
Risk Management Review and Revised Policy Statement

Report by Chief Officer Audit & Risk

Audit & Risk Committee

19 January 2015

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide members with details of the outcomes from the risk management review and to seek agreement to recommend the revised Risk Management Policy for approval.**
- 1.2 Effective Risk Management is one of the foundations of effective Corporate Governance and is recognised as such in the Council's Local Code of Corporate Governance. The previous review of the Council's management of risk arrangements was undertaken during 2011 and the resulting Risk Management Policy was approved by Council in September 2011.
- 1.3 Good practice requirements signalled a need to review current policy, processes and strategy that underpin the Council's management of risk arrangements. The risk management review project commenced in March 2014 and the final phase to implement the recommendations is anticipated to be completed by the end of November 2014.
- 1.4 The report sets out the outcomes of the review of the Council's management of risk arrangements including current policy, strategy, processes and toolkits. It also describes the recommended improvements to refine the risk management arrangements at the Council to ensure their ongoing effectiveness.
- 1.5 A revised Risk Management Policy has been developed (see Appendix 1), which will be supported by revised Strategy, processes and training programme.

2 RECOMMENDATIONS

2.1 I recommend that the Audit & Risk Committee:

- a) Acknowledges that it is satisfied with the outcomes of the risk management review and endorse the recommendations for improvement to refine the risk management arrangements at the Council to ensure their ongoing effectiveness;**
- b) Agrees to recommend to Council that the revised Risk Management Policy (Appendix 1) be approved.**

3 RISK MANAGEMENT REVIEW BACKGROUND

- 3.1 Effective Risk Management is one of the foundations of effective Corporate Governance and is recognised as such in the Council's Local Code of Corporate Governance. Compliance with the principles of sound corporate governance requires the Council to adopt a coherent approach to the management of the risks that it faces every day. Common sense serves to underline the message that better and more assured risk management will bring many benefits to the Council and the people it serves.
- 3.2 The previous Risk Management review was undertaken during 2011 and the resulting revised Risk Management Policy was approved by Council in September 2011. Good practice requirements signalled a need to review current policy, processes and strategy that underpin the Council's management of risk arrangements. The risk management review project commenced in March 2014 and the final phase to implement the recommendations is anticipated to be completed by the end of November 2014.
- 3.3 The objectives of the risk management review were to:
- Assess efficacy of current risk management practices across the Council, and identify and implement improvements as required; and
 - To ensure corporate, strategic, operational and project risk registers reflect the key risks facing the Council in respect of it delivering its corporate and business plans and priorities and are a tool to assist with the effective management of those risks.
- 3.4 This review linked into the work commenced across the Council on business planning process and implementation of the Performance Management Framework, and is linked to the following national and local priorities:
- Corporate Priority 8 - ensuring excellent, adaptable, collaborative and accessible public services
 - National Outcome 16 - public services are high quality, continually improving, efficient and responsive to local people's needs

4 OUTCOMES OF THE RISK MANAGEMENT REVIEW

- 4.1 The risk management landscape is dynamic and, as local authorities increasingly move towards arms-length delivery of essential services and partnership arrangements, the spectrum of risks that SBC is exposed to also increases.
- 4.2 SBC recognise that risk management should be aligned with corporate objectives and will therefore be considered within the business planning process. This ensures that the risks to achieving these objectives are identified and prioritised.
- 4.3 The risk management review highlighted the following:
- Whilst risk management processes and procedures are being followed within the Council, it is not embedded into the Business Planning process and not clearly integrated into the decision making process;
 - Management lack support and direction for the identification of risks and mitigating actions;
 - Risk registers are in need of review to ensure that risks are specific, current and clearly identify mitigating actions to reduce the likelihood or impact if the risk materialises;

- Issues are often confused with risks which highlights the need for a clear corporate training programme to support managers;
- There is no procedure for the escalation of risk to ensure that corporate risks have oversight at the right level;
- A common risk management approach needs to include programmes and projects, and partnership and arms-length service delivery arrangements to ensure that risk management is applied consistently across the Council;
- Covalent will continue to be the electronic repository for risk registers but refinement of its use and reporting features will be undertaken to ensure that information is accurate, specific and relevant.

4.4 The recommended improvement actions arising from the risk management review are shown in the table below:

Risk management aspect	Action including status
Policy	Revised policy statement ready for consideration and formal approval.
Procedures and strategy	Final stages of updating procedures and developing procedure for the escalation of risk. Final stages of updating the strategy to implement the policy and procedures.
Alignment with Business Planning process	Work to incorporate risk management at the key stages of business planning has been undertaken with reporting on risk to follow the business planning and performance reporting schedule.
Training	The corporate training programme for managers has been reviewed, with a roll out date expected in January 2015.
Facilitated workshops	Pilot stage with Strategy & Policy directorate almost completed. Workshops timetabled for all Services using new techniques and templates alongside the key stages of business planning process.
Future use of Covalent	<p>Outcomes from the risk register review with Strategy & Policy directorate to be uploaded into Covalent and standardised reports will be produced for approval for use across the Council. Mitigating actions will be linked to the relevant risks and to business plan objectives.</p> <p>Consider the input of Issues into Covalent under new coding as feedback suggests that it would be useful.</p>

Risk management aspect	Action including status
Roles and Responsibilities	It is recognised that in order for risk management to be embedded at all levels support and direction is required from the most senior levels within the Council. All managers are tasked with the ownership of risks within their Services and will be required to ensure that they are reviewed and adequately mitigated. This will be supported by a central risk management function. This is reflected in the revised Risk Management policy statement.
Reporting	Reports will be standardised and will also incorporate high level dash-board style reporting to offer senior managers oversight of risks at a glance.

5 IMPLICATIONS

5.1 Financial

- (a) There are no financial implications as a direct result of the report. All the costs involved are contained within the central Risk Management or departmental budgets. Any additional costs arising from enhanced risk mitigation will have to be considered and prioritised against other pressures in the revenue budget. Integration of Risk Management activity within the business planning process should assist in supporting specific business cases for appropriate budget allocations.

5.2 Risk and Mitigations

- (a) The report sets out the need for and the outcomes of the review of the Councils' management of risk arrangements including current policy, processes and strategy. It also describes the recommended improvements to refine the risk management arrangements at the Council to ensure their ongoing effectiveness.

5.3 Equalities

- (a) An Equalities Impact Assessment (EIA) scoping assessment was carried out on 6 November 2014 and has been issued to Corporate Equalities and Diversities Officer in accordance with current policy and practices. The outcome of the EIA is that it is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from the revised risk management policy.

5.4 Acting Sustainably

- (a) There are no direct economic, social or environmental issues with this report.

5.5 Carbon Management

- (a) There are no direct carbon emissions impacts as a result of this report.

5.6 Rural Proofing

- (a) A Rural Proofing Checklist has been completed on 18 November 2014 in accordance with current Rural Proofing policy and practices. The outcome is that it is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 Changes to Scheme of Administration or Scheme of Delegation

- (a) No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

6 CONSULTATION

- 6.1 The Corporate Management Team has been consulted on this report and the revised policy statement and any comments received have been taken into account.
- 6.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer HR and the Clerk to the Council have been consulted on this report and the revised policy statement and any comments received have been incorporated into the report.

Approved by

Jill Stacey, Chief Officer Audit & Risk Signature

Author(s)

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Background Papers:

Previous Minute Reference:

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