CORPORATE RISK MANAGEMENT UPDATE

SUMMARY:
The purpose of this paper is to provide an update to the Licensing and General Purposes Committee on the Council's approach to corporate risk management.

RECOMMENDATIONS:
Members are requested to
   (i)   consider the policy and processes being established and endorse the new approach, and
   (ii)   approve the Risk Management Policy and Procedures set out at Appendix A and the draft Risk Register at Appendix B

1.   INTRODUCTION

1.1   Risk management is of vital importance to all organisations to enable them to continue to be effective, sustainable and successful.

1.2   A corporate risk, in the context of this management process, is considered to be a risk where the potential consequences may prevent the Council from meeting its core objectives or functioning effectively. Examples range from the effects of a flu pandemic on staffing levels, to the maintenance of the Council's financial position.

1.3   There is also the potential for risk to present the opportunity for benefit as well as threats to success. An example of this may be the Council's approach to the acquisition of commercial properties for investment purposes where greater risk may be sought out, or tolerated, for the potential of greater reward.

1.4   Effective corporate risk management will allow the Council to manage and take risks and seek benefit whilst appropriately mitigating against the potential negative outcomes.

1.5   This paper sets out the new processes being established to manage corporate risk within the organisation.

2.   BACKGROUND

2.1   Following the departure of the then Director of Resources in 2014, responsibility for corporate risk management was passed to the Head of

Financial Services. At that time, a Corporate Risk Register was in place but had not been updated for some time and a review of the effectiveness of risk management within the organisation was proposed. Responsibility for Business Continuity was separated out from Risk Management and initially moved to the Director for Community and Environment and, subsequently, to the Head of IT & Facilities and this was where initial work was focused.

2.2   Subsequently, the Head of Financial Services began to re-form and re-focus a Corporate Risk Management group to take forward the review and update the risk register. This has led to the establishment of the new arrangements throughout 2017. These revised arrangements are considered in this report.

3.   **DETAILS OF THE NEW POLICY AND PROCESSES**

Risk Management Group
3.1   The new corporate risk management arrangements have required the formation of a corporate Risk Management Group (RMG), a working group made up of Officers from across the Council, each with a key role in the management of specific risks or specialist technical knowledge across a range of areas.

3.2   The purpose of the RMG is to provide the Council with a structured, methodical means of identifying and overseeing significant risks and their management. This is to ensure the continued operation of the Council in meeting its core objectives and mitigating against significant risks, particularly those that may be a single point of failure for the Council.

3.3   This group brings together a summary of the work of other teams within the Council within a risk register, in order to provide a holistic overview of those risks, and determine whether further mitigation or resources are required. This summary will then be monitored by the Corporate Leadership Team (CLT) quarterly. It is important to note that while the RMG collates the information required to update the actions within the risk register and have played a key role in formulating the procedures and pulling together a draft for consideration, the risk register is owned at a senior level by officers (CLT) and Members (Licensing and General Purposes Committee).

3.4   The full risk management policy and procedures are attached at Appendix A, detailing the process being established.

Risk Register
3.5   In order to ensure that key risks are assessed, managed and recorded appropriately, a risk register will be updated and maintained for the Council by the RMG. The draft register has been attached as Appendix B.

3.6   This register is a living document receiving regular ongoing updates from Officers. As such further actions may have taken place since the time of printing that are not reflected in the version provided.

3.7 In order that matters can be prioritised, the register is split into three parts, as follows:

Primary Risk Register
- This contains the key risks to the Council that are generally considered as current issues or of high significance in terms of risk.

- It contains risks such as those that, by virtue of the severity of the potential outcome and/or inadequate controls may be considered a single point of failure for the Council. The Primary Register also contains those risks that are newly identified and have little or no mitigation or control in place e.g. new legislation.

- Once satisfactory mitigation is in place and ongoing controls are well established it is possible to move risks from here into the secondary risk register.

Secondary Risk Register
- This contains risks that are key to the organisation in terms of the potential severity of the outcome but that, in general, are managed, have established controls or mitigation in place, are of a lower overall risk or are long-term in nature.

- These risks may not be considered as priority issues in terms of risk, but will require ongoing operational oversight. To keep the register current and of value, those that are subsequently deemed irrelevant, or those that are wholly managed to a satisfactory level in day-to-day operations will not remain on the register and are archived.

Archived Risk Register
- All risks removed from the register will be stored in the archive. These risk register entries will be retained to demonstrate a complete picture of the risks identified and managed by the Council, including those wholly managed or not considered current.

Governance and Targets

3.8 The Head of Financial Services will report the risk register to CLT every three months to ensure Heads of Service and Directors remain aware of the key risks to the Council and the measures being put in place.

3.9 The Head of Financial Services will report the risk register at least annually to elected members via the Licensing and General Purposes Committee and the appropriate Scrutiny Panel.

3.10 The risk management process is cyclical, running on an annual cycle to complement the existing business planning processes in place, particular those that also identify risk and affect resources.

Embedding Risk Management within the Organisation

3.11 The Head of Financial Services and the RMG will continue to develop the risk register and adapt the system being established to ensure it remains fit for purpose.

3.12 In order to ensure risks are effectively identified and managed into the future, work to embed these practices at all levels of the organisation will take place. Initially it is proposed that the cascade of this information is achieved through a workshop for CLT and middle managers, to take place in 2018.

3.13 The long-term goal of Council's Corporate Leadership Team and the RMG is to mature the corporate risk management system within the organisation to a position where effective risk management is recognised and actively promoted at all levels.

Consultation

3.14 The approach established has been subject to the scrutiny and approval of CLT.

3.15 Regular discussions have been held with Rushmoor's external auditors to validate and improve our approach and to respond to recommendations in the Audit Results Report/Annual Audit Letter. The Council will continue to work closely with them to develop the register. In addition, the Council's insurers are actively engaged and will be assisting with a workshop on risk management issues.

4. CONCLUSIONS

4.1 The Risk Register is a live document, subject to on-going update and is a tool to assess and mitigate risk to the organisation. It is essential that a proactive approach to risk is maintained to safeguard the Council. The Committee are recommended to review and endorse the approach being proposed and review the priority risks to the Council at this time.

BACKGROUND DOCUMENTS:
Appendix A – Risk Management Group Policy and Procedures
Appendix B – Risk Register

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