

 FINANCE & AUDIT SCRUTINY 8th JANUARY 2013		Agenda Item No. 6
Title	Review of Corporate & Community Services Risk Register by Finance & Audit Scrutiny Committee	
For further information about this report please contact	Susie Drummond – Tel: 456081, email: susie.drummond@warwickdc.gov.uk or Richard Barr – Tel: 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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	9 th October 2012 – Finance & Audit Scrutiny 11 th January 2012 – Executive	
Background Papers	WDC risk management policy & guidelines	

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 & Sustainability Impact Assessment Undertaken	No (N/A: no direct service implications)

Officer/Councillor Approval		
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).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	Dec 2012	Andrew Jones
Head of Service	Dec 2012	Susie Drummond
CMT		
Section 151 Officer	Dec 2012	Mike Snow
Monitoring Officer		
Finance	Dec 2012	As S151 Officer
Portfolio Holder(s)	Dec 2012	Councillor Mrs Grainger
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)		

1 **SUMMARY**

- 1.1 This report sets out the process for the review by Finance & Audit Scrutiny Committee of the Corporate & Community Services Risk Register.

2 **RECOMMENDATIONS**

- 2.1 That Finance & Audit Scrutiny Committee should review the Corporate & Community Services Risk Register attached at Appendix 1 and make observations on it as appropriate.

3 **REASON FOR THE RECOMMENDATIONS**

- 3.1 To enable members to fulfil their role in managing risk (see section 7, below).

4 **POLICY FRAMEWORK**

- 4.1 The Corporate & Community Services Risk Register reflects the council's corporate priorities and key strategic projects that are reflected in Fit for the Future.

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 control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.
- 5.2 The risk register sets out when the realisation of risks might have financial consequences. One of the criteria for severity is based on the financial impact.

6 **ALTERNATIVE OPTION(S) CONSIDERED**

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

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 auditcommittee, 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 **BACKGROUND**

8.1 Executive agreed on 11th January 2012 that:

- (a) Portfolio Holders should review their respective Service Risk Registers quarterly with their service area managers.
- (b) Portfolio Holder Statements should include each service's top three risks.
- (c) Executive should note the process for the review by Finance & Audit Scrutiny Committee of service risk registers.
- (d) The relevant Portfolio Holders should attend the Finance & Audit Scrutiny Committee meetings at which their respective service risk registers are reviewed.

8.2 The full framework endorsed by Executive at that meeting is set out as Appendix 3.

8.3 Risk registers are in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas there is the Significant Business Risk Register that contains the organisation's corporate and strategic risks (the latest version of this being presented to the January Executive meeting). Also, across the organisation, there are risk registers for specific projects such as the Clarendon Arcade.

9 CORPORATE & COMMUNITY SERVICES RISK REGISTER

- 9.1 The Corporate & Community Services Risk Register is a working document that is reviewed and updated as necessary by the service area's Management Team comprising the Head of Corporate & Community Services together with the service managers. The document is also discussed with the portfolio holder on a regular basis. In particular, the service area risks and the mitigations are reviewed monthly with the Portfolio Holder.
- 9.2 The latest version of the Corporate & Community Services Risk Register is set out as Appendix 1 to this report.
- 9.3 The scoring criteria for the risk register are judgemental and are based on an assessment of the likelihood of something occurring, and the impact that might have. Appendix 2 sets out the guidelines that are applied.
- 9.4 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top, right hand (north-east) corner of the matrix whilst the converse is true for those risks plotted towards the bottom, left hand (south-west) corner of the matrix. If the matrix was in colour, the former-described set of risks would be within the area shaded red, whilst the latter-described set of risks would be within the area shaded green; the mid-range would be seen as yellow.
- 9.5 The risks in each section have been mostly sorted in order from the highest residual risk rating to the lowest. This helps ensure that the operational management focus is on the mitigation of the highest likelihood and/or highest impact risks.
- 9.6 Some risks may be regarded as "generic", i.e. they will impact upon all Service Areas, and so should appear on each Service Area's Risk Register. In these cases, however, an individual Service will often take more of a lead in managing that risk, e.g. loss of accommodation or loss of ICT for which, in these instances, the lead Service Areas are Community Protection and Corporate and Community Services respectively.
- 9.7 A number of the generic risks have high residual risk ratings, including "Failure to meet Fit for the Future objectives. Corporate & Community Services recently had a structure review, as part of which was the creation of a number of temporary posts with Project Management expertise. A project prioritisation process was also put in place to focus the Council's time on the projects delivering the greatest benefits. The review also merged the Human Resource and Organisation Development (HR & OD) teams, with the remit of supporting Culture Change across the Council.
- 9.8 A short commentary on the Corporate & Community Services Risk Register follows.
- 9.8.1 The highest residual risk rating is for "Staff morale is low". This is a corporate risk, although the HR & OD teams have a key role in supporting staff and managers to mitigate the risk. At a time of great change in the public sector and in the Council, the ability to mitigate this risk decreases. A number of strategies have been put in place, including a redeployment policy to minimise redundancies, a staff survey to monitor stress levels, and training courses for staff in dealing with change and stress.

- 9.8.2 The highest residual risk rating for Information & Communications Technology (ICT) is "Unauthorised Disclosure". A number of mitigations are in place including perimeter protection, disk and device encryption, security policies signed by all staff and members and penetration testing. Unauthorised disclosure is most likely to be caused by information being sent to the wrong people or loss/theft of data. These risks are harder to mitigate as they are about human behaviour.
- 9.8.3 The highest residual risk rating for the Community Partnership Team is "Partnership working with WCC fails". Changes to the team structure at Warwickshire County Council have impacted the resources available to the team, including changes to personnel, which has increased the likelihood of failure. The team is continuing to deliver, joint priorities have been set, and new relationships are being built.
- 9.8.4 The highest residual risk rating for the Customer Service Centre is "Loss of telephony platform" at Shire Hall, resulting in being unable to take calls. Switch capability is available at another site. Procurement of new system in 'Cloud' will reduce traditional infrastructure dependency. Additional specialised staff are being trained in telephony functionality.
- 9.8.5 The highest residual risk rating for the Web is "Staff/customers unable to access Website or particular contents". There is a SLA in place with the third party supplier, as well as the ability to set up a dummy website to enable payments to be taken as a business continuity measure.
- 9.8.6 The highest residual risk rating for the Media Room is "Inaccurate/Inappropriate Communication", which is a corporate risk. Training staff across the Council and putting processes in place to check communications are the key mitigations.
- 9.9 It is suggested that Members review the risk register set out as Appendix 1 confirming that risks have been appropriately identified and assessed and that appropriate measures are in place to manage the risks effectively. Members may wish to challenge the Portfolio Holder and the Corporate & Community Services Management Team on these aspects and assure themselves that their risk register is a robust document for managing the risks facing the service.