



AUDIT COMMITTEE

29 February 2012

Subject Heading:

Annual Review of Risk Management Arrangements

Report Author and contact details:

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Policy context:

To inform the Committee of the progress with the Annual Review of Risk Management Arrangements

Financial summary:

There is no specific financial impact to be considered from this report.

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	[X]
Excellence in education and learning	[X]
Opportunities for all through economic, social and cultural activity	[X]
Value and enhance the life of every individual	[X]
High customer satisfaction and a stable council tax	[X]

SUMMARY

Annually there is a review of the Risk Management Arrangements the outcome of which is reported to Audit Committee along with the revised Strategy and a copy of the Corporate Risk Register (CRR). This year a Corporate Leadership Team (CLT) working group has been established to review the Risk Management Arrangements and this report contains an update to the Committee on progress to date and the next planned steps.

RECOMMENDATIONS

To note the contents of the report.

REPORT DETAIL

In June 2011, in response to a paper on the future of risk management arrangements, CMT requested that a CLT working group be established to review the current arrangements for Risk Management and consider where improvements could be made.

Ian Burns, Assistant Chief Executive, was identified as the Corporate Management Team (CMT) Risk Champion and asked to oversee the group.

The membership of the group included Heads of Service and Third Tier officers from across all directorates.

The objective of the group was to consider where we felt the Council needed to be heading, in terms of Risk Management, and how we could get there.

Although it is acknowledged that the Council has robust Risk Management arrangements within Services it is the communication link between the Service and Corporate level where more efficiency, through stronger links, could be exploited. This is particularly important going forward as resources available to the organisation are reduced.

The CLT group have:

1. Agreed a Terms of Reference.
2. Considered strengths and weaknesses of current approach including:
 - Documentation;
 - Roles / responsibilities and communication channels for risk;
 - Risk awareness / tolerance / appetite;
 - Guidance and training needs; and
 - The future role of the Risk Management Group.
3. Reviewed the content of the CRR against:
 - The new Corporate Plan;
 - Emerging risk areas across London; and
 - An analysis of reported Service Risks.
4. Reviewed the format of the CRR.

The key conclusions are:

- CLT should own the CRR and have a role in identifying emerging risk areas;
- Each Corporate Risk should have a CMT and CLT lead identified;
- Current format for Risk Registers at Corporate and Service level need to change;
- Organisation may benefit from an 'Issues Log' to sit along side the CRR;
- Centrally held templates and guidance would be important;
- Training may be required for some third tier officers;
- Services will be expected to consider Corporate Risks and where applicable included them in their local risk plans. The mitigation should not duplicate those at corporate level but they should identify service-specific impacts

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- that need to be managed locally;
- The preferred framework for communication of risks is through one to ones; management team meetings and directorate team meetings as these are already diarised and would not require additional meetings to be set up;
 - The organisation should better utilise the resources available to it such as advice from Insurers etc; and
 - The organisation needs to be less risk averse and increase our appetite and tolerance for risk.

In February an interim report and session on new documentation was part of the CLT meeting agenda. A full report will go to CLT in March with recommendations for agreement. It is planned that changes to arrangements will be implemented between April and June 2012.

A further report will be presented to Audit Committee in April 2012.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications or risks arising directly from this report. An annual review of Risk Management and the Risk Management Strategy are essential to ensure that the Council's approach to Risk Management is concurrent and is subject to examination by the Audit Committee. Robust Risk Management arrangements assists the organisation in ensuring objectives are achieved by reducing the likelihood of risks, which may be costly to service delivery, materialising.

Legal implications and risks:

There are no legal implications from noting the contents of this Report.

Human Resources implications and risks:

There are no HR implications from noting the contents of this Report.

Equalities implications and risks:

There are no Equalities implications from noting the contents of this Report.

BACKGROUND PAPERS

None.