

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee 31 March 2010
AUTHOR/S: Executive Director (Corporate Services) / Finance Project Officer

REVIEW OF RISK MANAGEMENT STRATEGY

Purpose

1. The purpose of this report is for Corporate Governance Committee to conduct the annual review of the Council's risk management strategy and process and agree any changes considered necessary.

Background

2. The Council's Risk Management Strategy was first adopted in January 2004 and updated in September 2007 and again in September 2008; this last, to take into account the Use of Resources Key Line of Enquiry (KLOE) regarding risk management, the Cipfa Better Governance Forum's "Risk Management Guidance for Elected/Board Members" and recommendations from an internal audit review of risk maturity.
3. This review of the Risk Management Strategy was deferred from September 2009 so that recommendations resulting from internal audit's risk maturity update could be taken into account. At its meeting on 9 February 2010, Corporate Governance Committee approved interim changes regarding risk management executive and governance roles and the risk management process, which addressed some of internal audit's recommendations.
4. Associated with this, the Corporate Manager (Community & Customer Services) is reviewing the process for identifying important corporate projects and ensuring that proper project and risk management procedures are in place for each one, including effective and consistent management reporting at key stages. It is intended that project risk management procedures will be aligned with the updated Risk Management Strategy in a revised Project Management Toolkit.
5. The Audit Commission identified as an 'Area for improvement' in the Use of Resources assessment, "Risk registers are becoming more important in the operational and strategic management of the Council." Discussions have been held with the Policy and Performance team and a consultant to get risk registers set up in CorVu.

Considerations

6. Corporate Governance Committee has regularly challenged items included in the strategic risk register or assessments of their impact and/or likelihood, and also suggested other risks for consideration.
7. A review of the risks identified and assessed over the past 18 months has revealed that several strategic risks have been successfully managed, indicating that the Council's risk management strategy and process is effective:
 - (a) The improvement agenda;

- (b) CGI actions;
- (c) Managing the delivery of political priorities;
- (d) Better Regulation Agenda;
- (e) Pandemic 'flu;
- (f) EU Services Directive.

In addition, impact and likelihood assessments of two other strategic risks have been reduced: Embedding values; and Equalities.

8. The Risk Management Strategy has been updated for the changes approved at the interim review and those proposed to address the remaining internal audit recommendations. **Appendix A** attached sets out all the recommendations resulting from internal audit's risk maturity update, together with management responses, actions taken and updates proposed to the risk management strategy. The resulting proposed revised Risk Management Strategy is attached at **Appendix B**.
9. It should be noted that, although the proposed revised Risk Management Strategy reflects the reallocation of the Member "executive" risk management role to the Northstowe Portfolio Holder, Corporate Governance Committee will continue to review and approve the strategic risk register until the Council has agreed the related amendment to the Constitution.

Options

10. Corporate Governance Committee could approve the changes proposed to address the remaining internal audit recommendations and the resulting proposed revised Risk Management Strategy. (***This is the recommended option.***) Alternatively, Corporate Governance Committee could suggest other improvements or enhancements to the Risk Management Strategy, risk management process or document formats.

Implications

11. Financial, Legal, Staffing	There are no immediate financial, legal or staffing implications resulting from this report.
Risk Management	The updated strategy will ensure the authority has an effective risk management process, reflecting the authority's political arrangements and management structure and the Council's Aims, and providing appropriate ownership and assurance.
Equal Opportunities	The Council's Risk Management Strategy and process has no inherent equal opportunities implications.

Consultations

12. The review of the Council's Risk Management Strategy has taken into account aspects of risk management best practice and recommendations from the internal audit risk maturity update.
13. At its meeting on 24 February 2010, SMT recommended the changes proposed in the revised Risk Management Strategy to the Corporate Governance Committee.
14. The Northstowe Portfolio Holder was informed of and invited to comment on the proposed revised Risk Management Strategy, as a result of which the following changes are suggested to the Risk Management Strategy:
 - (a) in paragraph 9.2.1 and the "Notes" section of the chart in section 10, add the Northstowe Portfolio Holder to the Chairman of the Corporate Governance

Committee and the Environmental Services Portfolio Holder as the Members who decide on risk management training for Members, reflecting the reallocation of the Member executive risk management role.

- (b) give the previous paragraph 10.2 more prominence by bringing it before the chart as paragraph 10.1 and add new paragraph 10.2 about early warning that something might go wrong, encouraging openness and avoiding a blame culture.

Effect on Strategic Aims

15.	<p>Commitment to being a listening council, providing first class services accessible to all.</p> <p>The proposals in this report contribute to the Council's corporate governance responsibilities; they also ensure that strategic risks involved in the delivery of the Council's services and meeting the Council's Aims are identified and managed.</p> <p>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.</p>
	<p>Commitment to making South Cambridgeshire a place in which residents can feel proud to live.</p>
	<p>Commitment to assisting provision for local jobs for all.</p>
	<p>Commitment to providing a voice for rural life.</p>

Conclusions/Summary

16. The Corporate Governance Committee has exercised its responsibility for risk management effectively, including annual review of the risk management strategy and process and quarterly review and approval of the strategic risk register and associated action plans.
17. The Council's Risk Management Strategy was comprehensively revised in September 2007 and further updated in September 2008.
18. SMT received an interim report on 9 December 2009, regarding proposed changes to risk management executive and governance roles and to the risk management process (which addressed some of internal audit's recommendations). Corporate Governance Committee approved the changes (with a further enhancement to the governance role) at its meeting on 9 February 2010.
19. This report proposes changes to address the remaining internal audit recommendations and provides a proposed revised Risk Management Strategy that takes these, other suggestions and the changes approved at the interim review into account.

Recommendation:

20. That the revised Risk Management Strategy, as set out at Appendix B, be approved.

Background Papers: the following background papers were used in the preparation of this report:

RSM Bentley Jennison Risk Maturity Update

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