Plans are now aligned to service objectives and are reviewed on a quarterly basis by Heads of Service and their management teams, and an officer has been identified as being responsible for the operation of each control.
- 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 Service 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, Service Risk Registers.
- 2.8. Copies of Internal Audit reports are copied to the Risk & Insurance Manager in order that risk information can be fed into Service risk registers. Internal audit use risk registers in helping to plan their work.

3. Risk Management Strategy for 2008-09

3.1. Risk Management Policy Statement

- 3.1.1. The Risk Management Policy statement was approved in December 2003. This was modified in 2007 and is attached as Appendix B. The Risk Management Strategy, outlined here, flows from this statement.

3.2. Key Issues 2008 / 09

- 3.2.1. There are proposed changes to the Use of Resources for 2008 - 09 the revised KLOE's are set out in Appendix A attached.
- 3.2.2. The key areas for risk management to focus on will be

The council will;

- Have to demonstrate that partnerships embed risk management, as part of setting priorities, policy making, financial planning and performance management.
- Consider risks in relation to significant partnerships, including the risks of fraud and corruption and obtain assurance on a risk basis of the viability of its significant contractors' and partners' business continuity plans
- Produce a risk register for each major partnership and monitor on a three monthly rolling basis
- Set up a Transformation and Efficiency Board to review services and reduce costs to help manage the budget over coming years as a consequence of the changes thrown up by the Comprehensive Spending Review
- Review climate change ensuring the risks of, eg flooding are identified and mitigated.

3.2.3. The Risk Management Strategy for the coming year, set out below, outlines how the Council will continue to meet this best practice.

3.3. Annual Governance Statement:

3.3.1. The Council is obliged to issue an Annual Governance statement. This replaces the Statement of Internal Control from 2007 / 2008. This should cover:

- 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.

3.4. Strategic Risk

3.4.1. The Strategic Risk Register is part of the corporate plan and is monitored and reviewed on a quarterly basis by Corporate / Management Boards and Governance & Audit Committee. Members are specifically identified as being responsible for risks together with officers. Corporate Board should consider closer alignment between the Council's objectives set out in the Corporate Plan, their own individual objectives, identified in their appraisal and the Strategic Risk Register.

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

3.5. Service Risk

3.5.1. Risk registers are a key mechanism for delivering the assurance that will underpin the Annual Governance Statement. They are also the key evidence that demonstrates that Risk Management is embedded in the management of the Council. Risk Registers at both service and strategic level continue to be developed.

3.5.2. The Risk Management process will be aligned more closely with the Performance Management system. Work is progressing on the West Berkshire performance portal to initially transfer current risk registers from a spreadsheet format to the portal. This will develop improved on demand, on-line reporting facilities. This should also improve risk / action planning ownership to responsible officer. It will also allow the Council to build links between performance data and key risks.

3.5.3. Service Risk Registers should reflect the objectives set out in Service Plans and in the appraisals of Heads of Service and Senior Managers. The Service Risk Registers will then play a key part in helping to ensure services and staff are able to deliver their objectives.

- 3.5.4. Corporate Directors and Heads of Service need to focus on Service Action Plans. Corporate Directors should have confidence that action plans are moving forwards and that mitigation is being put in place for red risks. Where actions are not progressing this should be brought to the attention of Corporate Board.
- 3.5.5. The Risk Manager will prepare an annual report for Corporate Board that will highlight any Red Risks so that these can be reviewed formally by Corporate Board to determine whether note should be made of the risk in the Annual Governance Statement. The report will note any actions that have not moved forwards during the preceding 12 months.
- 3.5.6. Heads of Service should review risk registers following the outcome of any internal / external audit or inspection work in their service. This will ensure that any weaknesses identified in this work is picked up and action taken to improve controls. All routine internal audit reports will be passed to the Risk Manager to ensure that he is aware of weaknesses / risks identified.

3.6. Project Risk

- 3.6.1. 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.
- 3.6.2. It is proposed to move over time the requirement to maintain project registers from the Risk & Insurance Manager to Project Manager/s

3.7. Governance and Audit Committee

- 3.7.1. Quarterly Risk Management reports will be made to the Governance and Audit Committee. These will include the revised Strategic Risk Register and progress with action plans for all risk registers.
- 3.7.2. Governance & Audit Committee will monitor and review Service and Project Risk Registers and Action Plans as required, to ensure that they are being managed by Corporate Directors and Heads of Service, and will ask Heads of Service / Project sponsors to attend the Committee from time to time to update the Committee on progress with managing risks.

