

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 17 March 2008

8

STRATEGIC RISK REGISTER AND RISK MANAGEMENT ARRANGEMENTS

Author - Sue Kingsley-Smith Ext No. 2966
Contributors - Mark Simpson Ext No. 2341
Lead Officer - Scott Crudgington Ext No. 2185
Contact Officer - Mark Simpson Ext No. 2341

1 PURPOSE

- 1.1 To note the latest Strategic Risk Register for Stevenage Borough Council.
- 1.2 To note changes to the risk management arrangements which aim to further embed risk management within Stevenage Borough Council.

2 RECOMMENDATIONS

- 2.1 That the attached Strategic Risk Register be noted (Appendix A1 to A4).
- 2.2 That the changes to the Councils' risk management procedures which aim to further embed risk management within Stevenage borough Council be noted.

3 BACKGROUND

- 3.1 The council's current risk management strategy was put in place in January 2006. The most recent Use of Resources inspection awarded the strategy a very positive score of 3 out of 4 for this area; however, increasing stress is being placed on providing robust evidence that risk management is 'embedded' in the organisation at all levels. In practical terms this would mean for example, better linking risk management to the service planning process
- 3.2 Key Lines of Enquiry are also increasingly demanding that the role of risk management is seen as integral to planning and change management, leading to risk based decision-making.
- 3.3 To help the Council continue to make progress in developing and embedding risk management processes, we commissioned a programme of consultancy from our insurers Zurich Municipal. They are able to offer us advice on corporate governance requirements and recognised best practice.

- 3.4 Zurich conducted a review of our current arrangements and concluded that whilst we have made good progress, there are a number of improvements which can be made to further embed risk management and make it a practical and 'living' management tool.
- 3.5 Additional recommendations have been made in the area of the governance arrangements for partnership working and the need to ensure that there is robust risk management within partnerships consistent with the overall approach to risk management. This is an increasing focus of the Use of Resources audit.
- 3.6 The changes to our risk arrangements are consistent with the requirements of 'Delivering Good Governance in Local Government', the CIPFA/SOLACE framework for Corporate Governance in Local Government. This framework focuses on six key principles and has been endorsed by the Government, LGA and the Audit Commission. The principles include reference to managing risk in relation to 'transparent decision making'. A framework for implementation has been agreed by Strategic Management Team which includes a review of the quality of the Council's partnerships to ensure a rigorous approach to partnership working.

4 REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS

The Zurich review of our current arrangements recommended improvements in a number of areas which we propose to implement as follows:

- 4.1 To encourage a more consistent prioritisation of risks by introducing guidelines to help Service Heads identify the level of Impact and Likelihood score when assessing the level of a particular risk in the 5x5 risk prioritisation matrix we are using. (Appendix B details the definitions adopted).
- 4.2 To clarify and simplify the link between risk management and the service planning process, we will implement the following changes with effect from April 2008:
 1. Use of the same template for operational and strategic registers and using this template within the Service Plan to identify service (operational) risks. This template will be adopted for the 2008/9 Service Plans. (See Appendix C)
 2. Operational risk registers to be a summary of the most significant risks to services achieving their objectives, including significant project risks and cross-cutting service wide risks that may need to be escalated to a strategic level.
 3. Operational risks to be reviewed by each Head of Service, along with the Service Plan, on a quarterly basis. This could be done within the existing schedule of 'one-to-one' meetings between the Head of Service and Director.
- 4.3 Training to be provided for Members and for Service Heads and First Reports by the end of March 2008, to embed the changes and ensure roles and responsibilities are clarified. A workshop for Members took place on 10th March and will be followed by sessions for Service Heads on 27th March.

- 4.4 The process changes and the role and responsibilities of Members, PMB and Service Heads will be reflected in an updated strategy document. This document will be completed in March when training has taken place.
- 4.5 A Risk Management Group/Risk Advisory Group will be set up by the end of Quarter 1 2008, in order to continue to monitor and review the risk process. This group should be chaired by a Director and include a limited number of Heads of Service and could have the following role:
1. Monitor progress in embedding risk management at operational and strategic level and provide advice and support to officers within services, corporate partnerships and projects who have responsibility for risk management. It could also be responsible for keeping staff advised of emerging risks and best practice in risk management.
 2. Review significant risks and advise on the escalation of risks from operational to strategic level; this could involve for example, risks which appear across a number of services, or risks with a particular score.
- 4.6 A number of recommendations relate to improving the quality of partnership working within the Council. Zurich will assist us with guidance on best practice in the following areas:
1. Agreeing a definition of partnership working for the Council.
 2. Identification of the Council's most significant partnerships and development of a partnerships register.
 3. Development of a governance framework for partnership working which incorporates and is consistent with the Council's approach to risk management.
 4. Producing risk registers for the Council's most significant partnerships.

5 IMPLICATIONS

5.1 Financial Implications

An effective approach to risk management, in line with best practice, will further strengthen the Council's sound base of strong financial management and internal control and should assist in ensuring that, where possible, potential financial implications associated with individual risks can be successfully mitigated.

5.2 Legal Implications

There are no legal implications identified at this time.

BACKGROUND PAPERS

- The current Risk Management Strategy can be viewed in the Members library
- Delivering Good Governance in Local Government.

APPENDICES

- [A1 - 2007/08 Q4 STRATEGIC RISK REGISTER](#)
- [A2 - Scoring Matrix](#)
- [A3 - Ambitions and Priorities Link](#)
- [A4 - Strategic Risk Map](#)
- [B – Definitions for risk prioritisation](#)
- [C – Risk Register template for Service Plans](#)