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| Title of Report: | Risk Management Annual Report |
| Report to be considered by: | Governance and Audit Committee |
| Date of Meeting: | 5 September 2011 |
| Forward Plan Ref: | GA2118 |

Purpose of Report: To provide a review of Risk Management work carried out in 2010-11 and outline proposals for 2011-12.

Recommended Action: Agree proposed work programme for 2011-12.

Reason for decision to be taken: To ensure the Council continues to have a robust Risk Management framework in place.

Other options considered: None.

Key background documentation: None.

The proposals will also help achieve the following Council Plan Themes:

- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:
providing an effective risk management framework the Council is better placed to be able to deliver its objectives.

| Portfolio Member Details | |
|---|---|
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|--------------------------------|-----------------------------|
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Implications

Policy: none

Financial: none

Personnel: none

Legal/Procurement: none

Property: none

Risk Management: The report outlines a work programme to support the risk management framework of the Council.

Equalities Impact Assessment: none

Executive Summary

1. Introduction

- 1.1 This report outlines the results of work on Risk Management carried out in 2010-11 and outlines proposals for the work programme for 2011-12.
- 1.2 The report replaces the four quarterly reports previously produced in relation to Risk Management and the annual risk strategy report.

2. Proposals

- 2.1 The report sets out an updated action plan designed to capitalise on the work that was carried out in 2010-11.
- 2.2 There are two key areas for further development.
 - (a) Completing the process of shifting the emphasis towards Action Planning for Strategic Risk by Corporate Board.
 - (b) Implementing the changes to insurance processes.

3. Conclusion

- 3.1 The Risk Management framework remains robust. A number of areas of work were not completed during 2010-11 following changes to the resourcing of risk management work. However, the processes for managing risk have continued to function.
- 3.2 With the Risk and Safety Manager now in place the support to Heads of Service and Project Managers in handling risk can be resumed, albeit at a more cost effective level.

Executive Report

1. Introduction

- 1.1 The purpose of this report is to outline both the work that has been done over the last year to support the Council's Risk Management Policy and to proposals for work that will be carried out over the coming year.
- 1.2 This report replaces the quarterly reporting previously undertaken and also incorporates the annual review of the Council's Risk Management Strategy.
- 1.3 The post of Risk Manager was responsible for the delivery of the Risk Management work programme in the past. However, this post was deleted in March 2010. Consequently the level of Risk Management work carried out by the Assurance Team has reduced significantly.
- 1.4 The ending of the Use of Resources assessment will allow the Council to develop Risk Management arrangements that can be tailored to the Council's needs rather than having to follow Audit Commission requirements. Best practice guidance is available through the CIPFA benchmarking club for Risk Management.

2. Achievements – 2010-11

- 2.1 A key area of development during 2010-11 involved revisions to the format and function of the Council's Strategic Risk Register. The aim of the changes has been to provide more focus on the action planning to mitigate key risks that the Council is facing. Further work needs to be done on refining the process by bringing the owners of the actions into the process of preparing the Action Plan for review by Corporate Board.
- 2.2 The Risk Strategy Group (RSG) carried out a review of its function to consider whether it is still needed or not. The RSG will continue to meet quarterly and will continue to cover the key areas of:
 - (a) Business Risk
 - (b) Health and Safety
 - (c) Security Management
 - (d) Business Continuity Management
 - (e) Civil Contingencies
- 2.3 The RSG is chaired by the Chair of the Governance and Audit Committee. One area where the RSG felt that its effectiveness may be improved is through providing a formal link between the RSG and Management Board through the role of the Chair. This will require the Leader of the Council to have the Chair of G&A as a permanent member of Management Board. To support this, the Chair of the RSG will provide a half yearly report from the RSG to Management Board, outlining issues of concern.

- 2.4 The work of the Insurance Team in managing liability claims in particular and also property claims was reviewed during the year with the Portfolio Holders for Insurance and Finance. One of the key aims of this review was to consider the impact of the decision to raise the level of excess on liability claims from £25,000 to £100,000 that was taken on renewal in November 2006. The conclusion of the review was that significant savings of £650,000, net of additional claims exposure, in reduced premium costs had been made. However, some changes needed to be made to process and resourcing to minimise the impact created by the additional risk that the Council had taken on.
- 2.5 Some areas of risk management have been had reduced cover however. These include the review of individual service risk registers, with Heads of Service. This could not be resourced with the loss of the Risk Manager post. However, going forwards it is anticipated that the Risk and Safety Manager, whose main focus is Health and Safety, will start to pick this work up in 2011-12.
- 2.6 The other area that has not been covered is providing support to reviewing the risks relating to major projects. Again it is anticipated that the Risk and Safety Manager will be able to provide some support to Project Managers in 2011-12.

3. Risk Management Strategy for 2011-12

Risk Management Policy Statement

- 3.1 The Risk Management Policy Statement provides a clear steer for officers and Members on the continuing need for and commitment to effective risk management. The Policy Statement was prepared in 2009 but still remains fit for purpose. However, a review will be carried out in 2011-12 to identify any changes that may need to be made to the Policy Statement to ensure it continues to be best practice. A copy of the Policy Statement is at Appendix A.

Best Practice – CIPFA Benchmarking

- 3.2 The CIPFA benchmarking process will be completed to allow the Council to measure present processes against best practice recommendations. The results of the benchmarking will be analysed to determine if there are any cost effective improvements that can be made to the Council's processes.

