



# AUDIT AND PENSIONS COMMITTEE

17 February 2010

**CONTRIBUTORS**

**Subject**

**WARDS  
All**

All departments

COMBINED RISK MANAGEMENT HIGHLIGHT  
REPORT

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. A full refresh of the Corporate Risk Register since its last review by the Audit & Pension Committee has been undertaken and presented to the Councils Executive Management Team. The full version accompanies this paper for Members information as **Appendix 1**.

### **3.2. Revision highlights include;**

#### **3.3. Corporate risk number 1. - Business Continuity IT**

- 3.3.1. User acceptance testing is scheduled over January and February for the new IT business continuity environment by council and HFBP staff.

#### **3.4. Corporate risk number 9. - Successful cultural change**

- 3.4.1. Increasing workloads whilst downsizing and restructuring with balancing controls

#### **3.5. Corporate risk number 12. new - Scrutiny of Public Health responsibilities**

- 3.5.1. Updates on the impacts including setting up of Health & Wellbeing Boards and commissioning of service responsibilities for some health inequalities ( healthy eating, smoking cessation, immunisation, drugs and alcohol prevention etc. )

#### **3.6. Opportunity risk number 3.**

**3.6.1.** Merging of services with Westminster and the Royal Borough of Kensington & Chelsea

**3.6.2.** Creation, ratification and adoption of a risk register by the Programme Board

**3.7.** Opportunity risk number 5. - Re-integration of H & F Homes

**3.7.1.** Acknowledgement on the risk register of the Cabinet report of the 10<sup>th</sup> January 2011 to make arrangements to transfer the ALMO's business to the council and integrate its operations with the Council and the eventual winding up of the company limited by guarantee. Operations to be integrated by 1<sup>st</sup> April 2011.

**3.8.** Opportunity risk number 6.

Merging of education services with Westminster Council and the Royal Borough of Kensington and Chelsea

**3.8.1.** Acknowledgement on the risk register of the identified proposals, recommendations and controls emerging from the programme management of the above as stated in the Cabinet report recommendations of the 10<sup>th</sup> January 2011.

**3.9.** Detailed information on controls and assurances is contained in the fabric of the corporate risk register and where work is in progress to mitigate risk this has been considered to determine the level of residual risk. The corporate risks have remained stable over the past quarter. The profile is set to improve once the full implementation of the IT business continuity project is achieved.

#### **4. Programme and projects**

**4.1.** There are no issues for Members consideration to report for this period.

#### **5. Operational**

**5.1.** The Finance and Corporate Services Department have completed their annual comprehensive refresh of the risk and assurance register. As a result it is now the prime document in support the assurance requirements for the department and the end of year Directors Annual Assurance statement. A separate financials risk set with assurance map is being presented to the council's Financial Strategy Board for consideration. A copy is attached for Members information as **Appendix 2**. The department will continue to review risks periodically at their management team meetings and the risk and assurance register will form the basis of the future audit plan for the department.

## 6. Resilient services

- 6.1. As the council continue to work promoting the use of more efficient methods a number of discussions have taken place internally and with Westminster and the Royal Borough of Kensington and Chelsea on insurance, health and safety, business continuity and emergency planning. Operationally these services provide financial or organisational resilience for the council and its wider community, schools, H & F Homes and local business.
- 6.2. Closer working arrangements internally across these service areas, including risk management, are fundamentally important in managing enterprise wide risks and regular meetings across these workstrands has commenced. As a group we are exploring the possibilities of joining up information management recording and reporting systems across these disciplines to improve communication and increase efficiency and responsiveness.
- 6.3. The web based health & safety accident/incident reporting package is now live on the Corporate Safety intranet homepage and is to be promoted throughout the organisation, including schools, in a stepped process commencing with core users and Departmental Safety Champions. Automated email notifications to line managers and those with health and safety responsibilities will commence shortly. Data is accessible in real-time by managers, safety champions, the insurance section and other key stakeholders, with respect to accidents, incidents and near misses.
- 6.4. A new rationale for the investigation of accidents by Corporate Safety has been formalised and is on their homepage. In short, the team will investigate incidents based on the level of risk and harm. Data extracted from the past quarter to the Executive Management Team is provided for Members information in the accompanying report as **APPENDIX 3**.
- 6.5. H & F Homes re-integration into the councils risk management portfolio will include the need to evaluate the recorded data on risk held on an access database. As H & F Homes currently exists as a separate legal entity it will be required ,for this financial year as previously, to provide the council with written assurances of its control environment. In future years the Housing and Regeneration Department will be required to comply with the risk and assurance arrangements of the council including the signing of a Directors Annual Assurance statement.

## 7. Market Testing

7.1. Competition Board considered the procurement and market testing programme for 2011-2014 at its December meeting. The proposed Programme consists of a blend of market testing projects and major scheduled contract renewals. It is intended to target up to 20-25% savings over three years on retendered contracts where possible. This will require early preparation and a detailed review of service specifications to see how this can be reduced accordingly. It will also be necessary to identify the scope for collaboration with others to secure volume discounts, implement service transformation, reduce back office costs, shape markets and undertake option appraisals. Risks associated with the Programme are consolidated in a quarterly report to the council's Competition Board. There are no new significant risks to report to Committee at this time however a review of procurement risks and assurances is due to be considered at the March Competition Board.

### LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Audit Commission: Worth The Risk, Improving Risk Management in Local Government	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
2.	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
3.	The Orange Book, Management of Risk Principles & Concepts – HM Treasury	OGC Website	<a href="http://www.ogc.gov.uk/documents/Risk.pdf">http://www.ogc.gov.uk/documents/Risk.pdf</a>
4.	Departmental Risk Registers	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit,

			Town Hall, Hammersmith
5.	CIPFA Finance Advisory Network The Annual Governance Statement	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
6.	BS 31100 Code of Practice for risk management	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith