

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 9 NOVEMBER 2005

Strategic Risk Management

EXECUTIVE SUMMARY

Since 2002 The Council has been introducing a formalised system of Managing Strategic risks.

Risk Registers are now in place at Corporate level and for each Head of Service.

A number of projects have also been assessed for risk and control measures put in place.

Work is soon to commence on cascading the risk management throughout the organisation down to operational level.

An action plan has been produced to identify future work.

1. Purpose of Report

The purpose of this report is to update the Committee on the following issues:

- the work that has been carried out to manage Strategic Risk throughout the authority
- the work that has been carried out on Project Risk Management
- the action plan for future work

2. Background

The management of risk is an important element of good management in local authorities for the following reasons:

- it minimises the chance of unplanned and unforeseen problems occurring.
- it identifies opportunities that might fall within our appetite for risk
- it ensures that as an organisation we remain insurable
- it is recognised as an essential element of good management by the Comprehensive Performance Assessment (CPA)

Zurich Municipal Management Services (ZMMS) were employed during 2002/03 to help the authority develop and implement a Strategic Risk Management Strategy, and to initiate the risk assessment process with CMT.

Since December 2002, the Risk Management Team (RMT) has been working with Directors firstly to identify and manage high level corporate risks across the authority and to start cascading and embedding the risk assessment process throughout the authority.

3. What is Risk?

There are 2 types of risk:

- Direct threats (damaging events) which could lead to a failure to achieve objectives
- Opportunities (constructive events) which if exploited could offer an improved way of achieving objectives, but which are surrounded by threats

Risk in management terms is the likelihood that a business threat to the organisation actually occurs or that opportunities will be lost

4. What is Risk Assessment?

Risks can be assessed by considering the likelihood of the risk actually occurring together with the consequences that would ensue. This gives a risk rating which can be measured against the authorities preset appetite for risk.

5. What is Risk Management?

Risk Management is defined in the ZMMS/Solace publication "*Chance not Choice?*" July 2000 as:

"The management of integrated or holistic business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence it is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. The latter is achieved through controlling, transferring and living with risks"

In simpler terms Risk Management provides a framework that enables Taunton Deane to identify, assess, manage, monitor, and report risks in a way that will enable the Council to minimise losses and maximise opportunities.

The process of Risk Management adopted by the Council is shown at Figure 1.

