

TAUNTON DEANE BOROUGH COUNCIL

CORPORATE GOVERNANCE COMMITTEE – 28 June 2006

Strategic Risk Management

EXECUTIVE SUMMARY

This report sets out the significant progress that has been achieved in embedding Risk Management within the organisation since the last report in November 2005

The “Hearts and Minds“ presentation normally given to officers will be presented at the meeting to assist members in understanding the process.

The report recommends members to note the way in which risk is being managed in the Council

1. Purpose of Report

The purpose of this report is to update the Committee on the progress that has been achieved in embedding Risk Management within the organisation since the last report in November 2005

2. Background

Risk Management is not new it is the very basis of all decision making where consequences and likelihood of outcomes is assessed either consciously or subconsciously prior to and during actions.

As such it can be considered to be merely “*common sense*”. However, in a large and complex organisation dealing with a range of services and projects it is necessary to provide a format for “*common sense thinking*” to ensure that a corporate and consistent approach is taken to the management of risk.

This provides a baseline by which to judge the acceptability of a risk and to identify how it can be controlled and also to identify opportunities that might otherwise have been dismissed as “*too risky*”

Risk Management forms a big element in managing, planning and providing the safe delivery of economic, efficient and effective Council services. It is recognised by the Audit Commission to be an essential and integral part of good management practice and governance.

To be most effective, risk management should become part of the Council’s culture and be integrated into our philosophy, practices and service planning process rather than being viewed as a separate initiative.

In relation to insurance it is imperative that we have a robust system in place to manage risk. Failure to do so will lead to spiralling insurance costs and the danger that we will not be able to attract an insurance company prepared to insure the Council.

Risk Management is now an important part of the Comprehensive Performance Assessment (CPA) and if we wish to retain our "Excellent" status it is necessary to demonstrate that there is a robust system in place to monitor and manage risk.

This includes a requirement for this Committee to:

- Consider and approve the Council's framework for risk management
- Monitor progress on risk management and receive reports from the risk management group.

3 Report

Significant progress has been made in introducing and implementing Risk Management throughout the organisation as detailed below.

- Since December 2002, the Risk Management Team (RMT) has been working with the Chief Executive, Directors and Heads of Service firstly to identify and manage high level corporate risks across the authority and secondly to start cascading and embedding the risk assessment process throughout the authority.
- Strategic Risk Registers are now in place at Corporate level and for each Head of Service area.
- The Corporate Risk Register has been reviewed and this will be repeated at 6 monthly intervals.
- The Heads of Service Risk management registers will be incorporated into the Heads of Service plans and reviewed as part of the planning and monitoring process
- All large projects have also been assessed for risk and Management action plans put in place.
- A number of officers have been trained in the methodology to assist in the facilitation of Risk Management workshops
- Work has now been completed to assess the risks at operational level throughout the Council and every unit has now produced Management Action Plans to control the risks identified.
- Risk Management has now been included in the corporate staff induction day.

- The Risk Management Strategy is currently being revised and is at first draft stage.

At the last meeting of the Committee some challenging questions were asked around the subject and it was agreed to demonstrate the presentation normally given to officers so that the Committee could better understand the process.

4 Actions planned for the future

Now that the system has been set up it will be necessary to ensure that it is maintained.

- Registers and Management Action Plans will be reviewed on a regular basis
- A mechanism will be devised to ensure that risks can move between the plans to ensure that they are being managed at the appropriate level
- The Risk Management Strategy will be revised and presented to the next Corporate Governance Committee.

It is recommended that a risk identification exercise is carried out with members at the next Corporate Governance Committee to identify high level strategic risks from a members perspective.

5. Conclusions

Significant progress has been achieved in managing risk in the organisation in line with all current guidance and best practice and plans are in place to further improve and maintain this level of performance

6. Recommendations

The Corporate Governance Committee are recommended to:

- a. Note the progress made so far in Managing Risk within the Authority.
- b. Note the Actions that are planned for the future.
- c. Agree to undertake an exercise at the next meeting to identify high level strategic risks from a members perspective

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