

REPORT FOR: CABINET

Date of Meeting:	28 October 2010
Subject:	Risk Management Strategy
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Councillor Graham Henson, Portfolio Holder for Performance, Customer Services and Corporate Services
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 – Risk Management Strategy Appendix 2 – Summary Strategic Risk Register

Section 1 – Summary and Recommendations

Under the Council's governance framework, the Risk Management Strategy is reviewed annually, for Cabinet's approval, to ensure it is in line with current guidance and best practice.

Recommendations:

Cabinet is requested to:

- (i) note the risk management position; and
- (ii) approve the Risk Management Strategy.

Reason: (For recommendation)

To ensure Cabinet is aware of the Council's progress in risk management.
To comply with the governance framework and ensure the Council's risk management framework continues to align with best practice.

Section 2 – Report

Risk Management position

2.1 The Council's key risk management achievements in the past 12 months and planned initiatives in 2010/11 are:

2.1.1 Key Achievements

- Reviewed and revised the Risk Management Strategy & Policy, Risk Management Manual and Members' Risk Management Induction Briefing.
- Developed new risk management templates and tools to support the new Risk Management Strategy and Guide.
- Developed the new Risk Audit and Fraud Division Risk Management Training and Communication Plan and training evaluation form.
- Engaged with Harrow Strategic Partnership (HSP) Management Groups to develop risk registers for Safer Harrow, Children's Trust, Adult Health & Wellbeing, Sustainable Development & Environment, and Community Cohesion.
- Assisted in the development of commercial partnership risk registers, e.g. Apollo mobilisation and contract management risk registers.
- Quarterly update of the Strategic Risk Register, Corporate Operational Risk Register and Directorate Risk Registers, providing challenge to ensure risk registers were complete and robust.
- Attended CSB Performance meetings as required.

- Worked with Performance (Chief Executive Directorate) to develop and implement risk 'exception' reporting and related guidance for CSB and Improvement Boards.
- Reviewed and revised 'Risk Implications' report writing guidance notes for Committee (Non-Executive), Overview and Scrutiny Committee, Cabinet, Cabinet Advisory Panels and Consultative Forums, and Individual portfolio holder reports.
- Provided risk management training as part of the Managers Induction.
- Revised the risk management component of the 2011-12 service improvement and budget proposal guidance for Directorates.
- Developed content for and redesigned the Intranet risk management pages.
- Developed and worked with Information Management to incorporate a new risk assessment and action plan process under the Information Management Policy.
- Conducted a survey with all Greater London local authorities concerning the availability of risk information (97% participation) to inform the new Risk Management Strategy.
- The Corporate Risk Steering Group met 4 times, reviewed its Terms of Reference, extended its membership to be more reflective of Council business and provided valuable input and comment on the risk management strategy, guidance, templates, tools and training programme. The CRSG also provided challenge on the robustness of the strategic and corporate operational risk registers and the adequacy of controls to mitigate the risk.
- Provided secretariat functions to CRSG and developed relevant templates.
- Attended the Corporate Risk Steering Group, Corporate Governance Working Group, Service Improvement and Planning Working Group and Hub Navigation Focus Group meetings.
- Collated evidence and drafted a response against Use of Resources / CAA risk management assessment criteria for all of Council.
- Participated in the King's College London postgraduate research project 'At the local level: the story of London Council's experience with risk management'.
- Of all the Cabinet reports in the last twelve months, 75% of these included adequate or good information on risk management implications, providing Members with visibility on the risks arising from its decisions.

2.1.2 Key Deliverables and Initiatives Underway / Planned

- Investigate and identify options for an e-based risk management system.
- Ensure that approved changes to the Risk Management Strategy are reflected in other Council policies, guidance and training, where appropriate.

- Support risk-based decision making at the strategic level through improved risk management information in Cabinet reports.
- Complete an efficiency review of the risk management service.
- Review the Council's appetite for risk as the Transformation Programme progresses.
- Facilitate a workshop with Harrow Chief Executives to develop the HSP Joint Strategic Risk Register.
- Developed new risk management related e-Learning modules for corporate risk management, data protection, fraud, insurance, corporate governance, internal audit and business continuity & emergency planning.

Risk Management Strategy

- 2.2 Risk management forms an important element of the Council's corporate governance arrangements. The purpose of risk management is to limit the Council's exposure to an acceptable level of risk. The objective of risk management is not to remove all risks; it is to enable the Council to:
- fully understand the nature of the risks to which it is exposed;
 - implement sensible, cost effective measures to increase the probability of success; and
 - reduce the probability of failure and the uncertainty of achieving business objectives.
- 2.3 The Risk Management Strategy (the Strategy) sets out the high-level risk management framework for the Council and is a mandatory requirement across the Council.
- 2.4 The Strategy (September 2009) and Risk Management Policy (September 2009) were reviewed by the Interim Risk Manager against the Audit Commission's recommended criteria, HM Treasury's 'Risk Management Assessment Framework' and CIPFA guidance.
- 2.5 The review identified ways to improve the Strategy (2009) and Policy (2009) to ensure best practice is met and more clearly explain the Council's risk management framework. As such, the Risk Management Strategy and Policy (2009) have been merged and updated to create a new Risk Management Strategy.
- 2.6 The proposed new Strategy draws on Government requirements and best practice in risk management and is supplemented by the Risk Management Guide for Managers and Risk Management Toolkit for Council Staff, which provide further and targeted guidance on the Council's risk management process. The new proposed Strategy now:
- identifies the Council's risk management objectives and core principles of risk management;

- sets out the purpose and benefits of risk management, scope of the Strategy and the review timeframe;
- specifies how risk management feeds into the Council's business planning and corporate governance systems, and the way in which risk is considered at each level of business planning (from the corporate to individual level);
- clarifies the roles and responsibilities for all managers, staff and partners in managing risk;
- sufficiently explains the Council's risk appetite and delegated risk appetite (risk tolerance level) - C2 or above ('red' risks).
- provides more detail on the structures for monitoring, escalating, reporting, reviewing and gaining assurance about the management of risk, including the more detailed assessment criteria;
- defines the types of controls to mitigate risk and the ways in which risk can be managed;
- identifies how risk relating to residents / partners/ service providers / other stakeholders is managed;
- identifies the process of horizon scanning (for emerging risks) and how cross-cutting risks are managed;
- specifies the availability of risk information and how staff can access risk management information and training;
- refers, or provides links, to other key policies/guidance/sources of further support and guidance on risk management; and
- provides a glossary of risk management terms.

