Shropshire Council	Committee and date Audit Committee 19 September 2012 2pm	Item No **10** Public

RISK MANAGEMENT ANNUAL REPORT TO AUDIT COMMITTEE 2012

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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 the challenges and achievements accomplished during this period. The year has again seen an intense and varied workload and the team have continued to ensure consistency whilst developing the service provided. We have again maintained a 'Good' assurance report from the Internal Audit review. Shropshire Council has a reputation for embedding successful risk management practices and this has been reflected by the Team Leader being voted on to the Board of ALARM (Association Local Authority Risk Managers).

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 priorities and outcomes. 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 services and the transformation programme will result in financial ramifications for the Council.

5.   Background

5.1   Following the approval of the Opportunity Risk Management Strategy in 2011, the Risk Management Team has continued to further embed the Opportunity Risk Management Strategy to support our changing environment. We needed to ensure that we were taking advantage of every opportunity possible and the strategy is outcome based and focuses on the achievement of our key priorities, objectives and benefits realisation.

5.2 Some of the work undertaken during the last year, and detailed later in the report, has included:-

- Development and implementation of new approach for managing our strategic risks;
- Opportunity Risk Management workshops;
- Review and update of the School's Risk Management and Insurance Handbook;
- Benchmarking exercise;
- Extensive training programme;
- Management of the key risks to successfully support high profile events;
- Configuration and development of risk management software system;
- Development and implementation of the Business Continuity Management Policy and associated testing exercises.

5.3 This year has also seen the incorporation of the Compliance Officer (Fire Safety) post into the team. This role has always been carried out collaboratively with the risk and insurance officers and the synergies between all three elements of the team provide a cohesive and robust risk management function.

5.4 The Audit Team have undertaken an audit of the risk management function and the final report identifies the assurance level as **"Good"**. There was one recommendation within the audit report requiring action. This action will be met once the new risk system is fully operational (refer to 6.7 below).

6.   Additional Information

6.1 Development and implementation of new approach for managing our strategic risks

Each strategic risk is owned by a member of SMB/SMT and a portfolio holder. These are reviewed on a monthly basis and the outcomes of this review form part of the monthly organisational scorecard. The strategic risks are broken into two sections; those above our tolerance levels and those beneath. It is usual for our risk exposure to change from one reporting month to the next based on changes to the risk environment and also the implementation of controls. With the implementation of the new configured risk software system, all operational and transformational project risks above our tolerance levels will be linked to all relevant strategic risks. This will provide strategic risk owners with the overall strategic risk exposure across all functions of the Council.

6.2 Opportunity risk management workshops

The team have been asked to facilitate, and have undertaken, many workshops during the last year. This has resulted in detailed risk workshops being undertaken for areas such as Transforming Adult Social Care, Economic Growth Strategy and the Implementation of Shared Services. The workshops are run along a developed and successful proforma, the process for which is clearly articulated in our strategy with key opportunities being identified first followed by the identification and management of the associated risks.

6.3 Review and update of the School's Risk Management and Insurance Handbook

The handbook was developed and provided to all schools during the early part of 2011 and underwent an annual review and update during this year. The schools now heavily rely upon the information provided in the handbook which has seen less enquiries made directly to the team as they have a robust handbook providing all necessary information. Schools have adopted the generic risk register developed in 2011 and we have continued to support schools wanting to develop this in line with their School Development/ Improvement Plans.

6.4 Benchmarking exercise

This year once again saw us take part in the CIPFA/ALARM Benchmarking exercise. This is a robust exercise which helps identify areas for future development. There are different levels of attainment and in all areas we are operating at Level 5 which is the top level of 'Driving'. The table below shows how we faired in comparison to all 43 organisations taking part.

Section	Assessed Level	Shropshire Council's Overall Position (number of orgs. sharing position)	Average Score	Shropshire Council Score 2012	Shropshire Council Score 2011
A – Leadership and Management	Driving	1st	74.9	99	83
B – Policy and Strategy	Driving	Joint 1st (2)	74.5	96	92
C - People	Driving	2nd	75.5	93	90
D – Partnership and Resources	Driving	Joint 4th (4)	68.3	85	84
E - Processes	Driving	1st	77.7	100	95
F – Risk Handling and Assurance	Driving	1st	65.1	97	90
G – Outcomes and Delivery	Driving	Joint 1st (2)	65.3	95	69

6.5 Extensive training programme

The team have continued to provide their on-going training programmes in relation to Opportunity Risk Management General Awareness Training available to all staff, and the Schools Risk Management and Insurance Training. Both these programmes continue to be well attended with a total of 98% of schools now having had representation at the schools training. This training continues to be undertaken on a termly basis to ensure that changes in management at schools are provided with support by the provision of this training. To further support and embed the introduction and embedding of the strategy we developed a tailored Member only programme of training. To date 48% of Members have attended this training which is workshop based and which has been very favourably received. Some examples from feedback forms include:-

- Excellent session, well presented and informative
- Enjoyed the exercises enabling active Member participation
- Good understanding of Shropshire council risk management process

6.6 <u>Management of the key risks to successfully support high profile events</u>
The team were responsible for managing the risks and were part of the programme boards for both the Olympic Torch Relay which visited Shropshire on both the 24th and the 30th May and the Diamond Jubilee Pageant which took place on the 12th July 2012. We have been extremely well praised on such well organised events. The risks were managed through robust risk registers across all work stream areas and the provision of weekly RAG reports providing an appraisal of the detail in the risk registers. We were able to strategically challenge the detailed risk registers and ensure slippage within the work streams and impacts on associated interdependencies was robustly managed.

