



Committee and Date

Audit Committee

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Public

RISK MANAGEMENT ANNUAL REPORT TO AUDIT COMMITTEE 2011

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1. Summary

- 1.1 This report sets out the work undertaken by the Risk Management Team during the last year. It includes some of the initiatives undertaken, and challenges managed during this period. The year has again seen an intense and varied workload, and the team have continued to ensure consistency and development of the service provided, maintaining a good assurance report from an Internal Audit review and reflected by the Team Leader receiving the prestigious title of Risk Manager of the Year by the Association of Local Authority Risk Managers (ALARM).

2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report.

REPORT

3. Risk Management and Opportunities Appraisal

- 3.1 The management of risk is a key process which underpins the successful achievement of our objectives and priorities. It forms part of the Annual Governance Statement and the Risk Management Team ensures that the processes and protocols are established and embedded which in turn support effective decision making.

4. Financial Implications

- 4.1 Failure to effectively manage the risks associated with the delivery of the new operating model and transformation programme will result in financial ramifications for the Council.

5. Background

- 5.1 The Risk Management Team have continued to further embed risk management within the day to day processes of the Council. This continued work and the active steps taken to reduce claims made to the Council have maintained the Council's reputation as one which defends itself robustly. This leads to lower insurance costs in the future.

- 5.2 Some of the work undertaken in the last year has included meeting with newly appointed group managers to establish:-
- the key projects or initiatives being planned;
 - the key opportunities;
 - the key risks to achieving these opportunities;
 - interdependencies with other service areas;
 - strategic risks to the Council;
 - partnerships and key contracts are in place;
 - how we can support them in their new roles.
- 5.3 The strategic risks now facing the Council are identified and are in the process of being fully developed. This will include robust controls to manage the risks and to implement further controls to provide the necessary assurances that our exposure to risk is effectively managed and minimised.
- 5.4 The operational risks have continued to be monitored, reviewed and updated. A piece of work is underway to allocate operational risks to the appropriate Service Delivery Groups to ensure consistency and that the Council's exposure to risk is not compromised.
- 5.5 We have continued to develop, facilitate and deliver training programmes such as:-
- risk management general awareness training to relevant risk owners (67 attendees over eight sessions);
 - schools risk management and insurance training (90% of schools attended);
 - specific key initiatives training (e.g. Increasing Resilience and Adapting to Climate Change, PFI);
 - bespoke training for a Town Council (income generating);
 - emergency response roles training in conjunction with the emergency planning unit;
 - and involvement in the head teacher induction programme.
- 5.6 This year we have worked alongside one of the School Development Groups to develop a generic risk register for schools to adopt. The risk register was completed in June 2010 and updated in November 2010. The register has been provided to all schools for them to personalise and adapt. Following the provision of the risk register we have worked with some schools on an individual basis to support them in the completion of their registers. This has improved the management of schools business risks and supports the school development plans.
- 5.7 To further support the work we have undertaken with schools, we have developed and provided a "School's Handbook for Risk Management and Insurance" and each Shropshire Council school has been provided with a personalised copy. This is updated annually. This has enabled us to clearly

articulate the importance of dealing with insurance claims as a high priority ensuring we manage claims within the stated legal protocols and timescales.