3.8. Training

- 3.8.1. 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. Over the coming year Internal Audit will join the workshops to provide support and advice from a risk and control perspective.
- 3.8.2. Half day courses for third and fourth tier managers were well received during 2007 and will be offered in 2008.

3.8.3. All members should receive risk management training. A training session for new members was held in June 2007. A Members Guide to Risk Management was produced in 2006 and sent to all members and is available on the Members Portal. The Audit Commission highlighted this as notable practice in their use of resources assessment for 2006. This is being updated in the first quarter of 2008.

3.9. Other Risk Management work

3.9.1. The Council's risk management system is embedded and working effectively now. The Risk Manager will now give some time to review and improve areas where the Council has or may suffer loss. The Risk Strategy Group will determine the focus of this activity. The first project to be undertaken will be a review of physical security at schools to counter the threat of vandalism and fire.

3.9.2. A new risk management Tool Kit has been produced and approved by Corporate and Management Boards as a guide to managers and this will be launched in the first quarter of 2008/09. This includes guidance on appetite for risk. It is important to consider the whole risk appetite and not just the financial element of the risk matrix.

Appendices

Appendix A Key Lines of Enquiry 2008
Appendix B Risk Management Policy Statement

Implications

Policy:	None
Financial:	None
Personnel:	None
Legal:	None
Environmental:	None
Equalities:	None
Partnering:	None
Property:	None
Risk Management:	None
Community Safety:	None


Consultation Responses

Members:

Leader of Council:	Cllr Graham Jones
Overview & Scrutiny Commission Chairman:	Cllr Brian Bedwell
Policy Development Commission Chairman:	Cllr Quentin Webb
Ward Members:	Not Applicable
Opposition Spokesperson:	Cllr Jeff Brooks / Cllr Roger Hunneman
Local Stakeholders:	None
Officers Consulted:	Risk Strategy Group / Corporate Board
Trade Union:	None

Is this item subject to call-in.	Yes:	
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by OSC or associated Task Groups within preceding 6 months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Appendix A

KLOE 2.4 The organisation has a robust approach to managing its risks and a sound system of internal control.				
				
Level 2 – performing adequately	Currently met	Action	Officer	Monitoring
The board ensures that corporate business risks are being identified and effectively managed in line with its risk management strategy.				
The organisation maintains and regularly reviews a register of its corporate and operational business risks, including the risk of fraud and corruption, which:				
- links risks to strategic objectives				
- assesses the risks for likelihood and impact				
- assigns named individuals to lead on actions identified to mitigate each risk				
Risk management considers risks in relation to significant partnerships, including the risk of fraud and corruption, and provides for assurances to be obtained about the management of those risks.				
All those involved in the organisation's risk management arrangements are given relevant training and guidance.				
The organisation has a sound system of internal control which includes:				
• delivering the core functions of an audit committee;				
• providing effective internal audit in accordance with relevant requirements;				
• an assurance framework informing transparent governance reporting				
• standing orders, standing financial instructions and a scheme of delegation				
• ensuring compliance with relevant laws and regulations and that expenditure is lawful				
• sound internal financial control with up to date procedure notes for key systems.				
The organisation has a business continuity plan in place which is reviewed and tested on a regular basis.				
There are effective governance arrangements for significant partnerships.				
Level 3 – performing well				

The organisation can demonstrate that it has embedded risk management in its business processes, including:				
strategic planning				
financial planning				
policy making and review				
performance management				
project management.				
All board members receive risk management awareness training appropriate to their needs and responsibilities.				
The organisation can demonstrate that partnerships embed risk management, as part of setting priorities, policy making, financial planning and performance management.				
Effective risk management supports the organisation in taking and managing significant risks to successfully deliver innovative and challenging projects.				
The audit committee can demonstrate the impact of its work in providing:				
• effective challenge across the organisation; and				
• assurance on the risk management framework and associated internal control environment to the board & the public.				
The organisation obtains assurance on a risk basis of the viability of its significant contractors' and partners' business continuity plans.				
Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.				

Appendix B

West Berkshire Council

RISK MANAGEMENT POLICY STATEMENT

The Council provides a diverse range of services, both to the community and to 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
- To allow the Council to take opportunities, by dealing with / mitigating positive risks

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) property and information are the most important assets in West Berkshire. Their protection and security are essential for the future.

It is the responsibility of every Service Area 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

April 2008