	EXECUTIVE 25 JULY 2018	Agenda Item No. **11C**
Title		Risk Management Annual Report 2017/18
For further information about this report please contact		Richard Barr Audit & Risk Manager Tel: 01926 456815 email:richard.barr@warwickdc.gov.uk
Wards of the District directly affected		Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?		No
Date and meeting when issue was last considered and relevant minute number		Executive – 27 September 2017
Background Papers		WDC risk management policy & guidelines. Minutes of Risk Management Group meetings.
Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		No
Included within the Forward Plan? (If yes include reference number)		No
Equality Impact Assessment Undertaken		N/A: no direct service implications

Officer/Councillor Approval		
With regard to report approval all reports _must_ be approved as follows		
Title	**Date**	**Name**
Chief Executive/Deputy Chief Executive	20 June 2018	Chris Elliott
Head of Service	Various dates	Mike Snow
CMT	20 June 2018	CMT
Section 151 Officer	Various dates	Mike Snow
Monitoring Officer	20 June 2018	Andrew Jones
Finance	Various dates	As S151 Officer
Portfolio Holder(s)	26 June 2018	Councillor Andrew Mobbs and Councillor Peter Whiting
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below) N/A		

1   **Summary**

1.1   This report updates the Risk Management Strategy and advises on the
       progress being made in implementing and embedding risk management
       throughout the organisation.

2   **Recommendations**

2.1   That Executive notes the report and its contents, in particular that which
       sets out members' responsibility for risk management.

2.2   That Executive reaffirms the Council's Risk Management Strategy
       (Appendix A).

2.3   That Executive confirms it is satisfied with the progress being made in
       establishing risk management in the Council, noting the progress in
       completing the previous year's Risk Management Strategic Action Plan
       (Appendix B) and noting other activities undertaken during the year that
       provide evidence of a risk management culture (Appendix C).

2.4   That Executive approves the Council's Risk Management Action Plan for
       2018/19 (Appendix D).

3   **Reasons for Recommendations**

3.1   Members are responsible for overseeing the organisation's risk
       management arrangements – see Section 8, 'Responsibility for Risk
       Management', below – and the recommendations set out in this report
       helps to fulfil that responsibility.

4   **Policy Framework**

4.1   **Fit for the Future (FFF)**

       The Council's FFF Strategy is designed to deliver the Vision for the District
       of making it a Great Place to Live, Work and Visit. To that end amongst
       other things the FFF Strategy contains several Key projects.

       The FFF Strategy has 3 strands – People, Services and Money and each
       has an external and internal element to it. The table below illustrates the
       impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	**Services**	**Money**
External		
Health, Homes, Communities	**Green, Clean, Safe**	**Infrastructure, Enterprise, Employment**
Intended outcomes: Improved health for all Housing needs for all met	Intended outcomes: Area has well looked after public spaces All communities have access to decent open	Intended outcomes: Dynamic and diverse local economy Vibrant town centres Improved performance/

Impressive cultural and sports activities Cohesive and active communities.	space Improved air quality Low levels of crime and ASB.	productivity of local economy Increased employment and income levels.
Impacts of Proposal		
Although there are no direct policy implications, risk management is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.		
Internal		
Effective Staff	**Maintain or Improve Services**	**Firm Financial Footing over the Longer Term**
Intended outcomes: All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	Intended outcomes: Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services.	Intended outcomes: Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money.
Impacts of Proposal		
Although there are no direct policy implications, risk management is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.		

4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

4.3 **Changes to Existing Policies**

This section is not applicable.

4.4 **Impact Assessments**

This section is not applicable.

5 **Budgetary Framework**

5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective risk management framework helps to ensure that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

5.2 There was no direct cost associated with the review referred to in the report as the providers of the review, Zurich Insurance, completed it from the allocation they offer to the Council for risk management advice.

6   Risks

6.1   The purpose of the report is to comment on the Council's effectiveness in managing its risks.

7   Alternative Options(s) Considered

7.1   This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

8   Responsibility for Risk Management

8.1   In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers. Although the Audit Commission is no longer exists the guidance is still relevant.

> "Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:
>
> - decide on the structure through which risk management will be led and monitored;
> - consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
> - agree an implementation strategy;
> - approve the council's policy on risk (including the degree to which the council is willing to accept risk);
> - agree the list of most significant risks;
> - receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
> - commission and review an annual assessment of effectiveness: and
> - approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.
>
> The role of senior officers is to implement the risk management policy agreed by members.
>
> It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

9   **Progress to Date**

9.1   The overriding objective for risk management is to embed it within the organisation so that it is a seamless, but fundamental, part of the organisation's processes and not viewed as a separate bureaucratic activity with little value. However, as with all objectives of this nature, there is no specific picture of what a fully risk-embedded organisation looks like and the goal of embedding risk management is an ongoing journey rather than one with a definite ending.

9.2   To help achieve the objective of embedding risk management the Council has a Risk Management Strategy. The current Strategy is set out as Appendix A to this report.

9.3   A Risk Management Action Plan is produced each year that details a number of tasks to advance risk management in the Council. Last year's Action Plan and a review of the progress in achieving the actions are set out as Appendix B.

9.4   The action plan is based on the areas for improvement identified from a recent appraisal of the Council's risk management arrangements undertaken by a risk management consultant within Zurich Insurance.

9.5   The evaluation was based on assessing the Council against the ALARM's[1] National Performance Model for Risk Management in Public Services that breaks down risk management activity into seven strands:

- Leadership and management
- Strategy and policy
- People
- Partnership, shared risks and resources
- Processes and tools
- Risk handling and assurance
- Outcomes and delivery

9.6   Under each strand, answers to a series of questions identify the level of maturity the organisation has reached.

9.7   The level of maturity is assessed at one of the following (in ascending order of maturity):

- Engaging
- Happening
- Working
- Embedded & Integrated
- Driving

9.8   The Council was assessed at the 'Working' level of risk maturity. This is considered reasonable for an organisation the size of Warwick District Council. Further advancement would require the introduction of processes and practices that would not be cost-effective to implement.

---

[1] Association of Local Authority Risk Managers

9.9   There are, of course, numerous activities being carried out on a day-to-day basis that follow risk management principles or that help to embed risk management in the organisation. Examples of these activities are summarised in Appendix C and are divided into corporate initiatives and service-led initiatives.

9.10   Appendix D sets out the Council's Risk Management Action Plan for 2018/19. Progress in achieving this will be monitored by line management and reported at the end of the year.

10   **Conclusions**

10.1   The accepted wisdom is that risk management arrangements should be embedded in the culture of the organisation and not separate 'bolt on' activities. Clearly this is not an easy objective to achieve and with the philosophy that "risk management is an ongoing journey rather than one with a fixed destination" it is important that we continue to make good progress in implementing risk management within the Authority. This report provides strong evidence of that.