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AUDIT AND PENSIONS COMMITTEE

2012

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 to meet BS31100 requirements for Enterprise Risk Management. 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 Executive 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 and in any procurement or commissioning. The Councils Business Continuity Manager, now a Bi Borough appointment, provides a service for the council and 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.

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 HFBB 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.

3.4.4. In December 2011 Cabinet were informed of the results of a tendering exercise for two Business and Management Consultancy contracts. These were successfully tendered in support of market management and debt recovery and constitute an important element in the Council's pursuit of significant savings over the next few years. These services comprise Procurement Services & Savings and Enhanced Revenue/Debt Collection/Recovery. The services will be provided on a 'gain share' basis, with the successful organisation(s) primarily receiving payment only by way of a proportion of the savings identified or additional debt recovered on behalf of the Council. This is not a traditional consultancy service type contract with the risk for delivery placed firmly with the successful bidder and not the Council. This is the first time the Council has used this model which ensures payment is only made when there is a delivered outcome to the Council.

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 and an operating model is to be proposed and discussed at HFBB. 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. Each council will retain a Safety Committee to comply with current legislative requirements. Where a service is being provided to potentially 'at risk' clients for example in Tri Borough Adult Social Care Services the proposals extend to create a cross borough representative group.

3.5.2. A new system has been rolled out replacing the previous mechanism for recording and managing information about violent service users. In future staff will record any incident on the corporate health and safety incident reporting system used for accidents, violent incidents, dangerous occurrences and near misses. A routine report will pull this information to the intranet so that it is accessible to all council staff.

3.5.3. The new system removes the risk and bureaucracy of duplication of entries and management of information. This will enable corporate safety to review the nature and frequency of incidents whilst Executive Services will retain the responsibility for managing the information in terms of relevance and accessibility ensuring it is removed as soon as it is no longer applicable.

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 December 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. Risk and issue management is facilitated through the Royal Borough of Kensington and Chelsea Programme Management Office (PMO). An updated position on Tri Borough working risks and mitigations has been reflected in the councils Corporate Risk Register.

3.7.2. A common set of risks are emerging from Portfolio managers via the summary provided by the PMO that include, but are not limited to accommodation, IT, timing and Human Resources. All portfolios, Adult Social Care, Corporate Services, Libraries and Environment are reporting via the agreed highlight reports registering emerging risks and their mitigations.

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.

6. Operational highlights

6.1. Tri Borough working arrangements have now been put into place for Insurance Services. This is being 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. 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.

6.3. A strategy was drawn up between Corporate Safety and Building Property Management in April 2011 setting out the identified risks and the immediate and long-term management actions. The required control measures in summary include: asbestos management surveys of property portfolio, starting with schools; changes to the corporate asset management system to allow it to act as the asbestos register, the repository and hub for asbestos management plans and audit trail of contractor movements; the adoption of a new control of contractors procedure and permissions to work system; the recruitment of an Appointed Person to manage the asbestos portfolio; the creation of individual asbestos management plans for each building and an overall strategy for the entire portfolio; the roll out of tailored asbestos awareness training for premise managers, contractors and staff; monitoring of compliance through inspection and key performance indicators.

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	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
3.	Departmental Risk Registers, Tri borough Portfolio risk logs	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