
RISK MANAGEMENT FRAMEWORK AND CORPORATE RISK REGISTER

1 SUMMARY

- 1.1 This report summarises the progress made under the Council's Risk Management Framework up to October 2007 and provides an update of that framework and of the Corporate Risk Register for 2007/8, for Members' consideration and approval.
- 1.2 The report is presented to the Audit Committee, as successor to the Policy, Finance and Strategic Performance Committee, in respect of Risk Management.

2 INTRODUCTION

- 2.1 The Council's Risk Management Framework, which incorporated a Risk Management Policy and the Corporate Risk Register for 2006/7, was approved by the Policy, Finance and Strategic Performance Committee on 17 October 2006.
- 2.2 The Risk Management Framework provided for an annual review of the risk management arrangements of the Council and for an Annual Progress Report to Committee.
- 2.3 The progress made with the implementation of the Risk Management Framework is summarised in section 4 onwards, below. Our experience in using the framework and the resulting Risk Registers, together with changes to the Council's structure, has led to the need to revise and simplify our framework.
- 2.4 An updated and revised Risk Management Framework is therefore presented as Appendix A to this report.
- 2.5 The underlying philosophy of the revised Risk Management Framework and Corporate Risk Register is to minimise the bureaucracy attached to risk management whilst maximising its effectiveness.

3 RESPONSIBILITY FOR THE RISK MANAGEMENT FRAMEWORK

- 3.1 The Audit Committee has the responsibility for the oversight of the Risk Management Framework.
- 3.2 The officer with overall responsibility for the Risk Management Framework is the Head of Finance, Audit and Performance Management.
- 3.3 The Audit and Performance Manager will be responsible for reporting progress to the Audit Committee at six monthly intervals.

- 3.4 Additional reports will be made to the Audit Committee should the risk environment change materially.

4 IMPLEMENTATION OF THE RISK MANAGEMENT FRAMEWORK

- 4.1 The Risk Management Framework sets out how the Council will ensure and demonstrate that the risk is managed and that risk management is of the highest quality consistent with the efficient and effective use of its resources.
- 4.2 The framework has been implemented by an officer working group - the Corporate Risk Group (CRG), reporting to the Service Development and Improvement Management Team (SDIMT) and thence to the Senior Management Team (SMT). The CRG has met at approximately monthly intervals and has reviewed risk management arrangements and actions at both Corporate and Divisional level.
- 4.3 A joint Member / officer workshop, facilitated by our insurer, Zurich Municipal, was held on 4 September 2007 to review and update the Corporate Risk Register and also provided suggestions as to how we could improve our risk management arrangements. The report received from Zurich Municipal detailing the output from this workshop has been used to review and update our Risk Management Framework and the Corporate Risk Register. The aim of the revisions is to make the Framework and Risk Register more effective by linking the risk management activity to the relevant operational or business plan and review cycles. In this way we ensure that risk management is embedded by its integration with day-to-day business activity.
- 4.4 We have also taken the opportunity to simplify the risk scoring mechanism, in line with the approach recommended at the workshop, and this is detailed in the proposed revision to the Risk Management Framework. The revised scores are used in the updated Corporate Risk Register and will be used in Divisional Risk Registers as these are updated.
- 4.5 The Risk Management Policy contained within the revised Framework document is unchanged from that approved in 2006.
- 4.6 The Risk Management Framework roles and responsibilities have been updated to reflect the current organisational structure of the Council.

5 THE PROPOSED CORPORATE RISK REGISTER FOR 2007/8

- 5.1 The proposed revision to the Council's Corporate Risk Register is attached as Appendix B to this report.
- 5.2 The revised Risk Register has been developed from the output of the joint Member / officer workshop held in September 2007 and has focused on the key strategic risks which could prevent or inhibit the achievement of the Council's key objectives of:-
- Providing quality, cost effective services

- Working towards a safer and more caring community
- Providing a green and sustainable environment
- Encouraging a thriving local economy
- Improving the quality of life for people in our District
- Maintaining and enhancing our local heritage

- 5.3 A more detailed risk analysis and action plan for each of the risks identified in the Corporate Risk Register is being developed on the lines of the example format attached at Appendix C.
- 5.4 The Corporate Risk Register is also underpinned by Divisional Risk Registers that identify the risk management arrangements developed to mitigate the operational risks faced by each of the Council's service areas.
- 5.5 For completeness, Appendix D, attached, provides a summary of how the risks identified in the previous 2006 version of the Corporate Risk Register have been included in the revised Corporate Risk Register, or delegated to a Divisional Risk Register, or are no longer considered a risk. Specifically, with the completion of the transfer of the Council's housing stock to Rochford Housing Association, the associated risks are now removed from the register.

6 RISK IMPLICATIONS

- 6.1 Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives.
- 6.2 The implementation and operation of the Risk Management Framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.
- 6.3 Failure to implement a Risk Management Framework will mean that the Council's score in future external inspections, including the Comprehensive Performance Assessment and the Use of Resources, could be at risk.

7 LEGAL IMPLICATIONS

- 7.1 The Council's Risk Management Policy and Framework will assist in meeting any specific and general requirement to monitor and manage its risks.

8 RECOMMENDATION

- 8.1 It is proposed that the Committee **RESOLVES**
- (1) That the revised Risk Management Framework and Policy be approved.
 - (2) That the revised Corporate Risk Register be approved.

- (3) That further risk management progress reports be considered by the Audit Committee twice a year with the next report in June 2008.

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Background Papers: -

None

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