**Title:** Risk Management Quarter 2 2012/13 Review Report

**Report of:** Divisional Director Finance

**Open** For Information

**Wards Affected:** None Key Decision: No

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**Accountable Director:** Divisional Director Finance

**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 provides
- A summary of the position of the Corporate Risks for Quarter 2 2012/13

**Recommendation(s)**
PAASC is recommended:
(i) To note the report
(ii) Note the summary position of the Corporate Risks as at end of Quarter 2
(iii) Note the change to the target for CR 08 – Staff Moral & Engagement

**Reason(s):**
Risk offers both significant potential 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 priority 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 LBBD 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 The summary position as end of Quarter 2 2012/13

2.1 The number of corporate risks has increased to 26 for Quarter 2 (24 in Qtr 1).

2.2 There are 9 retained risks. This means that they are risks that have reached the level of mitigation (risk appetite) where the Corporate Management Team (CMT) are comfortable that the risk is being managed.

2.3 There has been a change to the number of red and amber corporate risks since Quarter 1, with there now being 5 red risks and 19 amber risks. (Qtr 1 was 7 red risks and 17 amber risks)

2.4 There are 2 new risks that are being prepared that have not been rated yet.

2.5 The following risks have changed status

   **Strategic Risks**

   - **CR 24 – Community Tensions**
     This has decreased from a high amber (9) to a low amber (6) as mitigations put in place to manage the tensions due to the ongoing concerns around the extreme far right and the ongoing increase in the demand for Christian and Muslim worship spaces in the borough are now taking effect. Also with the completion of the Olympics the increase in risk due to them has been removed.

   - **CR 25 – Thriving Third Sector**
     This has increased from a low amber (6) to a high amber (9) due to the reduction in budget allocation for CVS/volunteering.

     This risk has now risen above the level set by CMT and is no longer designated a retained risk.

     The target rating is still set at low amber (6) with a target date of March 2013 for measures to be put in place to mitigate the impacts if possible.
Organisational Risks

- **CR 04 – IT Systems**
  This has reduced from a high amber (8) to a low amber (6) due to improved processes in the ICT service.

  Some of the changes include formal service levels agreements and KPIs. These are reviewed monthly, by the Client officer in place to manage the Elevate contract and also includes a review of ICT service risk logs.

  A formal change control board has been established in Elevate to ensure the impact of any ICT system changes are properly understood and planned.

  All of the above measures have reduced the possible impact of this risk.

- **CR 05 – Contracts**
  This has reduced from a red risk (12) to a high medium risk (8) due to the centralisation of the contract management team.

  This has enabled robust challenge of performance and costs and is undertaken monthly with each of the Elevate services and LBBD client leads. There is a Joint Performance Review held monthly which validates the performance against KPIs and PIs, and reviews in-year cost pressures.

- **CR 08 – Staff Morale & Engagement**
  This has reduced from a red risk (12) to a high medium risk (9) as the organisation has become more used to managing with lower levels of morale and so this has become the new norm.

  The continued uncertainty for staff through the budget process and the fact that more job losses will be the consequence of the decisions members will take as part of that process, means that it is extremely challenging to achieve an improvement of morale and levels of engagement.

  The target of 6 by March 2013 is unlikely to be achieved. This does not mean that efforts should not be sustained to build engagement.

  CMT accepted that a recommended score of 9 would be more realistic for achievement in these circumstances.

- **CR 16 – Customer Demand** *(renamed from Customer Expectation)*
  This risk was reviewed and renamed to better reflect the actual risk.

  It has also been reduced from a high amber (8) to low amber (6) reaching the level set by CMT before the target date.
This is due to Customer Insight work (specialist data and needs assessment work in services such as Housing, Children’s and Adult services) now being aligned with work to map and analyse local demographic information.

This enables the use of both demographic and customer insight work alongside satisfaction surveys and other customer engagement to inform corporate and service-specific marketing strategies, and to build effective communication strategies to assist in managing customer expectations.

This risk will now be classified as a retained risk in future dashboards.

**Other Changes to the Corporate Risk Dashboard**

- **CR 06 – Compliance & Assurance**
  This remains a red risk (12) but is currently being reviewed and the risk clarified as to what is meant by Compliance and Assurance.

  Also clarification on where the non compliance is within the organisation.

  The revised risk and action plan will be reported to in Quarter 3.

- **CR 07 – Budget Management, Income & Efficiency**
  This has been reviewed and revised and has been split into two new risks CR 32 – Budget Setting and CR 33 – Budget Delivery.

- **CR 29 – Olympics**
  This risk has been closed

**New Risks**

The following draft new risks were agreed for inclusion onto the Corporate Risk Register at CMT on 6th September 2012. These risks are being clarified and will, with relevant action plans, be ready to be reported in Quarter 3.

- **CR 34 – CRB**
  Changes to CRB rules increases the risk of safeguarding failures as well as discrepancies in the CRB data held leading to some process failures around three-yearly re-checks, which have resulted in a lack of confidence in the CRB process.

- **CR 35 – Shared Services**
  The potential impact on capacity for delivery due to increase in duties and the attention given to implementing shared services.

3 **Comparison of 2011/12 Dashboard**

3.1 PAASC at it’s meeting on 27th September requested sight of the 2011/12 Corporate Risk Register dashboard to compare Risks and their movement.
3.2 Attached at Appendix B is the complete dashboard for 2011/12 showing movement between the quarters.

4 Recommendations

4.1 PAASC are asked to:

- Note the summary position of the Corporate Risks as at end of Quarter 2
- Note the change to the target for CR 08 – Staff Moral & Engagement

5 Appendices

5.1 Appendix A: Quarter 2 Risk Dashboard 2012/13

5.2 Appendix B: 2011/12 Corporate Risk Register Dashboard