Annual Governance Statement

- 3.3 The Council is obliged to issue an Annual Governance Statement. This is designed to demonstrate that:
- (a) the Council has an effective Internal Control Framework (ICF) in place
 - (b) the ICF has been reviewed in the preceding year.
 - (c) that any weaknesses that have been identified in the ICF are being dealt with through an appropriate action plan.
- 3.4 The Risk Management framework is a key mechanism for delivering the assurance that underpins the Annual Governance Statement. In particular risk registers are key evidence that Risk Management is embedded in the Council. Each year all

Heads of Service sign an Assurance Statement for their service which is countersigned by their Director and Portfolio Holder..

Strategic Risk

- 3.5 The Action Plan for the Strategic Risk Register is monitored and reviewed on a regular basis by Corporate Board. The Governance and Audit Committee review and comment on the effectiveness of the Council's Risk Management arrangements. Members of the Executive are specifically identified as being responsible for risks together with relevant officers.
- 3.6 All major projects are included in the Strategic Risk Register and regular reports on risks associated with these projects are made to Corporate Board.
- 3.7 It is intended that Management Board will receive a summary of the updated Action Plan for the Strategic Risk Register at each meeting in future.

Service Risk

- 3.8 Service Risk Registers are designed to reflect the objectives set out in Service Plans. The Service Risk Registers will then play a key part in helping to ensure services are able to deliver their objectives.
- 3.9 Corporate Directors and Heads of Service need to continue 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 these should be brought to the attention of Corporate Board. This is particularly important given the downsizing that is currently taking place.
- 3.10 The Risk and Safety Manager will review all service risk registers on a rolling basis, with relevant Heads of Service during 2011-12. An annual report for Corporate Board will be prepared that will highlight any Service 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.
- 3.11 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.

Project Risk

- 3.12 Workshops will be reintroduced for large projects, with support being provided by the Risk and Safety Manager. These are usually reviewed on a quarterly basis. This process is also a 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.

Insurance

- 3.13 A key aspect of risk management is the transfer of risks to an insurance company where the Council does not wish to retain the risk. The monitoring of insurance

claims and costs was in the past covered in the quarterly risk management reports to Management Board. However, as these reports are no longer produced, quarterly monitoring takes place with the Portfolio Holders for Insurance and Finance.

- 3.14 The recent review of insurance arrangements made a number of recommendations to change processes around handling insurance. These will be implemented over 2011-12 once agreed by Management Board.

Governance and Audit Committee

- 3.15 The Governance & Audit Committee's terms of reference include the review of Risk Management arrangements, including Strategy / Strategic Risk Register / Service Risk Registers and Partnership Risk.
- 3.16 The 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.

Training

- 3.17 Training needs for Risk Management will reviewed during 2011-12 to look at options for delivery, including the use of e-learning. However, the most useful training comes from giving colleagues an opportunity to talk through their objectives, the activities they undertake and the resulting risks.

Action Plan

- 3.18 The Action Plan sets out key actions for risk management over the next 12 months. (Appendix B)

Appendices

Appendix A – Risk Management Policy
Appendix B – Risk Management Action Plan

Consultees

Local Stakeholders: Not consulted.
Officers Consulted: Corporate Board.
Trade Union: Not consulted.

Appendix A

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 through cost effective 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 cost 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
- To allow the Council to work more effectively with their Partners by taking a shared approach to the management of risk.

The Council seeks to undertake to protect and preserve its assets from any loss, damage or interruption, which could materially affect its ability to discharge its responsibilities to the community it serves and to its employees. 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 to have regard to the Council's Risk Management Policy. Heads of Service 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 by recognising and managing risks within their control which may cause harm.

Appendix B

| | Key Risk Management Issues | Responsible Officer | Deadline for delivery |
|---|--|---|--|
| 1 | <p>Risk Strategy / Risk Management Policy Statement Risk Management is an integral part of West Berkshire Council's Corporate Governance framework. Risk Management needs to remain embedded in the decision making process</p> | Chief Internal Auditor | March 2013 |
| 2 | <p>Annual Governance Statement The AGS should ensure & review annually</p> <ul style="list-style-type: none"> • The Council has effective internal controls • Any weaknesses' to be identified and dealt with | Chief Internal Auditor | June 2013 |
| 3 | <p>Risk Strategy Group The Group meets on a quarterly basis and has a strategic co-ordinating role covering a broad range of risk related activities.</p> | Risk and Safety Manager | Quarterly meetings |
| 4 | <p>Strategic Risk Register Embed the Strategic Risk Register Action Plan in the Corporate Board</p> | Chief Internal Auditor | 31 st March 2012 |
| 5 | <p>Service Risk Registers Revise risk registers with Heads of Service</p> | Heads of Service and Risk and Safety Manager | March 2013 |
| 6 | <p>Project / Major Change Risks Quarterly workshops for large projects or projects involving major change – process viewed as part of training</p> | Project Sponsors / Managers and Risk and Safety Manager | Summary produced for quarterly reports |
| 7 | <p>Training Develop E-learning package for Risk Management</p> | Chief Internal Auditor | March 2013 |
| 8 | <p>Insurance Review areas where the Council has or may suffer loss. Implement recommendations contained in the Insurance Review report to Management Board.</p> | Chief Internal Auditor | 31 st March 2011 |