

**Subject:** Risk Management

**Status:** For Publication

---

**Report to:** Cabinet

**Date:** 18<sup>th</sup> October 2006

---

**Report of:** Head of Financial Services

---

**Portfolio**

**Holder:** Finance & Risk Management

---

**Key Decision:**

NO/~~YES~~ (Please delete)

Forward Plan  General Exception  Special Urgency  "X" In  
*Relevant Box*

---

**1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to update members on the status of the Councils identified risks, both strategic and business plans and the further development of its Risk Management framework.

**2. CORPORATE PRIORITIES**

- 2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Improving performance across the 8 x 8 x 2008 indicators: in addition all the councils priorities are linked to this matter in that risk management is the art of identifying the barriers which would hinder the Council in delivering its corporate priorities*

**3. RISK ASSESSMENT IMPLICATIONS**

- 3.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:
- The March 2006 Use of Resources feedback assessment, by the Audit Commission, identified a number of actions needed to enable the Council to effectively manage its business risks. At that time the Council had only recently approved its risk management strategy; this report is therefore the first of a regular reporting cycle in response to the strategy and the recommendations of the Audit Commission.

## 4. BACKGROUND AND OPTIONS

- 4.1 Risk Management has been described as the engine of any organization the analogy being that it is the driver for any organization and complimented in particular by other key disciplines of Performance Management and Financial Management. In essence, risk management, is about making the most of opportunities (making the right decisions) and about achieving objectives once those decisions are made. Risk management is therefore not a stand alone discipline but should be part of the way the Council does its business.
- 4.2 With that in mind the Council has recently made some significant steps in its management of risk, amongst other things, they include:
- Adoption of a risk management strategy
  - Portfolio holder for “Finance & Risk Management”
  - Identification of risk issues a mandatory consideration in all Committee reports
  - Officer and Member training
  - Strategic risks published in the Corporate Improvement Plan
  - Business risks identified in annual service business plans
  - Creation of an Operational risk register
- 4.3 The Council has now further developed and embedded risk management by integrating risk management into its performance management system: Covalent.
- 4.4 Risk have been categorised into two areas:
- Strategic (being those identified in the Corporate Improvement Plan
  - Business (being those identified service business plans)
- 4.5 Using Covalent reporting functionality the current risks, profiles, owners and action status are summarised in Appendices 1. The report is a baseline positioning statement, one of the objectives of future reports will be to highlight movement, both positive and negative and the progress made on the management of the Councils risks. With this in mind we will seek to ensure that on a monthly basis, similar to monthly bvpi and performance data reporting, heads of service give a status update on risks where they are the lead office and make adjustments to the risk profile as necessary.
- 4.6 The Covalent system is a web based system and is readily accessible to all members to review at anytime. The data results should enable the Council to develop its appetite for risk and the tolerances or risk parameters it finds acceptable. The risk tolerances are highlighted using the “Red, Amber, Green” warning system, it may be Members wish to consider these current levels. Suppliers of Covalent are in the process of changing the impact and likelihood scoring to those traditionally used by the Council (ie: A,B,C, D, E& F for likelihood, where A is the highest and 1 – 4 for Impact where 1 is the highest)
- 4.7 The Covalent reporting tools will now be used to feedback progress to both Members and Senior Management Team.

4.8 **Operational Risk Management Group (ORMG):** as part of the improvement to matters of risk management, in particular a top down approach to risk management it is suggested that the function of the ORMG be absorbed by the Senior Management Team, under the chair of a Director (CEO, DCEO or EDoR), who will perform a regular review of all risk registers and take a project management approach to managing and identifying new emerging risks. Though having had some success in the past a weakness of the existing ORMG is that service heads were not always represented or have delegated responsibility to other offices without in some cases delegation of authority. In other cases there has been a lack of a proactive approach to risk management. Transfer of the ORMG function to more senior officers will allow operational and strategic risk matters to sit along side and enable the organisation to take a more holistic approach to risk management as a whole.

## **5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES**

5.1 A number of finance issues have been identified within the risk registers

## **6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES**

6.1 Legal & Democratic Service issues have been identified within the risk registers

## **7. COMMENTS OF THE HEAD OF HUMAN RESOURCES**

7.1 Human Resource issues have been identified within the risk registers

## **8. CONCLUSION**

8.1 The current status of the Councils risk registers gives the Council both a base line position from which to measure future progress and a means by which to consider further the most appropriate means of managing the delivering its corporate priorities.

8.2 The continued use and reporting via the Covalent system will enable the Council to progress and embed Risk Management throughout the organisation.

## **9. RECOMMENDATION(S)**

9.1 That Members consider the risk registers to ensure all risks are captured and make any suggestions which they feel are appropriate to the management of identified risks.

9.2 That Members consider the levels of tolerance in the risk register (ie the levels at which the "Red, Amber, Green" warning system is set.

9.3 That Members agree the transfer of the function and role of the Operational Risk Management Group to the Senior Management Team and therefore the necessary changes to the Risk Management Strategy.

- 9.4 That the Risk Management Strategy is amended so that Cabinet is the Member body receiving regular reporting from officers on risk management.
- 9.5 That changes to the Risk Management Strategy are delegated to the Head of Financial Services in consultation with the portfolio holder for Finance & Risk Management.

**10. CONSULTATION CARRIED OUT**

10.1 Directors and Heads of Service

<b>Contact Officer</b>	
Name	Philip Seddon
Position	Head of Financial Services
Service / Team	Finance
Telephone	01706 252465
Email address	philseddon@rossendalebc.gov.uk

Either

Background Papers	
Document	Place of Inspection
Risk Registers	Covalent (the Council's Performance Management System)
Corporate Improvement Plan	RBC website
Service Business plans	RBC General Folder