

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT COMMITTEE

28TH September 2017

ANNUAL RISK MANAGEMENT ASSURANCE REPORT

James Bromiley, Strategic Director of Finance, Governance and Support

PURPOSE OF THE REPORT

1. To provide an annual review of the corporate approach to Risk Management and propose changes to improve the effectiveness of Risk Management within the Council.

BACKGROUND

Why is Risk Management important to the Council?

2. Effective Risk Management protects the Council and its customers from risks (health and safety, service failure, legal compliance etc.) and enables the Council to achieve its objectives.
3. As the level of Council resources has contracted, even greater importance is placed on ensuring delivery of effective Risk Management across the organisation to ensure the Council's resources are used effectively.

How is Risk currently managed within the Council?

4. Risk Management is the collective responsibility of all elected members and officers of the Council. The Council's approach to Risk Management is articulated by the Performance and Risk Management Framework (RMF) which is periodically reviewed by Executive.

Risk Management Framework

5. The Risk Management Framework:
 - defines what Risk Management means to the Council;
 - outlines the objectives and benefits of effective Risk Management;
 - sets out the different roles and responsibilities held by members and officers in relation to Risk Management;
 - articulates the council's risk appetite; and
 - defines the cycle it uses to manage risk.

6. In addition to this a summarised Strategic Risk Register is submitted to the Executive for consideration as part of the Strategic Plan with any Risk Register updates included in the quarterly Balanced Scorecard update to Executive. During 2016/7 Executive and the Corporate Affairs and Audit Committee also received reports on the Council's activities which were being implemented to strengthen the Council's approach to Risk Management.
7. Within projects and programmes, risks are captured through the use of standardised project documentation which includes risk registers.

Risk Management 2016/17 Activities

8. Level one to four risk registers are now in place and held within the Risk Management software tool used by the organisation (Covalent) with the appropriate level of ownership allocated to each risk.
9. Risk Management training has been provided to Heads of Service, Assistant Directors and Elected Members. An e-learning tool has been developed for Risk Management and this requires further work prior to going live.
10. Horizon scanning has been implemented which identifies any emerging risks that the Council should be aware of and how they impact on the organisation. The information from this is then reflected within risk registers as appropriate.
11. Use of the Risk Management software has been expanded to provide direct access to more risk register owners and there is further work planned during 2017/8 to increase this further.
12. To embed Risk Management further in Programme and Project Management QA Risk sessions are now in place in which peers challenge the risk identified on selected projects on a quarterly basis. These sessions focus on identifying additional risks to projects, sharing lessons learnt and agreeing improvement actions. This supports the project managers with their risks registers and provides them with a wider view of the risk exposure on the projects. Also sessions have been held on new project risks such as the Local Plan to identify the risks at the beginning of the project. The findings from each session are shared with all Project Managers.

Corporate Peer Review

13. Feedback from the recent Peer Review follow up visit was that Risk Management is still developing but it was recognised that frameworks were in place and there were positive aspects to the Council's approach to embedding it within the organisation to ensure that Risk Management adds value to its activities. In particular the work to embed Risk Management in projects was praised.
14. It was recommended that the Council should consider further defining its risk appetite. Work has commenced to map the Council's risk exposure on a range of

risks and the outcome of this will be used to inform discussions around refinement of the risk appetite during 2017/18.

15. It was also recommended that the Council assess how well the Risk Management process is helping it actively manage its key strategic risks. This will be addressed during 2017/18. One of the actions that is proposed is that strategic risks and the actions to manage them will be reported to the Corporate Affairs and Audit Committee by individual risk owners within a rolling programme.

Risk Management Activities for 2017/18

16. During 2017/18 work will be undertaken to build on the progress made within the previous year. The actions planned are split into the following areas:
 - Further embedding Risk Management within the Annual Governance Statement;
 - improved communication of Risk Management with officers and exploration of solutions to strengthen the approach to risk mitigation
 - challenge sessions to review the Risk Register content with directorates;
 - review the current software solution
 - further develop Risk Management guidance in relation to projects to support officers in the identification of common project risks; and
 - strengthen the links between Risk Management and Internal Audit to ensure findings are reflected included within the risk registers where appropriate.

Ward Implications

17. There are no direct implications for Wards arising from this report.

Options

Option 1: Status quo – not recommended

18. The Council could fail to effectively manage Risk Management if it did not take the measures outlined within the report, alongside regular reporting to Members. Failure to effectively manage risk would expose the organisation to greater costs, increase the likelihood of reputational damage and reduce the ability of the Council to achieve its objectives.

Option 2: Alternative approaches – not recommended

19. Alternative models for delivery of Risk Management are available however they would require increased resources to be put in place within the Corporate Strategy Team and they would not align with the principles of the Middlesbrough Manager model, in which risks are managed by the appropriate owner rather than the corporate centre.

Option 3: Proposed approach – recommended

20. The proposed approach to Risk Management will ensure that the Corporate Strategy Team is able to have effective oversight of the Risk Management approach, while effectively empowering managers to own and manage risk, in line with the Middlesbrough Manager model, focussed on empowerment and enabling self-serve.

FINANCIAL CONSIDERATIONS

21. There are no direct financial implications arising from this report.

RECOMMENDATIONS

22. It is recommended that Members note the progress made in Risk Management activities in 2016/17 and the planned activities for 2017/18.

BACKGROUND PAPERS

23. Executive report, Performance and Risk Management Framework, 14th July 2015.

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