

Division(s):

AUDIT AND GOVERNANCE COMMITTEE

18th SEPTEMBER 2013

RISK MANAGEMENT ANNUAL REPORT

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. The purpose of this report is to provide an overview of the Council's activity both to manage risk across the organisation and to develop the risk management process. It is an annual opportunity to review the effectiveness of our approach.
2. Based on the recommendations of the Zurich Risk Management Review, that was presented to this committee in November 2012, the work programme for 2012/13 was structured around the following themes:
 - Risk Management strategies and processes support the business effectively;
 - Senior management and the Executive Board support and promote risk management;
 - Risks are handled well and the risk management process delivers successful outcomes;
 - People are equipped and supported to manage risk well.

Overview of progress

3. Progress this year has focused on improving our strategies and processes. The Risk Management Framework has been refreshed and support provided for directorates to implement the guidelines within the framework. The framework is fully aligned to the Cabinet Office *Management of Risk: Guidance for Practitioners* publication, which is considered to be the standard for the public sector. The framework aims to reinforce and embed good practice, not to introduce new ways of working. Directorates have used the circulation of the framework to review and refresh their risk registers, ensuring that the recorded risks are current and relevant.

Work Programme Update

4. ***Risk Management strategies and processes support the business effectively.***

The OCC risk management framework has been fully revised and adopted for use across the organisation. The framework consists of three levels, the strategy, guidance on process and then specific working practice documents within each directorate. These will be published online together with revised website content to coincide with the launch of the e-learning course that is currently being

developed. Risk leads within each directorate have been identified and meet on a regular basis to review processes and share best practice.

Directorate risk leads have been proactively developing approaches to risk management. Together with senior managers they have reviewed and revised risk registers, using SWOT (Strength, Weakness, Opportunity and Threat) analysis to define new risks in a rapidly changing operational environment. Managers are actively encouraged to discuss risk in supervision meetings and to escalate them appropriately, as part of the performance management process. Processes are also in place to escalate risks from Directorates to the Chief Executive's Office for discussion by senior officers and members, where appropriate, as part of the quarterly performance management process.

5. ***Senior management and the Executive Board support and promote risk management.***

Senior managers have been engaged in the adoption of the revised framework and have been supportive of the embedding process. On a quarterly basis CCMT monitor and discuss risks escalated on an exception basis, in conjunction with the performance management process. In addition, the Audit Working Group also receives quarterly risk reports.

Directorates have been actively consulted on the revision of the strategic risk register which is presented twice a year for discussion at Extended CCMT. The process of revision and discussion with directorate leadership teams is now established as a continuous cycle of review.

6. ***Risks are handled well and the risk management process delivers successful outcomes.***

The need for risk management training for managers has been clearly established through the Risk Leads Group, to ensure that they are supported to handle risk well. An e-learning course is being developed in conjunction with IT and Learning and Development. This is due to be launched within the next four months. In addition, internal audit provide an effective risk assurance function challenging risk owners to correctly identify risk, employ effective mitigation plans and to direct mitigation action.

There has been some change within directorate Performance and Risk Management functions which has impacted on the promotion and embedding of strong risk management at the operational level. Support has been given from the Chief Executive's Office to maintain the focus on risk management but there is an on-going risk of insufficient capacity at directorate level. This is an area that we will be monitoring closely and will report to Audit Working Group.

7. ***People are equipped and supported to manage risk well.***

This area of the work programme requires further development of the proposed e-learning course and revision of the intranet content. There will then be appropriate training and support in place for staff who are responsible for managing risk. This is a key action for the next year, to ensure that the risk management processes in place are fully effective and embedded.

Contact: *Alexandra Bailey, Senior Performance and Improvement Manager, Chief Executive's Office.*

Next steps

8. It is proposed that we continue with the current work programme to ensure that our process are clearly established and embedded as business as usual. This will include a focus on delivering an e-learning package and a revision of support materials on the intranet as well as continued support and monitoring of the risk management process across the organisation.
9. Directorate risk leads are supported to ensure that the corporate policy and local approaches are appropriate and used across their service areas.

RECOMMENDATION

10. **The Committee is RECOMMENDED to:**
 - (a) note the progress to date; and**
 - (b) provide any feedback on the report.**

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