- 5.8 We have continued to be involved and support the Safer Schools Initiative which involves collaborative working with the Police and School Community. 65% of schools now have full accreditation, 19% are working towards accreditation and 16% are due to commence the process imminently. This accreditation provides assurances to the school's stakeholders that the safeguarding of students and overall school security is of paramount importance and is being managed appropriately.
- 5.9 We have continued to develop the work of the Fire Service Group, which is chaired by the Risk Management Officer, in providing support and guidance across all Shropshire Council premises (including Schools) in meeting the legal requirements of the Regulatory Reform Order 2005 (Fire Safety). The group is made up of the relevant Council service areas together with representation from the Shropshire Fire and Rescue Service. An intensive process has been undertaken in this area to ensure that all current Council premises have a fire risk assessment in place. Fire risk assessments are now in place at every school. Of the remaining council premises, 95% have confirmed fire risks assessments are in place. The remaining 5% is not an indication that fire risk assessments are not in place, but that confirmation is awaited. Work is ongoing in this area to receive these final assurances.
- 5.10 We have established a clear risk management framework which identifies six core principles:-
1. Understand the Council and its critical priorities;
 2. Horizon scanning, opportunity risk identification and assessment;
 3. Review and agree the Council's risk appetite;
 4. Design a resilient approach;
 5. Implement response and recovery measures;
 6. Exercise resilience governance and review.
- 5.11 These core principles underpin the management of opportunities and risks to achieve the seven priorities for the Council.
- 5.12 We have undertaken a review and redeveloped our business continuity arrangements which has resulted in robust business continuity plans in place for each headquarter together with an Initial Response Team to respond in the early stages of an incident. A desktop exercise has been undertaken with all HQ staff involved in the business continuity arrangements in place. During the staff restructuring we have managed membership to the key emergency response teams and updated them to ensure the Council maintained a robust resilience.
- 5.13 The Audit Team have undertaken an audit of the risk management function and the final report identifies the assurance level as "**Good**". There were two recommendations within the audit report and one best practice recommendation. All three recommendations were actioned and implemented immediately.

5.14 This year saw us take part in the CIPFA/ALARM Benchmarking exercise. This was a robust exercise which helped identify areas for future development. There are different levels of attainment and in both areas; Enablers and Results, we were operating at Level 5 which is the top level of Driving. In 2010, 98 public sector bodies took part in the exercise and we undertook three different comparisons:

- with all 98 bodies;
 - no lower than 6th in all categories
- with 46 other Unitary Councils;
 - no lower than 5th in all categories
- with 19 similar sized local authorities
 - 1st overall with the exception of one category where we were 2nd.

5.15 Undertaking the risk management benchmarking exercise has provided assurance that we are operating at a high level to support the Council's functions.

5.16 We were delighted to be recognised nationally at the Association of Local Authority Risk Managers (ALARM) 2010 conference in June, with the receipt of the Risk Manager of the Year Award. This has resulted in Shropshire Council being put on the map for risk management and has resulted in requests to attend seminars and conferences as speakers to share our best practice.

6. Additional Information

6.1 We will be working closely with the By Design Team in developing robust processes, programmes and ways of measuring performance. This joined up approach will ensure that the Business Improvement Team is working cohesively and collaboratively across all areas of the Council.

6.2 To support our six core risk management principles we have undertaken a review of the risk management strategy and are proposing an Opportunity Risk Management Strategy which is currently in draft for consideration by SMB, Cabinet and Council.

6.3 During the review of the business continuity arrangements, we have drafted a Business Continuity Management Policy which is an overarching comprehensive policy which underpins the business continuity plans and arrangements in place. Membership of the key teams within the plans is established and training exercises are due to be undertaken during the next few weeks.

6.4 The Risk Management Team are very proactive and dynamic in their approach and are dedicated to developing opportunities, managing risks and promoting innovative practices. The team are the pivotal driving force behind risk management and will continue to:-

- assess the emerging and key risks facing the Council;

- advise Senior Management of key risk related issues;
- ensure that proactive and holistic risk management arrangements are in place which provide an effective channel for the management of ALL risks;
- identify training opportunities to communicate risk control measures and best practice to staff across the Council and key partners;
- develop policies and procedures necessary to reduce risk exposure;
- work with partner agencies to identify and mitigate the risks arising from joint and partnership working;
- undertake risk management benchmarking to ensure we are operating at a high level to support the Council's functions.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Annual Governance Statement

Risk Management Audit Report 2010

CIPFA 2010 Risk Management Benchmarking Report

Draft Opportunity Risk Management Strategy

Draft Business Continuity Management Policy

Cabinet Member

Tim Barker, Lead Member Advocate

Local Member

N/A

Appendices

None