



<b>Title</b>	Risk Management Annual Report
<b>For further information about this report please contact</b>	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk
<b>Service Area</b>	Finance
<b>Wards of the District directly affected</b>	Not applicable
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>	No
<b>Date and meeting when issue was last considered and relevant minute number</b>	Last Annual Report: Finance and Audit Scrutiny Committee – 26 <sup>th</sup> May 2010 Last report for consideration of Significant Business Risk Register: Executive – 12 <sup>th</sup> July 2011
<b>Background Papers</b>	Minutes of Risk Management Group meetings

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director	26 Aug 2011	Andrew Jones
Chief Executive		
CMT		
Section 151 Officer	26 Aug 2011	Mike Snow
Legal		
Finance	26 Aug 2011	As S151 Officer
Portfolio Holders	26 Aug 2011	Councillor Michael Doody and Councillor Andrew Mobbs
<b>Consultation Undertaken</b>		
Not applicable		
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1 **SUMMARY**

- 1.1 The report advises on progress in embedding risk management within the Authority.
- 1.2 As part of the ongoing objective to embed risk management within the organisation the report updates the Risk Management Strategy (Appendix A) and details progress in implementing last year's action plan (Appendix B).

## 2 **RECOMMENDATIONS**

- 2.1 That members note the report and its contents, in particular that which sets out members' responsibility for risk management.
- 2.2 That members affirm the Council's risk strategy, including the action plan for 2011/12 (Appendix A).
- 2.3 That members confirm they are satisfied with the progress being made in implementing a risk management framework, specifically noting the progress made in implementing actions for 2010/11 (Appendix B).

## 3 **REASON FOR RECOMMENDATIONS**

- 3.1 To assist members fulfil their role in overseeing the organisation's risk management framework.

## 4 **ALTERNATIVE OPTION(S) CONSIDERED**

- 4.1 This report is not concerned with recommending a particular option in preference to others so 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.

## 6 **POLICY FRAMEWORK**

- 6.1 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.

## 7 **RESPONSIBILITY FOR RISK MANAGEMENT**

- 7.1 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:

“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.”

## 8 **PROGRESS TO DATE**

- 8.1 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 things 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 process rather than one with a definite ending.
- 8.2 To achieve the objective of embedding risk management the Council has a Risk Management Strategy. In fact, the Council has had a Risk Management Policy and Risk Management Strategy since 2002. These documents are now merged in that policy statements previously contained within the Policy are now incorporated into the Strategy. The Strategy is set out as Appendix A.

- 8.3 Within the Strategy is an annual action plan that details the tasks necessary to develop risk management. Members are required each year to review the Strategy and approve the action plan. The action Plan is set out as Annexe 1 within Appendix A.
- 8.4 The action plan has been based on the areas for improvement identified from a recent appraisal of the Council's risk management arrangements, undertaken through the CIPFA Risk Management Benchmarking Club.
- 8.5 The benchmarking survey is based on Alarm's 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
- 8.6 Under each strand, answers to a series of questions identify the level of maturity the organisation has reached.
- 8.7 Further details are set out in Annexe 1 to Appendix A.
- 8.8 The level of maturity is assessed at one of the following (in ascending order of maturity):
- Engaging
  - Happening
  - Working
  - Embedded & Integrated
  - Driving
- 8.9 A strategic action plan has been produced to improve maturity levels for those strands deemed to be at lower levels of maturity i.e. at the "Happening" or "Engaging" levels.
- 8.10 The arrangements to be addressed are those that particularly fall short within those strands.
- 8.11 The action plan for last year was based on addressing Key Lines of Enquiry 2.4 under the Comprehensive Area Assessment.
- 8.12 Progress in respect of implementing last year's action plan is reported in a table set out as Appendix B to this report.
- 8.13 The Risk Management Group meets on a regular basis throughout the year to review progress and share and promote best practice in the field of risk management.

- 8.14 Following structural and staffing changes throughout the organisation the Group was re-launched effectively and a revised terms of reference for the Group was agreed.
- 8.15 Each quarter, the senior management team reviews and updates the Significant Business Risk Register. This is then presented to the Finance & Audit Scrutiny Committee for its consideration.

## 9 **CONCLUSIONS**

- 9.1 The acknowledged key to effective risk management is having risk management arrangements which are embedded in the culture of the organisation and which are not separate 'bolt on' activities. Clearly, this is not an easy objective to achieve and, with the accepted wisdom that "risk management is an ongoing journey rather than one with a fixed destination", the crucial factor is that we continue to make good progress in implementing risk management within the Authority. This report provides evidence of that being achieved.