Title: Risk Management Review Report

Report of: Chief Finance Officer

Open

For Information

Wards Affected: None

Key Decision: No

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Accountable Divisional Director:
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Accountable Director: Graham Farrant, Chief Executive

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 current position of Corporate Risk Management

Recommendation(s)
PAASC is recommended to:
(i) Note the summary position of the Corporate Risks
(ii) Note and agree the offset of the bi-annual reporting from quarters 1/2 and 3/4 to quarters 2/3 and 4/1.

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 A summary of the current position of Corporate Risks

2.1 The numbers of corporate risks have increased from 26 at the last report to 29.

2.2 There are 3 new risks included under Organisational Risks.
   They are:
   • CR 36 - Cost of Remand Care Funding by the Local Authority
   • CR 37 - Oracle R12
   • CR 38 - The Care Bill

2.3 There are 15 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.

2.4 There are 4 red risks, 21 amber risks and 1 green risk. The 3 new risks are not included within these numbers.

2.5 New Risks

The following draft new risks are awaiting approval and assignment so Action Plans can be populated.

• CR 36 – Cost of Remand Care Funding by Local Authority
  The cost of remand care for young people who offend will now be funded by the Local Authority. These young people will now be deemed “looked After” and will therefore be subject to the full regulatory process associated with children in care resulting in additional pressures on resources.

• CR 37 – Oracle R12
  The Oracle R12 Project suffering from implementation delays resulting in budget pressures and operational issues.

• CR 38 – The Care Bill
  Non-implementation of the Care Bill will result in the Council not achieving its statutory and legal obligations when the Care Bill comes into effect from April 2015/16. Lack of effective planning could result in significant cost.
2.6 There have been no major changes to the positioning of the risks from the last report, this is mainly due to the mitigation that has been put into place yet to have an effect, for example the Crime Strategy only came into effect in October 2013, although it was proposed in April, and the impact is still to be determined.

3. Review of Risk Management and its reporting to PAASC

3.1 In the Risk Report to PAASC on 1st May it was agreed to amend the reporting frequency to bi-annually. This acknowledged that there is now established quarterly reporting and discussion of risk at CMT and within directorates.

3.2 Since that report the Group Manager for Risk & Insurance has taken over responsibility for Risk Management at Thurrock Council as well as continuing to manage Insurance Services for both LBBD & Thurrock Council.

3.3 To enable Risk Management to be effective in and for both organisations a full review of the risk management strategies, policies and reporting frameworks is being undertaken, as well as comparisons between corporate risks and mitigations undertaken.

3.4 A full report on the outcomes of that review will come to a future meeting of PAASC when it has been completed.

3.5 A revised policy, strategy and reporting framework is a stand alone report that is also before PAASC on 19th March 2014.

3.6 The review has already reached one conclusion and that is to enable accurate and timely reporting for both organisations it is necessary to streamline the risk management reporting processes and to accomplish this it is proposed that in future the reporting of Risk to PAASC remains bi-annual but be offset from the normal quarters, so that the bi-annual reports will now be for quarters 2/3 and 4/1 rather than at present as quarters 1/2 and 3/4.

3.5 Reporting of Risks to Thurrock Council’s Audit Committee will be for quarters 1/2 and 3/4.

3.6 Therefore the next Risk and Opportunity Risk Report to PAASC will be for the period January 2014 to 30th June 2014.

4 Financial Implications
None

5 Legal Implications
None

6 Customer Impact
None
7 Recommendations

7.1 PAASC is asked to:

- Note the summary position of the Corporate Risks
- Note and agree the offset of the bi-annual reporting from quarters 1/2 and 3/4 to quarters 2/3 and 4/1.

8 Appendices

8.1 Appendix A - 2013-14 Summary Corporate Risk Dashboard