

Agenda Item No: 5
Report To: Audit Committee
Date: 6 December 2011
Report Title: Risk Management
Report Author: Brian Parsons, Head of Audit Partnership.



Summary: The Audit Committee received a report on 28 September 2011 which set out an approach and strategy for risk management. The Committee accepted the proposals and set up a Task Group to agree the areas of risk to be covered, the format of presentation and the time table. The task force met on 18 November and agreed that there is a need to move quickly to create an up-to-date, comprehensive strategic risk register. A report has therefore been placed on the agenda for the Cabinet meeting on 8 December seeking approval to commence the process.

Key Decision: NO

Affected Wards: All

Recommendations: **The Audit Committee is asked to:-**

Endorse the actions that have been set in train by the Risk Management Task Group.

Policy Overview: An effective risk management process is a vital element of the Council's governance arrangements.

Financial Implications: The direct cost of creating the strategic risk register will be met from the Council's allowance from Zurich (the Council's insurers). There are no other direct costs. The implication more generally is that an effective risk management process will assist the financial management of the Authority.

Risk Assessment YES

Equalities Impact Assessment NO

Other Material Implications: None

Background Papers: Report to Audit Committee 28 September 2011 – Approach and Strategy for Taking Forward Risk Management.

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Purpose of the Report

1. To seek the Committee's endorsement to the actions that have been set in train by the Risk Management Task Group; commencing with the creation of a new Strategic Risk Register.
2. A report has been placed on the agenda for the Cabinet meeting on 8 December 2011. Approval by Cabinet will allow arrangements to be put in place to utilise the Council's relationship with its insurers, Zurich, to create a strategic risk register through a process of one-to-one meetings with senior officers and members and a 'risk workshop'.

Issue to be Decided

3. The Audit Committee is asked to endorse the action of the Task Group, most specifically the proposal to Cabinet to utilise Zurich to assist in the process of creating a strategic risk register for the Council.

Background

4. The prime responsibility for managing the risks to the delivery of the Council's strategic and operational objectives rests with Management Team and Cabinet. The Audit Committee's role is to consider/monitor or advise the Council as appropriate on the effective development and operation of risk management.
5. The Audit Committee meeting on 28 September 2011 received a report from the Head of Audit Partnership titled 'Approach and Strategy for Taking Forward Risk Management at Ashford'. The report set out the background to the arrangements for business risk management and proposed a number of actions as follows:
 - Review and update of the Risk Strategy
 - Creation of a Strategic Risk Register (including the identification of the risks to the delivery of the five year Business Plan)
 - Promotion of operational (service) risk registers for inclusion in service plans.
 - Promotion of project risk arrangements
 - Training for senior managers, unit managers and Members
 - Raising awareness of risk management as a key management competency
 - Creating a 'risk management toolkit' to be placed on the Intranet
 - Annual report to Audit Committee on risk management
 - Regular liaison between the Head of Audit Partnership and the Council's Insurance Officer to ensure that the best use is made of the risk management budget.
 - The use of the risk registers to assist the audit planning process.

6. The Committee agreed the proposed approach and additionally resolved to set up a small Task Group to examine the Council's current strategic risks and go through the items one by one to add a layer of monitoring.
7. The Task Group met on the 18th November and agreed that there is a need to move quite quickly to create an up-to-date, comprehensive strategic risk register. This would involve a series of one-to-one meetings with senior management and members and a risk workshop which would include Management Team and representatives from Cabinet and from the Audit Committee.
8. The interviews and the risk workshop would be facilitated by Zurich Management Services, and would be funded from the allowance that the Council receives from Zurich under the terms of its insurance contract.
9. It is suggested that the interviews and the risk workshop could take place at the end of January 2012; with the strategic risk register and the necessary management action plans in place by the end of March.
10. It is proposed that the meeting of the Audit Committee which is currently scheduled for 7 February 2012, will be put back to March (date to be agreed) to allow a report to be provided to the Committee setting out the risk register and action plans.

Risk Assessment

11. The proposal to Cabinet is based on the need to put a meaningful and contemporary risk management processes in place.

Equalities Impact Assessment

12. Not applicable.

Other Options Considered

13. The Council currently needs to improve its arrangements for risk management. This was recognised in the Annual Governance Statement which supported the accounts for 2010/11.
14. It is essential that proper risk management arrangements are in place to ensure that the risks to the delivery of the Council's strategic and service objectives are identified and action is taken to manage them.

Consultation

15. The proposed arrangements for risk management were considered by the Audit Committee meeting on 28 September 2011.

Implications Assessment

16. An effective risk management process is a vital element of the Council's governance arrangements.
17. The cost of using Zurich to assist in the creation of a strategic risk register will be met from the annual 'allowance' provided by Zurich for risk management activities. There are no other direct costs for the Council.

Handling

18. When the strategic risk register has been compiled it will be reported to Cabinet.
19. The completed register and accompanying action plans will be reported to the meeting of the Audit Committee in March 2012.

Conclusion

20. The Council needs to implement effective and comprehensive risk management arrangements. The endorsement by Cabinet will allow work to commence on the creation of an up-to-date strategic risk register. The Audit Committee will be able to review the position at its meeting in March 2012.

Portfolio Holder's Views

21. The Annual Governance Statement last year pointed out the need for an up-to-date Risk Register. Since then, as the Minister, Bob Neil, noted during his recent visit to the Council, the current financial situation is such that Local Authorities need to be much less risk averse if they are to take full advantage of the opportunities to develop offered to them under Localism. Clearly, to do this we need to keep a comprehensive list of potential risks and how best we can cope should the worst happen.

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