Inverclyde council

Report To:	Audit Committee	**Date:**	23 August 2011
Report By:	Corporate Director Regeneration and Environment	**Report No:**	AC/24/11/AF/APr
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Subject:	**Risk Management Progress Report**		

1.0 PURPOSE

1.1 The purpose of this report is to update members on progress made with regard to risk management since the Audit Committee on 26 April 2011. The report aims to support members in discharging their responsibility for reviewing the effectiveness of risk management across the organisation.

1.2 Progress on risk management requires to be monitored because of its importance to the Council's Corporate Governance Framework.

2.0 SUMMARY

2.1 Since the last Audit Committee report, the following key tasks have been undertaken:
- An overview report was presented to CMT in July 2011 highlighting the status of key corporate risks for the Council as well as the key risks which are arising at a service level which may present a corporate threat in their own right. A copy the summary reports is attached at Appendices 1 and 2.

Appendices 1 and 2

2.2 Work is ongoing to:
- Embed a regular review and update process for Corporate and Service Risk Registers and, in particular, how planned mitigating actions are being implemented and when they are due to be implemented;
- Review corporate, directorate and service risk registers to determine the overall approach to risk management ensuring strategic and operational risks are correctly aligned and appropriate reporting mechanisms are in place; and
- Fully embed the process in the wider strategic planning and performance management framework.

3.0 RECOMMENDATIONS

3.1 It is recommended that Members agree to note the progress on risk management in the period since the Audit Committee meeting in April 2011.

Aubrey Fawcett
Corporate Director Regeneration & Environment

4.0 BACKGROUND

4.1 There have been increasing pressures for public sector bodies to adopt formalised approaches to risk management.

4.2 In its Code of Practice, Audit Scotland makes it clear that the audited bodies are responsible for developing systems of internal control, including risk management, and for conducting annual reviews of the effectiveness of the system of internal control.

4.3 The Council has developed a Risk Management Strategy which will deliver a consistent, effective framework and approach for managing risks across the organisation at all levels and support the achievement of the corporate outcomes.

5.0 IMPLICATIONS

5.1 Legal: None
Finance: None
Personnel: None
Equalities: None

6.0 CONSULTATIONS

6.1 Discussions have taken place with relevant officers in the review and update of risk registers.

7.0 LIST OF BACKGROUND PAPERS

7.1 Annual Risk Management Report 2010/2011. By Andi Priestman, Chief Internal Auditor.

7.2 Corporate, Directorate and Service risk registers. Available from Andi Priestman, Chief Internal Auditor.

7.3 Risk Management Strategy. Approved by Members March 2010.

Review of Corporate Risk Register
July 2011

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Introduction

- In March 2011, the CMT agreed to review the Corporate Risk Register to consider the risks identified in the Register in light of the considerable changes in the operating environment since the last review in 2010.

- Meetings have taken place since March with relevant officers to review and update the Corporate Risk Register for relevant changes.

- The aim of this report is to highlight any new/emerging risks at a corporate level and any significant changes in impact or likelihood of current risks contained within the Register.

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Executive Summary

New/Emerging Risks Identified

- There are 3 new/emerging risks which have been identified:

    – Legal/Regulatory Risk: The risk that the current procurement process is not being properly followed by Services resulting in breaches or legal challenge which may impact on service delivery or delay implementation of key projects.

    – Strategy Risk: The risk that the CHCP does not deliver the anticipated synergies between health and social care resulting in additional financial costs and reputational damage for the Council.

    – Strategy Risk: The risk that the Council will not achieve the modernisation agenda resulting in inefficient and ineffective practices continuing to operate in services.

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Executive Summary

Changes to Existing Risk Profile			
Risk	**Previous Risk Score**	**Current Risk Score**	**Increase/ Decrease**
Operational Risk: The risk that the current constitutional documents may not be communicated and complied with at all levels throughout the authority, coupled with the documents not having been kept up to date.	Yellow Quartile 4	Red Quartile 1	Increase in impact Increase in likelihood
Financial Risk: The risk that the Council will not manage the significant funding challenges over 2011/17 appropriately leading to unplanned front line service reductions.	Red Quartile 1	Amber Quartile 1	Decrease in likelihood
Strategy Risk: The risk that a significant reduction in government funding will jeopardise flagship investment programmes such as SEMP and Leisure Strategy	Red Quartile 1	Amber Quartile 1	Decrease in impact Decrease in likelihood

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Executive Summary

Changes to Existing Risk Profile			
Risk	**Previous Risk Score**	**Current Risk Score**	**Increase/ Decrease**
Strategy Risk: The risk that the SEMP will not be properly planned, managed and controlled to support achievement of the key delivery deadlines and standards.	Amber Quartile 1	Yellow Quartile 2	Decrease in likelihood
Reputational Risk: The risk that procedures may not be adequate to identify and act upon instances affecting the wellbeing of vulnerable children, adults and older people in a timely and appropriate manner.	Yellow Quartile 2	Green Quartile 2	Decrease in likelihood

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Next Steps

- The Corporate Management Team will continue to regularly review and update the Corporate Risk Register and in particular, on how planned mitigations are being implemented and when they are due to be implemented.

- Work is continuing to further embed risk management in the overall strategic planning and performance management framework.

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Aggregate Report from
Review of Service Risk Registers
July 2011

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Introduction

- A series of risk workshops have been held across appropriate services in order to develop Service Risk Registers as a result of the restructure in April 2010.

- Follow up meetings have taken place since the workshops with relevant officers to review and finalise the service risk registers which will continue to be carried out on an ongoing basis.

- The aim of this report is to aggregate the results of the most recent reviews and:
  - Identify whether there are any areas which pose a corporate risk in their own right.
  - Compare the results of this assessment with the Corporate Risk Register in order to assess whether corporate interventions are required.

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Executive Summary

Risks which pose a corporate threat

- There are five areas which are increasing and potentially pose a corporate risk to the Council. These were reviewed with the CMT in July 2011.
    - Business Continuity Management Risk: Winter weather has been more severe recently which resulted in supply chain failure nationally in terms of salt and salt suppliers and as a result the Council had to import salt from Europe and elsewhere at a higher cost to the Council.
    - Operational Risk: The Council fails to maintain roads to an acceptable condition resulting in deterioration which costs more to repair and/or results in an increased level of claims against the Council. Coupled with the risk of prolonged winter weather this risk may increase without further additional investment.
    - People Risk: Loss of key personnel through budget savings exercises and modernisation programme resulting in increased workload for existing staff or impact on ability of services to spend capital budgets as insufficient resource available to undertake the work.
    - Funding Risk: The current economic situation has resulted in budget reduction and increased savings targets for the Council which will impact on service delivery.
    - Outsourcing Risk: Community use of schools requires to be reviewed from a planning and operational perspective in terms of governance and accountability.

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Next Steps

- Services will continue to regularly review, and update their risk registers and in particular, on how planned mitigations are being implemented and when they are due to be implemented.

- Corporate Risk Register will be reviewed in Autumn 2011 and will take on board the key risks identified from the review of Service Registers.

- Work is continuing to further embed risk management in the overall strategic planning and performance management framework. The Directorate Planning Guidance has been recently updated to include risk management as a key aspect when developing directorate plans.

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