- 2.7 To support the new Risk Management Strategy, a Risk Management Guide has been developed, which replaces the Risk Management Manual (September 2007). The new Guide provides detailed step-by-step advice to managers on how to conduct a risk assessment and complete the risk register. The Corporate Risk Steering Group has approved the Guide.
- 2.8 A Risk Management Toolkit for Council Staff provides less technical guidance to staff on the management of risk. Checklists, templates and other tools are also available to support the embedding of risk management across the Council.
- 2.9 To ensure the new Risk Management Strategy is fit for purpose, comment was sought from the Corporate Risk Steering Group and amendments made to make the new proposed Strategy even more Council specific.
- 2.10 The new proposed Strategy and this report incorporate comments from the CSB meeting on 4 August 2010 and the Governance Audit and Risk Management Committee meeting on 1 September 2010,

Risk information on the Hub

- 2.11 Comprehensive risk guidance, templates, checklists and tools are available on the Hub (Council's intranet) at

http://harrowhub/info/200193/risk_management/313/risk_management. Risk management is located under 'Finance'.

- 2.12 Upon its approval, the new proposed Strategy and the supporting Risk Management Guide for Managers and Risk Management Toolkit for Council Staff will be placed on the Hub.
- 2.13 In this challenging time, risk management is going to be increasingly important as the Council implements its Transformation Programme. This includes the continual review of the Council's risk appetite. The Council's risk appetite is defined in the new proposed Strategy and is currently set at C2 or above ('red' risks). This is supported by risk exception reporting to Improvement Boards and CSB.

Strategic Risks

- 2.14 The Council's strategic risks are:
- Risk 1: Fail to pre-empt and plan for adverse developments in the wider economy.
 - Risk 2: Fail to address the funding gap in the medium term.
 - Risk 3: Fail to actively contribute to sustaining the environment.
 - Risk 4: Ineffective partnership working within our Strategic Partnership.
 - Risk 5: Impact of changing demographics not anticipated.
 - Risk 6: High profile service failure.
 - Risk 7: Failure to achieve a culture in the organisation that supports the Council's vision and priorities.
 - Risk 8: Failure to be an employer of choice.
 - Risk 9: Damage to Council reputation.
- 2.15 A copy of the summary strategic risk register is provided at Appendix 2.
- 2.16 The Strategic Risk Register is updated by the relevant Risk Owners and reported to CSB each quarter. It identifies the:
- potential causes and consequences of the strategic risk;
 - risk rating (impact and likelihood score);
 - controls (actions) in place, underway and planned to mitigate the risk;
 - risk owners and action owners;
 - the target risk rating; and
 - contingencies (for 'red' or high level risks).
- 2.17 The Corporate Risk Steering Group (CRSG) supports CSB by reviewing the strategic risk register (in the lead up to the CSB meeting) and assessing robustness and completeness of the register. Specifically:
- the current risks faced by the Council;

- the appropriateness of risk owners and action owners;
- controls/mitigation actions; and
- levels of residual risk (risk rating) and target risk.

2.18 The CRSG consist of representatives from across the Council and reflects the risk profile of the Council and the strategic and operational context within which the Council operates.

Financial Implications

2.19 No financial implications are associated with this report.

Performance Issues

2.20 Risk management assists the Council to identify and manage risks that impact upon the achievement of its objectives, including risks with partners. There are no performance issues arising from the continued embedding of risk management across the Council and with our partners.

Environmental Impact

2.21 There are no environmental implications associated with this report.

Risk Management Implications

2.22 There are no risks to the Council in approving the new proposed Risk Management Strategy. Should the recommendation not be accepted, there is a risk that the Council's Risk Management Strategy and related guidance will not continue to align with best practice, or clearly define the Council's requirements for the management of its risk.

Equalities implications

2.23 An Equality Impact Assessment did not identify any adverse impact on any particular group. There is a low risk of potential impact on race and disability related groups, which will be mitigated by ensuring that the Strategy and related training is available in alternate formats (Braille, large print, audio tape, etc) and/or other languages upon request.

Corporate Priorities

2.24 The Risk Management Strategy supports the achievement and delivery of the Council's Corporate Priorities and the Sustainable Community Strategy.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett

Chief Financial Officer

Date: 10 August 2010

Name: George Curran

on behalf of the
Monitoring Officer

Date: 3 August 2010

Section 4 – Performance Officer Clearance

Name: David Harrington

on behalf of the
Divisional Director
(Partnership Development
& Performance)

Date: 2 August 2010

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

on behalf of the
Divisional Director
(Partnership Development
& Performance)

Date: 28 September 2010

Section 6 - Contact Details and Background Papers

Contact: Tanya Jacobs, Interim Risk Manager, extension 2863.

Background Papers:

HM Treasury "Risk Management Assessment Framework 2009"
CIPFA Risk Management Toolkit 2010

**Call-In Waived by the
Chairman of Overview
and Scrutiny Committee**

NOT APPLICABLE