

**AUDIT AND GOVERNANCE COMMITTEE**

**27 May 2011**

**Risk Management Annual Report 2010/2011**

**Report of the Executive Director of Commercial and Corporate Services**

**1. Purpose of the Report**

This report sets out the arrangements in place for the management of risk during 2010/2011, proposes an updated Policy and Strategy, and sets out future planned improvements.

**2. Background**

- 2.1 Good risk management assists the Council to identify, assess and manage the risks it faces to an appropriate level to increase the likelihood of delivering its priorities. The aim is to manage risks that cannot be economically eliminated or transferred.

**3 Existing Arrangements / Performance**

Embedding Risk Management

- 3.1 Risk Management is included in its own right in:

- The Constitution
- The Sunderland Strategy
- Strategic Service Improvement and Financial Planning Process
- Local Code of Corporate Governance
- Code of Practice on Partnerships
- Project Guidance
- Reports to support key policy decisions
- Financial Management arrangements

Training and Awareness

- 3.2 The Corporate Risk Management team have continued to provide various forms of training / support to staff during 2010/2011, as necessary.
- 3.3 The Risk Management manual has been updated and aligned to the Risk Management Standard ISO 31000. The Risk Management intranet site has been updated and incorporates the revised manual.

- 3.4 Two further editions of the magazine Risk Watch were produced to raise awareness and keep staff and Councillors informed of issues.

#### Corporate Risk Profile

- 3.5 The table below sets out the progress in relation to the actions included within the Corporate Risk Profile 2010/2011.

<b>Actions as at 1/4/2010</b>		<b>164</b>	
Actions added since 1/4/2010	22		
Less: Not due by 31/3/2011	(12)		
Less: Removed (no longer valid)	<u>(32)</u>	<u>(22)</u>	
<b>Actions due to be completed within the year</b>		<b>142</b>	
<b><u>Breakdown</u></b>			<b>%Age</b>
Completed		115	81%
Delayed		<u>27</u>	<u>19%</u>
		<b>142</b>	<b>100%</b>

*Note: The above is based upon feedback received from the responsible officers.*

#### Service Level

- 3.6 The strategic service improvement and financial planning process included a service level assessment template. The template included a section in respect of risks and impacts. Support and guidance was provided by the corporate risk management team to Heads of Service.

#### Programmes and Projects

- 3.7 The Corporate Risk Management team have worked closely with the Programme and Project Office and Programme Managers to develop risk registers for the Business Transformation Programme, Community Leadership Programme and the Economic Regeneration Programme. Additionally, the team has been closely involved with major projects and service assessments, e.g. Sunderland Strategic Transport Corridor, Facilities Management review, Strategic and Shared Services review.

#### Partnerships

- 3.8 During the course of the year the corporate risk management team has provided support in relation to the production and maintenance of risk registers for significant partnerships including the LSP, South Tyne & Wear Waste Management Partnership, Learning Partnership and the Child Poverty Board.

### Risk Management in Schools

- 3.9 The Corporate Risk Management team aim to provide direct support to all schools over a 2 year period, specifically in relation to developing detailed Risk Management Action Plans (based on a good practice template of suggested risk areas). The template is updated each academic year to reflect new and emerging risks which schools face, i.e. new initiatives, working practices and dealing with change. The Corporate Risk Management team work with representatives from across the Council to assist with the annual review of the template to ensure that all potential risk areas are highlighted to schools and appropriate risk mitigation is identified. Within 2010/2011 forty three (37%) schools were provided with this support. Schools can also access risk management support for their annual reviews, as requested.
- 3.10 The team liaise with newly appointed Headteachers to offer them support. The team also provided training (including induction) to Governors, Headteachers and school staff.
- 3.11 The DFE and the CIPFA Better Governance Forum continue to promote Sunderland's process as good practice and encourage other Local Authorities' to adopt a similar approach.

### Benchmarking

- 3.12 The Council is a founder member of the Tyne and Wear Risk Management Group which enables officers in the sub-region to compare good practice and approaches to overall improve risk management within their individual organisations and examine opportunities for joint working. The group has been extended to include members from Durham and Northumberland.
- 3.13 The Council participates in a regional risk management benchmarking group comparing risk management approaches and practices in various areas and overall scored 89.25% an increase on last years score of 87%.
- 3.14 Whilst it is still considered important to ensure that strategic and corporate risks continue to be identified, assessed and effectively managed and that professional risk management support is available in relation to key programmes, projects and partnerships, a review was undertaken of the service as part of the overall review of Strategic and Shared Services (part of the Business Transformation Programme). The review took account of the maturity of risk management practices within the Council and re-visited where and how support is provided. The review showed that there was scope to reduce the overall level of resources within the Corporate Risk Management Team.

- 3.15 Previously there was one Advisor per Directorate but it is considered that this approach to allocating staff would not provide the best use of this professional resource in the future. The service has now moved towards a hybrid approach of pooling the resource / expertise and allocating staff to key areas including key programmes, projects or partnerships, rather than Directorates. The number of Senior Risk Management Advisors was reduced from 4 to 3.

#### **4. Risk Management Policy and Framework - Review**

- 4.1 The Risk Management Policy and Strategy was comprehensively reviewed in April 2010, and took account of new guidance issued by the International Standards Organisation in November 2009.
- 4.2 Whilst the scope of the existing Risk Management Policy is considered appropriate the opportunity has been taken to consolidated the stated objectives from 6 to 3, as follows:

##### **Objective 1**

Ensure there is an effective corporate risk profiling process in place to identify, assess, manage, review and report on strategic and corporate risks and opportunities.

##### **Objective 2**

Enable the Council to successfully identify, assess, manage, review and report on risks and opportunities at a service / operational, programme, project and partnership level.

##### **Objective 3**

Embed the effective management of risk into the culture, ethos, policies and practices of the Council.

- 4.3 During 2010/2011 the process for developing a formal Risk Management Annual Plan was introduced and the specific actions to deliver the policy and strategy are now set out in this document rather than the Policy itself.
- 4.4 Other changes have been made to reflect the creation of a Corporate Risk and Governance Group. The responsibilities of this Group include the development of the Corporate Risk Profile / Framework as well as the Annual Review of the Council Corporate Governance arrangements.
- 4.5 A copy of the updated Policy and Strategy is attached at Appendix 1.

## **5. Future Developments in 2011/2012 and onwards**

- 5.1 The Audit and Governance Committee agreed the first formal Risk Management Annual Plan for 2011/2012 in March 2011. This Plan set out how the Corporate Risk Management team will seek to fulfil its role within 2011/2012 and meet the 3 new agreed objectives (as set out above), whilst recognising the need to remain flexible given the level of expected changes within 2011/2012 and onwards.

## **6. Recommendations**

- 6.1 To note that the arrangements as set out in the Risk Management Policy and Strategy have been undertaken throughout the year and it is considered that the Council continues to maintain robust risk management arrangements.
- 6.2 To agree the updated Risk Management Policy and Strategy.
- 6.3 To note that the Corporate Risk Management team will continue to develop the service to meet the changing needs and pressures that the Council faces.

