

Subject: Risk Management

Status: For Publication

Report to: The Cabinet

Date: 21 March 2007

Report of: Head of Financial Services

Portfolio

Holder: Finance and Risk Management

Key Decision:

No

Forward Plan

General Exception

Special Urgency

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.

2. CORPORATE PRIORITIES

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

- *Strong financial management and the delivery of value for money services (Improvement)* – Effective Risk Management ensures effective management of the Council's resources, this in turn ultimately enables the provision of value for money services.

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. This report is therefore part 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 The Council has now further developed and embedded risk management by integrating risk management into its performance management system: Covalent.
- 4.3 Risk have been categorised into the following areas:
- Strategic (being those identified in the Corporate Improvement Plan
 - Business (being those identified service business plans)
- 4.4 Using Covalent reporting functionality the current risks, profiles, owners and action status are summarised in Appendices 1. The report is the current position statement.
- 4.5 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)
- 4.6 Appendix 1 shows some significant favourable movement in the risk profile. There do however remain areas with a risk profile of “Red”.
- 4.7 Service Business Plans are currently being developed by Heads of Service who will ensure all risks are reviewed, updated and captured.

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 information on which to measure 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. RECOMMENDATIONS

- 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.

10. CONSULTATION CARRIED OUT

- 10.1 Directors and Heads of Service

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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