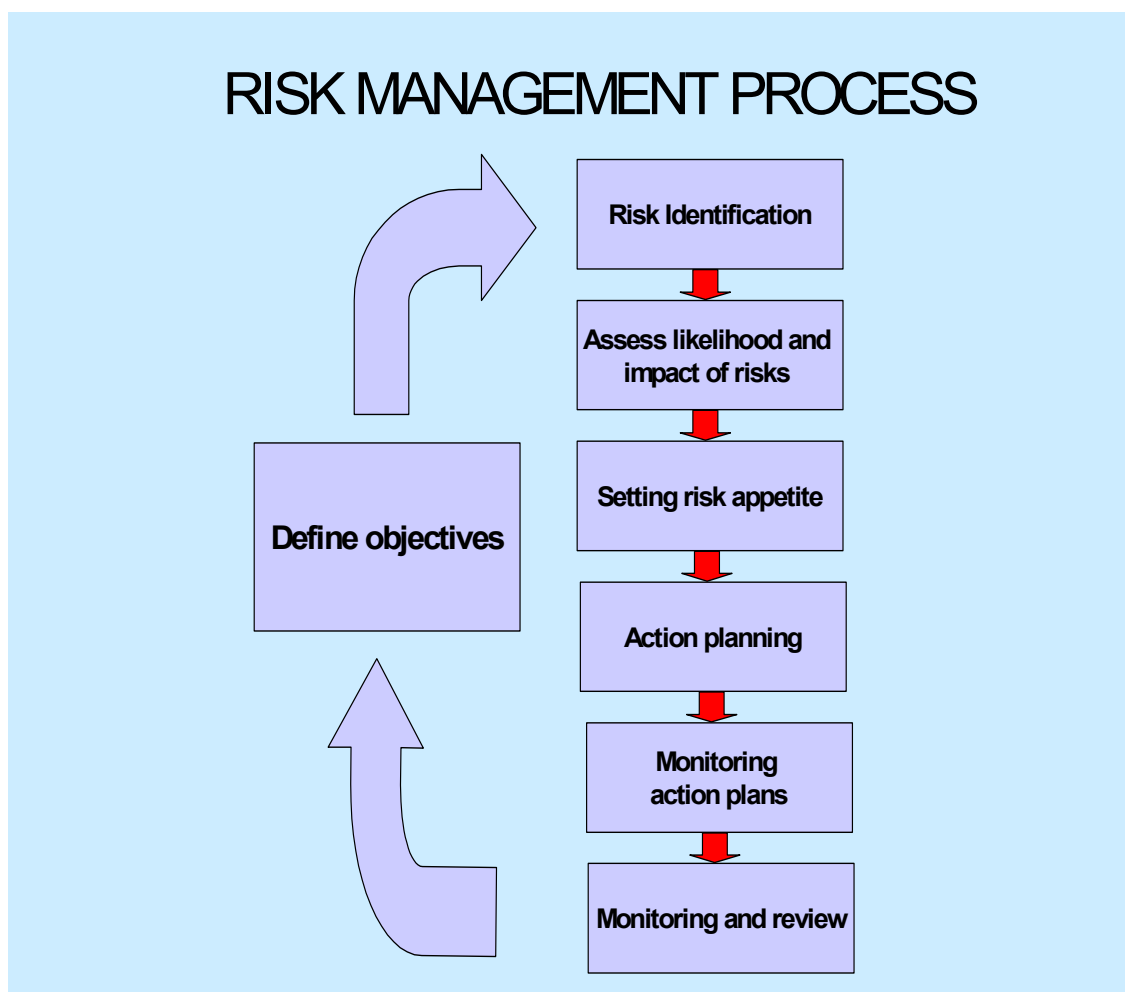


Figure 1 The Risk Management Process

6. Health and Safety Management System

Risk Management should not be confused with Health and Safety Management. Health and Safety is a statutory requirement of employers to protect their staff, contractors or anyone else who could be affected by their work activities from risks that could affect their Health or Safety. This is therefore only one element of Risk Management which deals with all business risks affecting the organisation. However, Health and Safety is clearly an important duty and work is being carried out in parallel with the Risk Management Strategy to embed a Health and Safety Management Strategy throughout the Council and that will be a separate item on this agenda.

7. Report - What has been done so far

A Risk Management Strategy has been produced to set out the Council's approach to Risk Management.

A sharepoint intranet site has been set up to form a comprehensive database of risk management activity and information

A Corporate Risk Register has been produced for the Authority monitored by Corporate Management Team (CMT)

However, since the creation of the original Corporate risk register, the authority has been through a fairly major restructure at Corporate Management Team level.

Work has now been carried out to:

- revisit the CMT risk register and update it with new risks and delete risks no longer live; and
- regroup the existing Directorate registers in “Heads” groupings.

The regrouping of existing Directorate risk registers into Heads groupings allows Heads to take responsibility for managing the risks within their area of the organisation. The Risk registers can now be incorporated into the Heads Service plans and form part of the performance monitoring system.

Now that the regrouping/updating of existing registers is complete, the risk assessment process will be cascaded down to service level. This exercise will be driven by Heads and their Service Managers - with appropriate support from the Risk Management Team (RMT) as necessary. The resultant service risk registers will form part of the operational plans.

The impact on the workload of the Risk Management Team (RMT) officers so far has been significant and is likely to increase as risk management becomes further cascaded throughout the organisation. The RMT have therefore arranged for additional officers to be trained on the Zurich model of risk assessment to assist with this deployment throughout the organisation.

8. Project Risk Management

All major projects are now subjected to the Risk Management process this results in the project leader taking responsibility for the project risk register. Smaller projects are assessed if requested by the project leader or CMT. So far the following projects have been through the risk assessment process.

Project	Project Manager / Register Owner
Leisure Trust	Penny James
Wellsprings	Jeremy Thornberry
Hunt's Court	Karen Hughes
Housing BV Review	Carl Brazier
Payroll / HR System Replacement	Kevin Toller
Wessex Reinvestment Trust	David Whitehead
Somerset Direct/Customer First	Kevin Toller
Housing Stock Options	Carl Brazier
Waste Partnership	Pete Weaver
Stock Transfer Project	Carl Brazier
ISIS	Jill Sillifant
The Vision	Mark Green
DDA	Stewart Rutledge
Revenues and Benefits System	Paul Harding
The Vision	Penny James
The North West Package	Ralph Willoughby-Foster

Project managers are expected to actively manage their registers and report progress against action plans to the Risk Management Team on a regular basis in line with the reporting mechanisms set down in the Prince 2 Project Management

methodology. They are also required to flag up any new risks identified together with the risk rating.

9. The Action Plan for Future Work

Much work has been carried out so far but there is still much to do. As well as reviewing existing plans on a regular basis, all new projects will need to be assessed and added to the list. In addition the process needs to be embedded throughout the organisation and our methodology and strategy refined and updated as necessary.

The proposed actions are set out in the following table.

ACTION	TARGET DATE	RESP
Allocate new risk management trainees to service areas to facilitate deployment of Risk management to service level	Oct 05	RMT
Update CMT Risk Register	Dec 05	CMT
Update Heads of Service Registers on annual basis (for inclusion in Heads plans)	Nov 05	Heads
Completion of Risk Assessment Exercises At Service Level (for inclusion in Operational Plans)	Dec 05	SUMs
Update Risk Management Strategy	Apr 06	Pete Weaver
Populate Share point site and keep up to date	Apr 06	Chris Gunn
Ensure list of projects undergo risk assessment	On going	Brendan Cleere
Report to Corporate Governance Committee at 6 monthly frequency	May 06	Pete Weaver

10. Recommendations

The Corporate Governance Committee are recommended to:

- a) Note the progress made so far in Managing Strategic Risk within the Authority.
- b) Note the Actions that are planned for the future.

Contact: Pete Weaver, Head of Environment and Leisure
 Tel: 01823 356496
 Email: p.weaver@tauntondeane.gov.uk