
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	18th MARCH 2010	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/riskmgt/march10/updated strategy
SUBJECT:	RISK MANAGEMENT - UPDATED POLICY STATEMENT & STRATEGY	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the updated Risk Management Policy Statement and Strategy as set out in the report be approved.

2.0 Purpose of Report

- 2.1 To update the Council's approach to risk management following the Use of Resources Assessment for 2009. Although the Council achieved a Level 3 assessment (performing well) for Corporate Governance, Risk Management as a sub-category of this, only achieved a Level 2 (adequate performance).
- 2.2 After liaising with the Council's external auditors, it was considered necessary to refresh and update the Council's approach and ensure that the framework is embedded within all services.

3.0 Executive Summary

- 3.1 In accordance with good management practice and to improve corporate governance, the Council has reviewed the risk management processes, which have been in place now for a number of years. Revisions have been made to the policy, strategy and risk register to make risk management easier to embed into the Council and to assist Heads of Service to effectively and efficiently manage their services.
- 3.2 Effective corporate governance requires that risk management be integral to policy, planning and operational management. It cannot be bolted on, but must be embedded into the culture of the Council. Risk Management is seen as a key feature of good corporate governance practices and is an integral part of the Comprehensive Area Assessment process through the use of resources assessment.

4.0 **Detail**

4.1 The revision of the risk management process has involved ensuring the Council can demonstrate the following requirements:

- A framework for the identification and management of risks.
- Key issues and threats have been identified and documented in the form of a risk register.
- Each risk has been assessed in terms of potential impact and likelihood to enable the Council to prioritise risk management initiatives.
- Existing control measures for each risk have been identified together with options for further control measures.
- Responsibility for the control of key risks has been allocated to a manager.
- The risk register and the effectiveness of controls are reviewed regularly.
- Robust systems are established to identify, control and monitor risk.
- An audit trail exists to track risk identification and control projects.

Risk Management Policy

4.2 The policy statement has been revised to ensure it achieves the following requirements: -

- To communicate the Council's values on risk.
- Explain how risk management is to be implemented.
- Details the different responsibilities.
- Records the procedures that should be adopted in the risk management process.

4.3 The revised policy is contained in **Appendix 1**.

Risk Management Strategy

4.4 The strategy sets out the approach and structure that the Council will use to integrate risk management into its management arrangements. The identification and determination of respective roles and responsibilities is critical to ensure the process is transparent.

4.5 Members have a key role in overseeing the effective management of risk by officers. Members will need to agree the proposed framework, as well as the priorities for action. Members will also review the effectiveness of risk management.

4.6 The revised strategy is contained in **Appendix 1**.

Risk Register

4.7 The register has been revised to ensure all significant risks to which the Council is exposed are recorded, so that a risk profile can be established and understood. This profile is then used to develop a framework for the proactive management of risk within the Council. It is also necessary to define the potential impact of the risk, the frequency and the likelihood that the risk will occur.

4.8 The Council's existing risk register will need to be developed and refined further in order to be aligned with the revised policy and strategy. This will be carried out by the Risk Management Group and facilitated by the Council's insurers and risk management advisors Zurich Municipal.

4.9 Heads of Service will have to ensure that operational risk registers are developed and refined in accordance with the revised policy and strategy. In order to ensure that these are integrated into the Council's planning processes it is proposed that this is undertaken at the same time as they prepare service plans.

4.10 The revised register is contained in **Appendix 1**.

Risk Rating Matrix

4.11 This is a simple diagram to help summarise the risks contained in the risk register. It is a straightforward way of showing over time how effective risk management has been by monitoring the impact of control measures on likelihood and impact of risk.

4.12 The risk rating matrix is contained in **Appendix 1**.

Reporting Arrangements

4.13 There needs to be a clear structure for reporting corporate risk management activity. It is proposed that a performance report be produced quarterly to the Audit Sub Committee and that regular reporting to the Finance and Management Committee occurs as the framework is developed and risks identified.

4.14 The Risk Management Group to meet at least quarterly with minutes and recommendations being considered by Management Team. The composition of the group is contained in **Appendix 1**.

4.15 Heads of Service shall be expected to review and report on their operational risks in line with reviews of progress against their service plans.

5.0 Financial Implications

5.1 None associated directly with this report.

6.0 Corporate Implications

6.1 The revised approach to Risk Management will help the Council manage its key risks in a systematic manner and ensure that it is taking the appropriate steps to tackle the key challenges it faces. A review of the Council's risks on a regular basis helps to ensure that potential barriers to the Council delivering its services are reduced as far as practicably possible.

6.2 Whilst the Use of Resources Assessment maintains a focus on financial stewardship, it also focuses on the work being undertaken to address risk at the Council.

7.0 Community Implications

7.1 Risk Management helps the Council manage the key risks impacting on the community of South Derbyshire. With this it is able to manage its resources and focus on delivering better outcomes for local people

8.0 Background Papers

8.1 None