

Summary Sheet

Council Report:
Audit Committee

Title:
Risk Management Policy and Guide

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report:
Stuart Booth (*Interim Strategic Director Resources & Transformation*)

Report Author(s):
Colin Earl (Assistant Director Audit, ICT & Procurement)

Ward(s) Affected:
None

Executive Summary:

At its meeting on 23 September 2015 the Audit Committee deferred its approval of the draft Risk Management Policy and Guide. The main reasons were that the Committee remained uncertain about the commitment to risk management, in particular a lack of a dedicated risk manager resource, and about the potential impact of ceasing to use the current risk management system (JCAD).

An appointment has now been made to a temporary dedicated risk manager position (this will be for a period of 4 months, following which our long-term requirements will be reviewed). All services have now refreshed their risk registers using a simpler, spreadsheet based system, and confirm this method is preferable to the former JCAD system, which was seen as a barrier to risk management.

Other actions included in the risk management action plan continue to be delivered on time.

As a result of these developments the Audit Committee is asked to approve the Risk Management Policy and Guide.

Recommendation:

The Audit Committee is asked to approve the Risk Management Policy and Guide

List of Appendices Included:

Appendix A: Risk Management Action Plan

Appendix B: Risk Management Policy and Guide.

Background Papers:

Report to Audit Committee; 23 September 2015, Risk Management Policy and Guide

Report to Audit Committee; 23 September 2015, Audit Committee Prospectus

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

No

Council Approval Required:

No

Exempt from the Press and Public:

No.

Title:

Risk Management Policy and Guide

1. Recommendation

- 1.1 The Audit Committee is asked to approve the Risk Management Policy and Guide.

2. Background

- 2.1 The corporate improvement plan (plan reference 11.1) includes an action for the “Adoption and embedding of a practical and effective risk management framework”. This includes a key milestone to renew the corporate risk management policy and guide (completion date target: September 2015).

Risk Management Policy and Guide

- 2.2 The refreshed Risk Management Policy and Guide, attached at **Appendix 2**, was presented to the Audit Committee for approval at its meeting on 23 September. At that time, the Audit Committee felt unable to approve the Policy and Guide without further assurances from officers about resources being made available to support risk management, in order to make the Policy and Guide a reality. Specifically, the Audit Committee sought assurance:

- There would be a dedicated risk management resource put in place, at least until arrangements become embedded and consideration could be given to the long term resources needed to support risk management on an ongoing basis
- Any replacement for the JCAD system would be adopted by managers and would support, rather than hinder, risk management.

- 2.3 Since the Audit Committee meeting was held, the following steps have been taken to address these issues:

- A temporary Risk Manager has been appointment. The relevant employment checks are being carried out, and it is anticipated the individual will be able to spend some time with the Council during December, prior to commencing fully in January 2016.
- In the meantime, the Council will continue to receive support from Leicester City Council’s Risk Manager, and the Council’s Assistant Director Audit, ICT and Procurement, and Insurance and Risk Officer continue to prioritise risk management amongst their duties.
- We have rechecked users’ views of the JCAD system. There is substantial consensus that the system has not been easy to use and users prefer the new spreadsheet format. It may be that we could benefit from using JCAD or another system again in the future, but it is felt the priority currently is to engage all managers

and other staff in risk management and it seems unanimous that the spreadsheet system is the preferred option to help this.

