

# Corporate Risk Management: Update

Audit Committee

Date: 20 April 2010

---

**Author:** Head of Performance and Risk

**Parish / Wards Affected:** All

## **Purpose**

- To present Audit Committee with a summary report on Risk Management activity within Swindon Borough Council, in particular considering the future implementation of corporate risk management in light of the Internal Audit report.

## **Recommendation**

Audit Committee is requested to:

- Endorse the proposed approach to implementing corporate risk management for 2010/11 as set out in this report
- Note the Corporate Risk Register as discussed by Operations and Corporate Board in February 2010 (at appendix 1)
- Note the Internal Audit report on Risk Management (at appendix 2)

## **1. Reasons**

- 1.1 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 seeks to outline how the framework for risk management will continue to be developed.

## **2. Detail**

### What has been achieved to date

- 2.1 Over the last year, a number of key actions have been implemented which have raised the profile and effectiveness of risk management across the Council. These are noted in the recent Internal Audit report as being "*secure procedures [which] are now an integral part of the risk management system.*" These include:
- Consideration of the Corporate Risk Register by Corporate Board at quarterly intervals. This is part of the Quarterly Business Review process, which integrates assessment of strategic risk and key performance issues.
  - Risk registers have been produced and considered on a regular basis by all Groups. These are used to highlight areas of uncertainty in discussion of local performance, and are refreshed in the light of new Group plans. Registers have also been produced for LAA blocks.

---

Further information on the subject of this report can be obtained from *Michael Walker* on 4354 or Email [mwalker3@swindon.gov.uk](mailto:mwalker3@swindon.gov.uk).

# Corporate Risk Management: Update

Audit Committee

Date: 20 April 2010

---

- A number of activities have taken place to broaden awareness of risk management, including training sessions, and concise guidance documentation.

## Taking stock of our approach

- 2.2 The Council's framework and the recent Internal Audit findings have been recently reviewed.
- 2.3 In reviewing the current position, it is suggested that a good start has been made in embedding risk management, and that the foundations of a robust approach are in place. The documentation and procedures developed and now used, represent good practice and continue to be fit for purpose.
- 2.4 With these building blocks (i.e. the 'what') in place, we are now at the stage where our approach to using risk management (the 'how') can be developed. It is suggested that the philosophy of risk management in the Council may need to be extended to:
- (a) Move our focus from risk identification to risk mitigation and action-planning, being more forward-looking and using risk assessment to support business planning. This approach will be applied to consideration of the Corporate Risk Register (shown at Appendix 1), where QBR discussions will be encouraged to focus on actions and their effectiveness in addressing the identified corporate risks.
  - (b) Consider risk more in terms of uncertainty, in which opportunities as well as threats are assessed in risk registers.
  - (c) Be more outward-looking, widening risk assessment to areas not under direct Council management control (e.g. the service interfaces, non-contractual partnerships).
- 2.5 At the same time Corporate Board, Audit Committee and external regulators will need to be assured that the risk management 'infrastructure' will continue to be developed. In this respect the findings of the Internal Audit (at Appendix 2) provide a routemap for the proper structuring of risk management in the Council. The key recommendations are that:
- A common approach to managing risks is in place however this is not consistently followed.
  - The supporting structure and role of risk and performance champions should also be reviewed.

# Corporate Risk Management: Update

Audit Committee

Date: 20 April 2010

- 
- In accordance with the risk strategy, and roles and responsibilities, a Corporate Risk Management Group should be recommenced.
  - The reporting structure for risk management should be reviewed to include full reporting at all levels i.e. department, directorate, group directorate and corporate.
  - The PCT partnership risk registers and reporting process should be reviewed as a matter of urgency.
  - A central repository for performance and risk should be made available in order to present up to date information.

2.6 It is worth noting previous external Audit Commission comments on our risk management under the Use of Resources assessment have recognized that we take well-managed risks and as a result secure strong, sometimes innovative, outcomes.

## Taking forward our framework

2.7 Taking together the above considerations, developing and widening the use of risk management to support decision-making in the Council will have three streams in 2010/11.

### **(a) Raising understanding of risk as a management tool**

This will involve:

- The maintenance and clarification of the Internal Management structure (which involves quarterly consideration of corporate risk at Audit Committee and Corporate Board, more detailed discussion of corporate risk at Operations Board, and Group Performance functions ensuring local risk registers are considered quarterly and inform corporate consideration.
- Further guidance and management development sessions. These will be targeted at key service managers, helping them understand roles and responsibilities around risk management and will entail a mix of communications and more formal training.

### **(b) Using Risk Management better as a forward-looking planning tool**

This will involve:

- The undertaking of risk assessments at corporate and Group levels in parallel with the development of business planning for 2011 and beyond. The context of planning for future years will be greatly changed due to financial pressures and fuller consideration of 'uncertainty' – both opportunities and risks - will

---

Further information on the subject of this report can be obtained from *Michael Walker* on 4354 or Email [mwalker3@swindon.gov.uk](mailto:mwalker3@swindon.gov.uk).

# Corporate Risk Management: Update

Audit Committee

Date: 20 April 2010

---

need to be done robustly in a business planning process that will be developed for 2011.

## (c) Focusing on Risk Management in partnerships

This will involve:

- Working with partnership governance structures notably SSP, thematic partnership blocks, Capita, and arms-length management organisations to ensure that the risks and uncertainties they face are appropriately assessed and have corporate visibility.

## Next steps

2.8 It is proposed that practical steps to take forward risk management based on the approach discussed above will involve

- Reconsideration of the Corporate Risk Register mindful of the new Annual Delivery Plan for 2010/11 – with a focus on risk actions – at the May Corporate and Operations Boards QBR sessions.
- Reconsideration of Group Risk Registers based on Group Plans and the Annual Delivery Plan in May and June.
- Undertaking risk & planning sessions looking forward to next years' plans with Operations Board, Audit Committee, SSP and Cabinet (by August / September).

2.9 This work will be led by the Performance & Risk team.

## Alternative Options

- The approach outlined appears the most appropriate to ensure the Council manages its risks suitably.

### **Risk Management**

#### *Financial and Procurement Implications*

- Assessing financial risk is integral to the Council's risk management approach and forms a key part of the process for developing Corporate and Group risk registers.

#### *Legal / Human Rights Implications*

Further information on the subject of this report can be obtained from *Michael Walker* on 4354 or Email [mwalker3@swindon.gov.uk](mailto:mwalker3@swindon.gov.uk).

## **Corporate Risk Management: Update**

**Audit Committee**

**Date: 20 April 2010**

- Ensuring Corporate Risks are suitably assessed and managed is crucial to ensuring, as far as possible, that the Council is addressing its legal obligations

*Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)*

- Corporate Risk Management is a fundamental element of ensuring the delivery of the Council's corporate plans.

### **Consultees**

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

### **Background Papers and Appendices**

- Appendix 1: Corporate Risk Register
- Appendix 2: Internal Audit of Risk Management 2009/10