

MIDDLESBROUGH COUNCIL

AUDIT COMMITTEE REPORT

Risk Management Strategy Annual Review 2009-2010

16 March 2010

Report of Assistant Chief Executive

PURPOSE OF THE REPORT

1. To update the Audit Committee on ongoing strategic risk management arrangements including the annual review of the Council's Risk Management Strategy.

BACKGROUND

2. Risk Management is a key element of the Council's corporate governance arrangements. Strategic risk management allows the Council to have increased confidence in achieving its priorities and outcomes by constraining threats to acceptable levels.

RISK MANAGEMENT STRATEGY

3. Nationally-recognised good practice requires that risk management strategies be reviewed at least annually. The 2009/10 annual review of risk management within the Council has now taken place and the strategy document has been updated.
4. This annual update has taken into account the Audit Commission's Revised Key Lines of Enquiry for Use of Resources 2009 and the International Standardisation Organisation's 2009 ISO 31000 – Principles and Guidelines on Risk Management.
5. Changes made to the Council's strategy as a result of the review are minor, and do not alter the Council's risk management philosophy or fundamental approach, which remains robust and in line with recommended best practice.
6. The majority of changes relate to:
 - updates of dates and terminology
 - strengthened wording to emphasise alignment with recognised best practice
 - additional detail relating to risk management arrangements for partnership working
 - inclusion of financial management roles within Risk Management 'Roles and Responsibilities' matrix
7. The annual review has also included strengthening of the guidance to staff within the Risk Management Toolkit (version 5), a practical guide for staff. In response to feedback from practitioners, the guidance now includes more detailed information relating to risk scoring, with more examples quoted to increase understanding.

8. The draft revised Risk Management Strategy (version 5) document is included as Appendix 1. The revised Risk Management Toolkit (version 5) can be made available on request.

EMBEDDING THE RISK STRATEGY

9. The Council's approach to risk management is fully integrated into the performance management framework and is central to the policy making framework with all reports to Executive requiring an appropriate option appraisal / risk assessment.
10. Risk management training has been provided to Executive Members, Audit Committee Members, Corporate Management Team and Senior Management Teams across the Council. Accredited in-depth training has been provided for Departmental Risk Champions.
11. Risk management corporate support and training activities continue to be provided in a number of ways. These include:
 - Training and briefing sessions for Members available on request
 - Briefing note provided to new Members
 - Briefings to Senior Manager Induction
 - Twice-yearly 'Introduction at Strategic Risk Management' training session as part of the Corporate Staff Training Programme
 - Regular discussions between Risk Forum officers with topical risk issues raised and addressed
 - Risk Management briefings to teams on request
12. The Corporate Risk Manager receives requests for risk management guidance and support from officers across the Council, for both refresher team briefings and ad hoc advice as specific initiatives commence. In 2009/10, support was provided on emerging risk topics such as the Healthy Town Programme.
13. The success of the Risk Management Strategy is measured via the following:

Measure of Success	Latest Information
Achievement of at least 85% of the planned actions set out in the Strategic Plan	85% of Planned Actions achieved 2008/09
Achievement of at least Level 3 for the CAA Use of Resources assessment	The 2009 CAA report (based on arrangements during 2008/09) gave the section which includes risk management practices (2.4) a score of 'Good', 3 out of 4.

PROGRESS ON STRATEGIC RISKS

14. The highest scoring risks currently shown on the Council's Corporate Strategic Risk Register are:
 - National (or global) recession affects the economic vitality and well-being of Middlesbrough
 - The Council is unable to secure long-term economic vitality of Middlesbrough
 - Disruption of the Council's workforce is caused by large-scale loss of staff (for example due to pandemic flu) affecting the ability to deliver key services

- The Council's resources may not match the demands arising from the national Equal Pay claims process and outcome
 - Realistic and robust proposals to fund the financing gap cannot be provided
 - The Council's Building Schools for the Future project is not delivered on time, or to budget, or fails to secure educational benefits
 - Failure to implement correct policy or processes results in the death of a child or significant child protection concerns
15. Key influences which impacted on strategic risks during 2009/10, and were monitored and addressed, included:
- The 'mothballing' of the Corus plant at Redcar, subsequent rises in unemployment and detriment to the town's economic vitality
 - The international swine flu pandemic which, although not as severe as first predicted, resulted in increased staff absence rates for several months
 - Increased financial pressure upon local authorities nationally
 - Continued national high profile and levels of concern regarding child protection and safeguarding issues

RISK MANAGEMENT IN PARTNERSHIP

16. Middlesbrough Partnership has adopted risk management processes based on those of the Council, with risks identified for all the Sustainable Community Strategy Themes. The Partnership continues to manage, monitor and report these risks.

RECOMMENDATIONS

17. It is recommended that Audit Committee:
- notes the contents of this report; and
 - considers the updated Risk Management Strategy (version 5).

REASONS

18. To ensure the Council's Risk Management Strategy remains fit for purpose. To raise awareness of Audit Committee members on key strategic risks.

BACKGROUND PAPERS

15. The following background papers were used in the preparation of this report:
- Risk Management Strategy – a sense of proportion, version 4.0
 - Risk Management Toolkit version 4.0
 - Audit Commission's Key Lines of Enquiry for Use of Resources
 - Institute of Risk Management's: A Structured Approach to Enterprise Risk Management and the Requirements of ISO 31000

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