Title: Risk Management Six Month Review

Report of: Strategic Director Finance & Investment

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Wards Affected: None | Key Decision: No

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Summary:
Strategic leadership of corporate risk management sets the tone for the whole risk management framework. This supports the expectation that effective management of risk becomes “part of the day job” underpinning day to day decision making, service delivery and ultimately delivery of outcomes and benefits for the community.

This report, as well as providing an update on the review of Corporate Risks and Service Level Risks, has the incorporation of the identified Transformational Risks, coming from A2020, as a subset of the Corporate Risk Register (CRR), to be fully incorporated when in the CRR review has been completed. Also attached is a revised Corporate Risk Policy and Strategy.

Recommendation(s)

PAASC is recommended to:
(i) Note the current review position.
(ii) Note the future incorporation of the reporting of Corporate Continuity Risks within the CRR.
(iii) Agree the revised Risk Policy & Strategy.

Reason(s):
Risk offers both significant potential positive and negative impacts on delivery and reputation, thus PAASC plays an essential role in assisting in the strategic leadership of corporate risk management, helping to set the tone for the whole risk management framework and assisting in the managing of a well run organisation.
1 Background

1.1 Risk offers both significant potential positive and negative impacts on delivery and reputation, thus PAASC provides strategic leadership of corporate risk management, setting the tone for the whole risk management framework.

1.2 Risk management is not a panacea to problems in its own right, but a sound management technique that is an essential part of any successful organisation. Emphasis needs to be on the significant benefits from operating good risk management rather than the process itself.

1.3 It follows that a key organisational challenge facing the Council is embedding risk as part of the organisation’s decision making process both in day to day operational situations and at the strategic level.

2. Corporate Risk Management Review

2.1 Following on from the report to PAASC on 22nd March 2016 the Corporate Assurance Group (CAG) on 9th June 2016 requested that all levels of the Corporate Risk Register (CRR) undergo a thorough revision, this included the renumbering and presentation of those risks.

2.2 CAG, after discussion in June, decided that the Policy and Strategy that had also been presented needed to be revised and the format changed from 4x4 Matrix to a 6x4 matrix that allowed a greater degree of finesse to rating risks.

2.3 The Risk Management Policy and Strategy (Appendix 1), including an outline of the corporate approach to risk, has been revised after comments received from CAG, and is presented here for agreement. The Policy and Strategy includes the new matrix, description of responsibilities and reporting process.

2.4 Also in June, a comparison of LBBD Corporate risks and those of a national survey conducted by Zurich was presented by the GM for Risk & Insurance to CAG, which showed that there was a close correlation in those risks that LBBD had identified and those Nationally, it was recognised that the only ones missing were the Transformational Risks related to A2020. CAG therefore requested that there was a greater liaison between the GM for Risk & Insurance and the Transformational team, as well as the programme and projects office, to enable the impact of those risks on the CRR, coming out of the transformation, were captured.

2.5 The CRR (Appendix 3) presented here has the Transformational risks, arising from the implementation of A2020 that impact on corporate risks, as a subset to the CRR (Appendix 2). These will be incorporated fully into the CRR when the CRR review is completed and will be reported to CAG and PAASC. This will enable those Directors responsible for those Corporate Risks impacted by the Transformational programme to be aware and to incorporate them in any mitigation action plans. There are now regularly scheduled meetings between the GM Risk & Insurance and the Transformational team to ensure that any new risks are captured as soon as possible.

2.6 The GM Risk & Insurance is now working closely with the Policy & Programme Section to ensure that the new matrix format is implemented into all the projects
and programmes that are undertaken. This was agreed with the Director for Strategy & Programmes.

2.7 The Corporate Risks are currently with Directors (Appendix 3) for review and as they are reviewed, revised and Action Plans completed, they will be brought to CAG for discussion, prioritisation and agreement and then to PAASC. The CRR in the old 4x4 Format and ratings is attached at Appendix 4 for reference.

2.8 At a service level the GM Risk & Insurance is liaising with the relevant Directors, as well as Group Managers to revise and make Service Registers, where they exist, relevant and transposed into the new matrix and to compose new registers where there are none.

3. Corporate Continuity Plan Risks

3.1 The need for Business Continuity Planning (BCP) is a statutory duty and as such is rigorously enforced at a service level. It is also a recognised Corporate Risk along with Emergency Planning.

3.2 Along with service BCP’s there is a corresponding need to have an overarching BCP that ensures that when an incident triggers multiple service BCP’s that an encompassing organisational view and corresponding decisions can be made.

3.3 This becomes increasingly necessary given the consolidation of staff and services into fewer buildings and therefore not only the reduction in resilience that multiple buildings give, but also the probable impact on more diverse services, although this is mitigated to an extent by the smarter working policy.

3.4 Whilst drafting the Corporate Continuity Plan it was recognised that there are corporate risks that are coming out of the exercise that need to be captured and reported. After a discussion between the BCP Co-ordinator and the GM Risk & Insurance it was decided that with CAG’s agreement, these risks will in future be reported as a part of the CRR, like the Transformation Risks.

3.5 These BCP Corporate Risks are currently being worked upon to put them into the new format and will be incorporated within the next report to PAASC.

4 Financial Implications

*Implications completed by: Jonathan Bunt, Strategic Director Finance and Investment*

4.1 The Risk & Insurance team is fully funded and there are no additional financial implications arising directly from this report. Robust risk management can prevent financial loss to the Authority.

5 Legal Implications

*Implications completed by: Dr. Paul Feild Senior Governance Lawyer*

5.1 To reiterate the main body text of this report, risk management is a key role for the organisation across the board for Members, Chief Officers and the teams. In
particular, local authorities have a specific leadership role to be prepared and able to take action under the Civil Contingencies Act 2004.

5.2 Furthermore, if a risk is identified and reasonable measures are not taken to mitigate its likelihood of occurrence and if it is unpreventable, such as for example a major natural disaster like the Thames flooding or say that a tree on the highway was dangerously leaning over, then there could be legal liability for negligence and reputational damage in not having taken steps to reduce the risk of occurrence and magnitude of an event so as to minimise actual loss and potential claims for compensation. To carry out risk assessments is therefore a core activity for management.

6 Customer Impact
None

7 Recommendations
7.1 PAASC is asked to:
   - Note the current review position.
   - Note the future incorporation of the reporting of Corporate Continuity Risks within the CRR
   - Agree the revised Risk Policy & Strategy

8 The following documents were used in the preparation of this report
8.1 None

9 Appendices
9.1 Appendix 1 – Risk Management Policy & Strategy
9.2 Appendix 2 – Current A2020 Transformation Risk Register
9.3 Appendix 3 – CRR in new 6x4 Matrix format
9.4 Appendix 4 – CRR in the 4x4 format for reference