Risk Management Action Plan

- 2.4 In the absence of a dedicated Risk Manager, the Assistant Director Audit, ICT and Procurement, and Insurance and Risk Officer, with support from Leicester City Council's Risk Manager, have continued to progress key risk management actions. It is agreed progress could be accelerated with additional capacity that could be provided by a dedicated resource, however, in the meantime, the following headway has been achieved:
- All directorates have produced refreshed operational risk registers.
 - The Audit Committee received and thoroughly considered the Children and Young People Services risk register on 30 October.
 - We are carrying out a series of training and awareness events with M3 managers; these commenced in October and will run to December.
 - A refreshed Strategic Risk Register is being presented to the Audit Committee 24 November 2015
 - Meetings are being earmarked for presentation of the strategic risk register, following its review by the Audit Committee, to Advisory Cabinet, Scrutiny and partners, facilitating broad consultation on the register.
 - Managers' Job Profiles are being amended to include responsibilities relating to risk management. The profiles being used in the current senior management recruitment process emphasise risk management responsibilities.
- 2.5 The action plan at **Appendix 1** has been updated following the Committee's meeting in September, and it now shows a RAG status for each action. Of the 20 actions in the plan, 14 are rated GREEN (completed or certain to be completed) and 6 AMBER (close to target). There are no RED (in doubt) rated actions.
- 2.6 There is still much to do. Effort will be required by all managers and staff to regularly review and consider risks, to ensure any emerging or changing risks are appropriately highlighted and addressed as soon as they arise, before they become major issues for the Council. All staff will need to reach a good level of awareness and recognition of the importance of risk management and be supported / trained to develop their confidence in identifying and assessing risks. These are the real tests of application, and we will need to critically appraise our progress in these respects in order to provide assurance to our stakeholders that risk management is becoming effective.

2.7 The Audit Committee will continue to oversee progress in relation to risk management and this should include a formal review as part of the Annual Governance process, in the early part of 2016.

4. Options considered and recommended proposal

4.1 Not applicable.

5. Consultation

5.1 The Strategic Leadership Team has reviewed and agreed the attached Risk Management Policy and Guide.

6. Timetable and Accountability for Implementing this Decision

6.1 Not applicable.

7. Financial and Procurement Implications

7.1 The costs of a dedicated Risk Manager post can be met from the Insurance Fund.

7.2 The general cost of risk falls into two categories.

- The direct cost of paying premiums to insurance companies, meeting insured claims, encouraging low cost risk improvement initiatives, supporting essential risk control measures, and associated administration of the risk management function.
- The indirect cost of service disruption associated with incidents, which amounts to many times the direct cost.

7.3 Whilst our insurance arrangements protect the Council from catastrophic loss in any given year without additional charge in that year, any overall deterioration in the Council's loss experience will have an impact on premiums for future years. It is never possible to eliminate the cost of loss, however, low incident rates can be maintained and, by proper attention to risk control and the prevention of incidents, the financial impact can be managed.

8. Legal Implications

8.1 There are no direct legal implications arising from this report. Any actions taken by the Council in response to risks identified will take into account any specific legal implications.

9. Human Resources Implications

9.1 There are no Human Resources implications associated with the report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 The Strategic Risk Register incorporates the CYPS and Adults risks that are of significance at a corporate / strategic level. The services maintain their own operational risk registers and regularly assessment the management of the risks identified.

11. Equalities and Human Rights Implications

11.1 Proposals for addressing individual risks within risk registers incorporate equalities and human rights considerations where appropriate.

12. Implications for Partners and Other Directorates

12.1 The actions relating to any issues affecting partners are reflected where relevant in risk registers and accompanying risk mitigation action plans.

13. Risks and Mitigation

13.1 By driving Risk Management from both a top down and bottom up approach, and maintaining and periodically reviewing the relevant risk registers (Strategic and Operational) the Council is putting itself in a better position to highlight unacceptable risks (individually or collectively) and take appropriate action where necessary to minimise the risk of potential losses (including financial).

14. Accountable Officer(s):

Colin Earl (*Assistant Director Audit, ICT and Procurement*)

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services: Stuart Booth

Director of Legal Services: Stuart Fletcher

Head of Procurement (if appropriate): Not Applicable

This report is published on the Council's website.