6.7 <u>Configuration and development of risk management software system</u>
Considerable time has been spent during the last few months in developing the PerformancePlus system to effectively manage risk in real time. This enables one system to provide finance, performance and risk information within one reporting structure. It allows risks to be updated as often as required but reviewed on a monthly basis through email prompts. This prevents the team from undertaking unnecessary chasing for updates which was the one recommendation in the audit report. The risks will be added to PerformancePlus for people to update them.

6.8 <u>Development and implementation of the Business Continuity Management Policy and associated testing exercises</u>
This year has seen the implementation of the overarching Business Continuity Management Policy. We have a mandatory requirement under the Civil Contingencies Act (2004) to not only have business continuity management arrangements in place, but for these to be tested to check for robustness. We have undertaken a programme of awareness sessions, Exercise Noah (a large all day training exercise) and a further smaller exercise to test subsequent changes following Exercise Noah. We have also implemented business continuity and emergency response team arrangements for the shared services team at Guildhall. All Council headquarters have initial response teams in place which respond to any incident at their HQ fully supported by the overarching emergency response teams based at Shirehall. The testing of these arrangements has resulted in several changes being made this year demonstrating the importance of testing our arrangements and plans.

6.9 <u>Going forward</u>
The next challenge for the team is to embrace, support and facilitate the robust risk management programme for the development of our new delivery model for services of the Council. The newly formed 'ip&e ltd' will see services transferred into it over the next three years and robust risk management will be essential.

6.10 <u>ip&e ltd</u>
We are actively involved in monitoring the risks for the Programme Board and have developed a risk management framework for the implementation of robust risk management processes to support the successful achievement of this undertaking. The team's involvement will provide a strategic challenge

and robust management of the many risks to implementing the new delivery model.

6.11 Fire Safety
Under the Regulatory Reform (Fire Safety) Order 2005, responsibility for fire safety at any particular premises rests with the "responsible person" i.e. the employer and/or the person who has control of the premises. The legislation places a number of duties on the "responsible person", including carrying out a fire risk assessment and taking all necessary fire precautions. The role of the Statutory Compliance Officer (Fire Safety) has recently been incorporated into the wider Risk Management Team. The officer's role is to ensure that statutory fire safety duties are met in all Council premises. This includes carrying out fire safety surveys and providing support and advice to premises managers with regard to their fire risk assessments and the fire precautions which need to be in place in the wide variety of premises operated by the Council.

6.12 Liaison with the Fire Authority
Fire safety legislation throughout Shropshire is enforced by Shropshire Fire and Rescue Service (SFRS). They audit fire safety in all types of premises and have a range of enforcement powers available in cases where the requirements of the law are not being met. Given the range and number of premises operated by the Council, a good working relationship with SFRS is considered essential. The Council's Fire Safety Group meets quarterly and includes representation from services across the Council as well as SFRS and provides the opportunity to discuss the requirements of the legislation, fire safety in Council premises and any areas of concern which may arise.
The relationship with the Fire Authority has recently been strengthened and now includes more frequent "operational level" consultation meetings during which specific fire safety improvement measures can be considered.

6.13 Learning and Skills Fire Improvement Strategy Panel.
Learning and Skills have allocated funding for improvements and upgrades to fire precautions such as fire detection and warning systems within the Council's school buildings. The Statutory Compliance Officer (Fire Safety) provides technical advice to the Learning and Skills Fire Improvement Strategy Panel on matters including how school assessments should be prioritised and the measures which can and should be taken to improve the fire safety.

6.14 Auditing, monitoring and training.
It is important for the Council to be able to audit and monitor compliance with fire safety legislation across all of its properties including those it shares with other organisations. Auditing methods are being developed and the existing system of monitoring is being adapted to be suitable for the way in which the Council will operate in the future. Guidance and training in fire risk assessments is often given to individual premises managers on site although a number of more formal workshops are provided in conjunction with colleagues from the Council's Health and Safety Team throughout the year.

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 2012

CIPFA 2012 Risk Management Benchmarking Report

Opportunity Risk Management Strategy

Business Continuity Management Policy

Cabinet Member

Tim Barker, Lead Member Advocate

Local Member

N/A

Appendices

None