



Report for:
INFORMATION

Contains Confidential or Exempt Information	NO
Title	RBWM key risks report
Responsible Officer(s)	Andrew Brooker, head of finance, 01628 796341
Contact officer, job title and phone number	Steve Mappley, insurance and risk manager, 01628 796202
Member reporting	Councillor Simon Dudley
For Consideration By	Audit and performance review panel
Date to be considered	10 December 2015
Implementation date if Not Called In	Ongoing
Affected Wards	All
Keywords/Index	risk management

Report Summary

This report deals with risk management as part of the council's governance arrangements. It makes elected members aware of the developments during the 12 month period 1 November 2014 to 31 October 2015. The report includes:

- the council's key strategic risks and how they are identified, monitored and managed;
 - an overview of the risk management work and achievements during this reporting period;
 - the council's 2016/17 risk management strategy and policy.
1. These recommendations are being made because of the implications of failing to understand risks which carry the most damaging impacts on the council.
 2. An additional point to note is that some risks will always exist and can never be fully eliminated due to the council's statutory duties as a local authority.

If recommendations are adopted, how will residents benefit?

1. The council will increase its operational stability.	Immediate and ongoing
2. Resources will be allocated to those areas where failure contains the most damaging implications.	Immediate and ongoing

1. Details of Recommendation

RECOMMENDATION: That members endorse the council's policy and strategy to identify, monitor and manage its risks.

2. Reason for decision and options considered

2.1 If the council fails to make good use of risk management processes, it could lead to ignorance of and exposure to many risks. The purpose of risk analysis is to help decision makers get a better feel for a realistic range of possibilities, what drives that uncertainty and therefore where one can focus efforts to manage the uncertainty. Resources can be wasted in over-controlling where the potential consequences can be tolerated if they fall within the council’s risk appetite.

2.2 The council’s risk appetite illustrates whether the council is prepared to accept or wants to reduce a risk. A structured level of informed risk taking is sensible for the council to be able to evolve and deliver its services where there are limited resources to do so. Mitigations can be used to move along the risk appetite spectrum to the preferred appetite position. The key thing is that the council considers the level and type of risks they want to take (or not).

Option	Comments
<p>Recommended: To scrutinise this report and make comments as necessary.</p>	<p>The council must demonstrate that it complies with regulations¹ in relation to the publication of an annual governance statement. One of its core principles is a requirement to demonstrate how the council manages risk – to ensure that it has a system of controls that are key to mitigating the risks that may affect the achievement of the council’s objectives.</p>
<p>To accept the report without further comment.</p>	<p>This may expose the council to unnecessary risks or lead to it expending resources unnecessarily to over control tolerable risks. By not focussing resources where they are most needed, it could lead to poor performance and poor outcomes for residents.</p>

3. Key implications

Defined outcomes	Unmet	Met	Exceeded	Significantly exceeded	Date they should be delivered by
<p>Lead officers and members engaged in regular key risk reviews.</p>	<p>Risks are left without officer or member attention.</p>	<p>Lead officers and members are engaged in regular review of their key risks.</p>	<p>New risks / controls identified by input from all council officers.</p>	<p>None</p>	<p>Ongoing by bi-monthly and quarterly review.</p>

3.1 The corporate risk register contains the council’s key strategic and operational risks. The key strategic risks were last presented to this panel meeting in the appendices to the report 14 April 2015. An up to date précis of the key strategic risks is contained in appendices A (heat map) and B (detail). Similar reports can be used for the operational risk framework but by request of panel members they are not included with this report.

3.2 Members are regularly notified of the key risks where they are named as the risk owner. They are asked to confirm the date of their review of these risks with the officer risk owner (appendix C) and those officers are tasked with ensuring that any comments are reflected in the assessment of the risk.

3.3 Risk reports are reviewed and debated by CMT, directorate management teams and elected members. Hence, these sessions continue to successfully bring together managers to discuss risk at directorate and corporate levels.

¹ Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, 2009 and 2011

3.4 Table 1 details the key successes in risk management since the most recent strategy report to this panel 16 December 2014.

Table 1: risk management developments

Success	
1	New style briefing report on risks falling within member portfolios trialled and agreed with the strategic director of children's services. This will now be rolled out across the council during 2016.
2	<p>The council focuses on its top rated risks by presenting quarterly risk reports to directorate management teams (DMT's), quarterly presentations to the CMT, quarterly updates by way of the IPMR report to cabinet.</p> <ul style="list-style-type: none"> • A senior officer and lead member own all key risks jointly. This provides members with awareness of the risks and the opportunity for dialogue with officers on the effectiveness of the controls. • Risks and treatment measures are reviewed and verified to provide assurance to members and officers on whether these operate effectively. • CMT reviews based around risk categorisation (a method used to aggregate risks from various parts of the organisation). • These dialogue sessions with the CMT provide a mechanism for immediate and ongoing debate on whether anything on the horizon ought to be considered as part of the council's risk management and governance framework.
3	The majority of the scope and work of the 2015/16 internal audit plan is directly informed by the key risks. The methodology used to prepare the plan was approved by the panel in February 2011. Internal audit officers provide an opinion of the accuracy and effectiveness of the risk control measures.
4	The key strategic risks, heat maps and risk appetite commentary augment the quarterly integrated performance management report.
5	Assisting Wokingham BC with development of their risk management work including presenting to elected members of Wokingham BC Executive and their senior leadership team.

