

Corporate Risk Management Update

Audit Committee

Date: 23rd February 2016

Author: Head of Performance, People and Engagement

Wards: All

Locality Affected: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To present Audit Committee with a summary report on Risk Management activity within Swindon Borough Council, with the latest Corporate Risk Summary.
- 1.2 Audit Committee provides independent assurance to the Council on the effectiveness of the Council's Risk Management, Internal Control and its overall assurance framework. This report summarises the areas that the Committee may wish to consider in gathering this assurance and provides a basis for discussion.
- 1.3 The risk management processes and the Corporate Risk Summary are management processes that support the successful delivery of the One Swindon outcomes and the Council Priorities and pledges.

2. Recommendations

The Committee is recommended to:

- 2.1 Discuss and gain assurance on the corporate risk management approach and processes and risks captured in the Corporate Risk Summary.

3. Detail

Sub-Heading if required [choose style Heading 2]

- 3.1 The Corporate Risk Summary is updated and agreed quarterly with Corporate Board Members. It reflects current and emerging strategic risks from across the organisation. Mitigating actions are actively monitored for implementation and effectiveness as part of this process.
 - 3.2 Formal risk documentation is in place at, Corporate, Pillar and service levels and risks are escalated up through the organisation. Significant delivery partner/contractor joint risk registers are also in place, for example with the CCG and on a number of construction projects.
 - 3.3 The Corporate Risk Summary is provided at Appendix 1 and includes the respective causes, impacts and planned actions to reduce likelihood for each area of risk. Some risks, such as safeguarding children will have been identified at service level and then escalated through Pillar level to the Corporate summary. Similar escalation has also occurred with Health & Safety which many teams have correctly identified as a risk in their respective areas. Conversely, a
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risk such as Organisational Sustainability has originated at Corporate level rather than having been raised through the organisation. One risk commonly mentioned is reputational risk. As will be seen this has not been individually recognised as damage to the Council's reputation is a potential impact rather than a risk and, as such, is included as a consequence in many the Corporate level risks.

Development of Risk Management

- 3.4 A summary of activity during the last twelve months and how it has helped Swindon Borough Council move forward through this improvement is outlined below.
- 3.4.1 A new Risk & Performance Officer was appointed in August 2015, with Internal Audit having provided temporary cover since the departure of the Corporate Risk Manager in March 2015.
- 3.4.2 The processes and documentation for risk management have undergone significant revision to:
- Make the process more accessible and understandable;
 - Focus on fewer key risks rather than all risks;
 - Integrate risk within the planning, performance and reporting processes;
 - Concentrate management actions on reducing the likelihood of risks materialising.
- 3.4.3 The new summary format and its integration within planning and performance reflects modern best practice for the public and private sectors. In particular it counters the tendency for risk management to evolve into a complex stand-alone process. The format presents succinctly what the key risks are, their potential impacts, and the actions that have or are being taken to reduce the chance of them happening.
- 3.4.4 A series of discussions have taken place with Corporate Board, both individually and collectively, and subsequently with all Heads of Service to explain of the elements of the revised risk management process, showing the revised way of recording these and focusing particularly on improving the quality of risk identification.
- 3.4.5 New format Risk Summaries are incorporated within all 16/17 Business Plans and these summaries are quality assured with further advice and assistance provided where necessary.
- 3.4.6 The emphasis on recording key risks rather all possible risks is to facilitate more effective regular reviews as for these to be successful risk summaries should not be of excessive length. Work on the Pillar risk

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summaries has succeeded in streamlining these to a significantly more manageable and practical size.

3.4.7 Training on risk management is included as part of the induction for new managers.

3.4.8 Work on improving the identification and management of risk and uncertainty is ongoing in all areas to ensure this is efficient and effective.

An Integrated approach to Performance and Risk

3.5 Risk management is not a new activity although in many organisations , it has tended to become overly complex and operate as a stand-alone process. Traditionally, the functions of risk management and performance management have reported separately. However, the 2008 financial crisis served as a reminder that performance and risk are inextricably linked and so the processes need to be effectively integrated.

3.6 Within the Council, risk is included within all business plans and the subsequent quarterly reviews will address performance alongside risk. This process has been adopted from Quarter 3 of the current financial year. The Quarter 3 review by the Corporate Board considered performance beside corporate risks.

3.7 The effectiveness of this revised approach will be monitored and kept under review to ensure it achieves the desired outcome as well as reflecting best practice.

3.8 The efficiency and effectiveness of risk management will be subject to review by Internal Audit early in 2016

4. Alternative Options

4.1 Not applicable, the report outlines key risk management activity.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 The risk management budget supports funding for delivering risk management. General risk management related costs are absorbed by existing budgets.

Legal and Human Rights Implications

5.2 As part of the Accounts and Audit regulations 2006, it is a statutory requirement that the Council maintains a robust, adequate and effective system of Risk Management in the delivery of its core services.

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All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 Nothing specific for this report.

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment has not been completed for this report, as it is a summary of actions taken. Where applicable, Diversity Impact Assessments have been undertaken which cover the following component actions of the report and these are held in the responsible service areas.

Risk Management

- 5.5 A Risk Assessment has not been completed for this report as it is a summary of risk management activity overall. The Corporate Risk Summary is the corporate assessment of key risks facing the Council at this time.

6. Consultees

- 6.1 The Board Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 The Chief Executive and Head of Internal Audit, was also consulted in respect of this report.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Corporate Risk Summary February 2016