APPENDIX A

Risk Management Action Plan

Report Paragraph / Reference and Action	Responsible Officer	Target Date(s)	Comments / RAG Status
7.2 Risk Management Policy and Arrangements			
Produce a revised Risk Management Strategy drafted, reflecting sector good practice, to include roles and responsibilities	Insurance & Risk Manager	August 2015	COMPLETED - Revised Policy and Guide produced in August
Approval and sign off of Risk Management Strategy and Action Plan	Commissioners / SLT	September 2015	PART COMPLETED – Policy and Guide agreed by SLT and Commissioners. Approval by Audit Committee was deferred in September.
Roll out of new Risk Management arrangements to Managers, Advisory Cabinet, Scrutiny and Audit Committee.	Assistant Director Audit, ICT & Procurement	October 2015	PART COMPLETED – New Arrangements are being cascaded to managers. A briefing was provided to the Audit Committee in September. Sessions with Advisory Cabinet and Scrutiny are being set up.
Seek the inclusion of Risk Management on the corporate Performance and Development Review (PDR) Form (in either 'Corporate Priorities' or 'Other Issues' sections) to ensure regular discussion on risk involving all levels of staff within the authority.	Insurance & Risk Manager	October 2015	PART COMPLETED – Referral has been made to HR and is being considered
Seek to include wording reflecting the requirement to consider and embed Risk Management principles in job descriptions at Strategic Director / Assistant Director / M3 Manager level.	Insurance & Risk Manager	October 2015	COMPLETED – Referral has been made to HR. Job Profiles being used in the current senior management recruitment process emphasise responsibilities relating to risk management.

7.3 Strategic Risk Register			
Initial enquiries with strategic directors and directors on their initial views of strategic risks	Insurance & Risk Manager	September 2015	COMPLETED
Collate responses into a summary for presentation to SLT or SLT/directors and facilitate agreement of strategic risks to be included in the Council's risk register	Assistant Director Audit, ICT & Procurement	October 2015	COMPLETED – Workshop held on 14 October 2015
Hold a similar meeting / workshop with advisory cabinet members	Assistant Director Audit, ICT & Procurement	October 2015	A date for a workshop is being scheduled.
Consult with Commissioners on the first draft of the resulting strategic risk register	Assistant Director Audit, ICT & Procurement	October 2015	The register is due to be sent to Commissioners imminently (at 6 November)
Consulting with partners on the draft register	Assistant Director Audit, ICT & Procurement	November 2015	Meeting scheduled for presentation, on 3 December.
Consulting with M3 managers, possibly through a M3 manager session if time permits	Assistant Director Audit, ICT & Procurement	November 2015	Several meetings are being held with M3 Managers covering all directorates. This commenced in October and will run to December.
Present a refreshed Strategic Risk Register to the Audit Committee 24 November 2015	Assistant Director Audit, ICT & Procurement	24 November 2015	COMPLETED
Present the strategic risk register 6-weekly to SLT for review	Assistant Director Audit, ICT & Procurement	With immediate effect	COMPLETED – Process established
The register will be reported quarterly to the Audit Committee and Commissioners	Assistant Director Audit, ICT & Procurement	With immediate effect	COMPLETED – presentation of the strategic register is scheduled broadly on a quarterly basis in line with the Audit Committee's Prospectus.
7.4 Directorate Risk Registers			

Hold awareness and development events with all directorate managers	Assistant Director Audit, ICT & Procurement	December 2015	PART COMPLETED – Finance and Corporate Services, EDS, Adults and Public Health Completed. CYPS to be scheduled.
Strategic Directors, the Assistant Chief Executive and the Director of Public Health, along with relevant advisory cabinet members, to report their operational risks to Audit Committee on a rolling programme basis	Assistant Director Audit, ICT & Procurement	Commencing September 2015	COMPLETED – Programme established for the full year.
Initial Refresh of Directorate Risk Registers	Strategic Directors / Assistant Directors	September 2015	COMPLETED – All services submitted directorate risk registers ahead of the SLT/Directors meeting on 145 October.
Directorate Risk Registers to be updated on an ongoing basis and submitted every quarter to the Insurance & Risk Manager.	Strategic Directors / Assistant Chief Executive / Director of Public Health	Quarterly commencing January 2016	The process is being established
Present the operational risk register quarterly to SLT for review	Assistant Director Audit, ICT & Procurement	With immediate effect	The process is being established
Directorate Management Team meetings to have Risk Management / Risk Registers as a regular item, i.e. monthly	Strategic Directors / Assistant Chief Executive / Director of Public Health	With immediate effect	COMPLETED – Directorates have been advised of the requirements and are scheduling reviews accordingly