4. Financial details

a) No financial implications on the budget.

b) Financial background.

Revenue - resources required to implement actions proposed in the risk register should be contained within existing budgets.

Capital – none.

5. Legal: There are potential legal implications should the risks identified occur or not be addressed adequately. The purpose of the risk register is in part to avoid such consequences or at least provide an awareness of those implications so that officers and members can make a risk based judgement.

6. Value for money: A reduction in external insurance premiums at 2015 policy renewal was obtained by taking a risk based approach to claims exposure.

7. Sustainability impact appraisal: None, although some individual risks may contain associated obligations.

8. Risk management

Risks	Uncontrolled Risk	Controls	Controlled Risk
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If the council fails to make good use of risk management processes, it is likely to lead to ignorance of any exposure to damaging strategic and operational risks to the council.	high	Risks are reviewed by risk owners, CMT, DMTs, the audit and performance review panel and cabinet members. This regular reporting and assessment structure ought to provide a robust framework for managing risk.	low
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9. Links to strategic objectives: All entries on the risk register are linked to one of the current strategic objectives.

10. Equalities, human rights and community cohesion: None, although some individual risks may contain associated obligations.

11. Staffing/workforce and accommodation implications: Not directly although some individual risks may contain associated obligations.

12. Property and assets: Not directly although individual risks may contain associated obligations.

13. Any other implications: None

14. Consultation

14.1 Consultations take place with KPMG (external audit), audit and performance review panel, CMT, audit and investigation unit and heads of service through directorate management teams.

14.2 The risk manager compared the council's risk registers with those of the other Berkshire unitaries to determine to what degree the content is aligned. All of these common risks are represented in RBWM risk registers unless they concern specific local matters.

15. Timetable for implementation: The risk register details the officers responsible for progressing actions, together with timescales for implementation.

16. Appendices

- Appendix A – heat map of the current assessments of the key strategic risks;
- Appendix B – (web only) detail of the key strategic risks and mitigation measures;
- Appendix C – summary of elected member and senior officer reviews.
- Appendix D – Risk management policy and strategy 2016/17. (To Follow)

17. Background information

17.1 Risk management is a governance process open to scrutiny from councillors and the public at the council's audit and performance review panel meetings.

17.2 The corporate risk register records the risks relating to the council's objectives.

17.3 The purpose of risk analysis to help decision-makers get a better feel for a realistic range of possibilities, what drives that uncertainty and therefore where efforts can be focussed to manage this uncertainty. Our aim is to recognise and evaluate all potential risks and capture these on our risk registers:

- a. Key strategic risks are those that directors identify as overarching and which require a corporate strategic response. Their assessments reflect the latest informed view of the pressures driving the risk and if the strategic efforts and/or

the underpinning operational controls in directorates are up to date and working. 'Directorate' risks can potentially be included if it is felt that failure could seriously compromise the whole council.

- b. Those risks specific to operational activities - matters that could go wrong on a day-to-day basis - where failure carries the most damaging impacts.
- c. Well managed risks in "a" and "b" where the director/head of service and member require a regular prompt to check adequate controls are up to date and working because the impact of failure carries the most damaging effects.
- d. Poorly managed risks in "a" and "b" where the director/head of service and member should have regular updates until the residual risk is acceptable.
- e. Emerging risks falling within any of the above.

17.4 The inclusion of risks within any level of risk register does not necessarily mean there is a problem – what it signifies is that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.

17.5 As the risk registers mature, some risks may be reassessed as falling outside the key risk criteria or be considered by officers to be of such low impact that there is little reason that ongoing monitoring will be of any benefit. The latter risks are hence removed to avoid "noise" that provides no use for management.

17.6 Monthly updates are provided to the joint head of audit and investigation for any changes affecting the key risks as this could affect the audit plan.

18. Consultation (mandatory)

Name of consultee	Post held and department	Date sent	Date received	See comments in paragraph:
Richard Bunn	Chief accountant	11/11/15	11/11/15	None.
Andrew Brooker	Acting director of corporate services and head of finance	11/11/15	18/11/15	None.
CMT	Managing Director etc.	11/11/15	18/11/15	Use of corporate template for strategy, amend to 2016/17
Cllr Simon Dudley	Lead Member for Finance			
Cllr Paul Brimacombe	Chair of Audit and Performance Review Panel			
External	None			

Report history

Decision type:	Urgency item?
Non-key decision	No

Report no.	Full name of report author	Job title	Full contact no:
To follow	Steve Mappley	Insurance and risk manager	01628 796202