AUDIT AND PENSIONS COMMITTEE

8 December 2011

CONTRIBUTORS	**COMBINED RISK MANAGEMENT HIGHLIGHT REPORT**	**WARDS** All
All departments	This report updates the Committee of the risks, controls, assurances and management action orientated to manage organisational level risks.	

RECOMMENDATION:

1. The committee consider the current Strategic, Programme and Operational risk position as outlined in the report.

1. **PURPOSE**

   1.1. This report updates Members on the highlight risk management issues identified across council services and follows changes in the reporting process to Committee expressed at its September 2010 meeting. Effective risk management continues to help the council to achieve its objectives by 'getting things right first time' and is a key indicator of the 'Corporate Health' of the council.

2. **BACKGROUND**

   2.1. The Finance and Corporate Services Department acts as the lead Department on risk management supported by the Principal Consultant Risk Management. Departmental Directors act as Risk Champions in their own service areas to support the process across all levels of the authority. Risk Management is critical to both the value for money assessment and provision of annual assurance that form part of the annual accounts.

3. **Strategic risks update**

   3.1. The Corporate Risk and Assurance Register has been reviewed by the Council's Executive Management Team. The full version accompanies this paper for Members information at **Appendix 1.**

   3.2. **Revision highlights include;**

   3.3. **Corporate risk** number 1. - Business Continuity - Medium risk – Stable

       3.3.1. As services are redesigned within the TriBorough working programme consideration is being given to ensure service continuity is maintained throughout the process. The Councils Business Continuity Manager is to also provide a service for the Royal Borough of Kensington and Chelsea. This will be an important factor in ensuring consistency of planning and response in the event of a potential major service interruption. Key Risk Indicators are being developed for this area in line with the recommended approach from the Institute of Operational Risk Management.

   3.4. **Corporate risk** number 2. – Managing Projects – Low risk – Stable

       3.4.1. The Executive Management Team receive consolidated statistics on four Portfolios;

           3.4.1.1. Customer Access & Service Delivery

       3.4.1.2.   Transforming the way we do business

       3.4.1.3.   Market management

       3.4.1.4.   Tri-borough

3.4.2. All portfolio managers have now met with the Principal Consultant Risk Management and confirm that each report on risks and mitigations to EMT on a monthly basis. They highlight a number of key risks that include, but are not limited to;

- Challenging Medium Term Financial Strategy savings
- Rapidity and complexity of change
- Development of commercial skills
- H & F Bridge Partnership negotiations
- Key staffing changes

3.4.3. Each risk is accompanied with a proposed mitigation and provides an update on the Organisational Development and Transformation resource requirements, benefits realisation and plans to provide increased Programme Assurance.

3.5. Corporate risk number 3 – Managing Statutory Duty – Medium risk – Stable

3.5.1. Meetings between Tri-Borough colleagues to discuss health and safety management systems are being held fortnightly. It has been agreed that the Host Borough will coordinate the cascade of health and safety information from all boroughs to senior managers through a designated health and safety advisor.

3.5.2. Arrangements need and will be robust to ensure that there is clarity around responsibility and the 'controlling mind', in terms of staff, contractors, buildings, members of the public and facilities management and that those who are responsible understand this.

3.5.3. There are many nuances with multiple reporting systems and information exchange mechanisms that need to be considered so that the left hand always knows what the right hand does whilst not duplicating efforts. Given the complexity (including Mutuals, NHS etc) it is fundamental that health and safety information is shared at a senior level both for legal compliance but principally to safeguard everyone.

3.6. Corporate risk number 7. – Maintaining reputation and service standards - Low risk – Stable

    3.6.1. Increasingly apparent are the numbers of high profile information security incidents reported in the national media. Added to this is the interest shown by the Information Commissioners Office into individual cases where local authorities have fallen below expected standards of Information security management. ITSOG, the councils Information Technology Standards Operational Group, periodically review the councils breaches of information management protocols and other incidents. A copy of the October ITSOG report is attached as **Appendix 2** that highlights the number of Statistical summary of incidents.

3.7. Opportunity risk number 2. – Tri Borough, Merging of services with Westminster and the Royal Borough of Kensington & Chelsea.– Low risk of realisation– Stable

    3.7.1. An update on Tri Borough working was issued for general consumption via the Tri-borough bulletin on 7th October 2011. This also contained reference to a number of events and operating principles associated with the move to shared service provision.

    3.7.2. Additional information was made publically available through the Driving Change document which encompassed lessons learnt from the first year of the project and the application of the seven tests. They relate to political relationships; the quality of advice; accountability of the business case; the level of trust; the need to break new ground, the ability to communicate your vision and plan and the momentum necessary to drive the project forward.

3.8. Opportunity risk number 5. - Re-integration of H & F Homes.– Low risk of realisation– Stable

4. Detailed information on controls and assurances is contained in the fabric of the corporate risk register, project tracking record and contract and market testing schedules. Work is in progress to mitigate these risks. The exposure rating of corporate risks has not proven to be volatile indicating a reasonable and consistent level of Internal Control.

5. **Programme and projects**
       5.1. The Transformation Office are refreshing their project and programme governance reporting arrangements. Departments will in future track and

report on progress of individual projects. Aspects of which will be discussed at their respective Department Management Teams. This revised arrangement replaces historic centralised reporting previously managed by the now decommissioned Programme Management Office.

6. Operational highlights

6.1. Tri Borough working arrangements have now been put into place for Insurance Services. This will be hosted by the Royal Borough of Kensington & Chelsea and will cover the Internal claims handling and Insurance purchase processes. Background information on Risk Management activities for the past three years and forward plans have been requested by the Insurance Broker in advance of re-tendering of the insurance portfolio.

6.2. Work is also proceeding to align the business continuity processes across Westminster City Council, the Royal Borough of Kensington & Chelsea and Hammersmith & Fulham. This is expected to tabled for approval by the end of 2011 and will shift the focus to having plans in place for all areas to robust plans for the most critical of services. This approach would require additional development of the councils Service resilience Group or its future equivalent.

6.3. A recent asbestos incident in a library was reported to the Health & Safety Executive from an anonymous source, and competency issue of a contractor subsequent to works instructed by departments, highlights the risk to the organisation and the public when the corporate system, around the control of contractors, is not adhered to. Protocols have been reviewed with relevant parties.

6.4. Following a request by the Health and Safety Executive a copy of the council's asbestos strategy and management procedures have been forwarded. A programme of asbestos awareness training, to kick off the new management strategy, had already been scheduled for November/December. This forms part of a targeted programme of health and safety training based on the revamped procedures that are being rolled out.

7. Market Testing

7.1. An update to contract schedules (market testing programme, new contracts, contract renewals and contract review & negotiation Programme) was reviewed and discussed at the councils Competition Board. Competition Board has asked the councils Contracts Register Group to monitor progress on new contracts, contract renewals and renegotiations, Market Testing Programme, and contract monitoring and

report back to Competition Board on an exception basis. In effect this concerns reporting on red flag items where major problems or issues have been encountered and Competition Board need to be advised. It was also considered sensible to report on any major headlines issues.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Association of Local Authority Risk Managers & Institute of Risk Management, 2002, A Risk Management Standard	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
2.	The Orange Book, Management of Risk Principles & Concepts – HM Treasury	OGC Website	http://www.ogc.gov.uk/documents/Risk.pdf
3.	Departmental Risk Registers	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
4.	CIPFA Finance Advisory Network The Annual Governance Statement	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
5.	BS 31100 Code of Practice for risk management	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith