**WILTSHIRE COUNTY COUNCIL**                        **AGENDA ITEM NO. 8**

**FINAL ACCOUNTS AND AUDIT COMMITTEE**
**30th September 2008**

## RISK MANAGEMENT UPDATE

**Purpose of the Report**

1.      To inform and consult the Committee on the developments and progress with regard to the County Council's risk management arrangements, with particular reference to:

- The management of corporate risks.
- The ongoing work of the Corporate Risk Management Group.
- Progress in improving the link between the management of resources, performance, and risk, and strengthening risk management arrangements and assurance arrangements in general.

**Background**

2.      Risk Management is a key aspect of Corporate Governance and the Annual Governance Statement.

3.      The Strategy was revised and approved by Cabinet in March 2008. The strategy is intended to improve effective risk management in Wiltshire and comply with good practice so that the Council effectively manages potential opportunities and threats to help achieve its objectives.  How successful we are in dealing with the risks we face can have a major impact on the achievement of our objectives and service delivery to the Community.

4.      Councillors will be aware that the County Council's Risk Register is held on the Performance and Risk system - Excelsis i.e. those risks which pose an uncertainty to the operation of the County Council, and the achievement of its objectives.  The management of the strategic risks is reviewed regularly by the Corporate Leadership Team (CLT).

**Main Considerations for the Committee**

5.      The Councils framework policy on the management of resources, performance and risk sets out the way we integrate management of resources, performance and risk to achieve performance improvements. The review of the Risk Management Strategy is on the forward plan for March 2009. The Framework Policy on the management of Resources, Performance and Risk should be referred to at the same time as the Risk Management Strategy.

6.      Prior to this meeting of the FAAC Councillor's received training in Risk Management and how it applied locally. Applying the principles of Sensible Risk Management. The Risk Management Process had been discussed at earlier meetings. Future Councillor training has been incorporated in the Councillor Induction Programme for Wiltshire Council.

7.      The Corporate Risk Management Group (CRMG) leads on the delivery of the risk management Strategy actions have included:-

- Corporate Director Resources is championing the Corporate Risk Management Group.
- Progress on the day one plan for the arrangements for Risk Management as at 1st April 2009.

- The Strategy and supporting information is located on the intranet at http://wccintranet/employee-info/department-of-resources-home/risk-management-2.htm . The strategy is being communicated through the Department Team Lead days and through News and Views.

- Work is progressing to build risk management capacity within departments including training managers in facilitating risk assessment and training for Highway contracts. Mange2lead courses continue to be well attended.
- The use of the Excelsis system is developing and becoming more consistent comprehensive and reliable across the authority.  This will serve as an important information source for Internal Audit to develop a risk-based audit plan for 2009-10.
- The CRMG reports to the Assurance Group who are responsible for preparing the Annual Governance Statement (AGS), and for bringing together the various sources of assurance which support the AGS.  One such source of assurance comes from the departmental Director's Assurance Statements, which includes the processes for identifying, assessing and managing risk, and the issues which emerge.  The Group meets regularly to ensure the risk information identified in the Directors' Assurance Statements is comprehensive and reliable.
- CLT continues to review the management of corporate risks quarterly or by exception reporting monthly, in order to keep these risks in focus and ensure the position is regularly updated.  The risks the 'Towards One Council' LGR programme are managed through the programme team and reported on regularly.

Areas of risk to note are set out below:-

**Towards One Council**

Strategic programme risks continue to be monitored. The corporate Programme Office takes responsibility for ensuring regular reviews. The register is a standing item on the Joint Implementation Team agenda and forms part of the monthly progress report to the Implementation Executive.

The volume of the change agenda the Council is facing with BMP, restructuring, balancing the budget and maintaining services during this change is a significant risk to the Council. At present risk levels are generally stable or decreasing. However levels may increase as we move into the more comprehensive recruitment phase which is likely to increase pressure on staff. Therefore effectively supporting our staff through this time is a key priority.

Property Strategy is currently under review in line with the Property Cross Cutting Plan. Key control mechanisms include the strategic oversight of Capital Asset Board (6 weekly meetings), the key monitoring and problem solving role of the Property Working Group and the specific programme and project management arrangements that are in place. An external property consultancy company - Mace, have been appointed to support the work, in terms of reviewing the unitary property portfolio and in doing so will help enable a mechanism for change.   A report is to go to Councillors at Christmas.

**Ability to balance the financial costs of prioritisation and agreed targets against the resources available whilst achieving desired efficiencies and service improvements**

The effects of economic downturn, cost pressures, service demand increases and higher inflation is high on the corporate agenda.  The impact for the authority can be broken down across a number of key areas:-

- Exposure to movements in interest rates in relation to short term deposits.
- Exposure to movements in interest rates on borrowing.
- Reliance of the capital programme on capital receipts

- Impact on prices which the council faces
- Impact on demand for service as the economy affect individual's personal circumstances.

The impact on the Council's ability to balance the financial costs of prioritisation and agreed targets against the resources available whilst achieving desired efficiencies and service improvements have been highlighted in the following reports to Cabinet on 23$^{rd}$ September:-

- Performance report for the Local Agreement for Wiltshire (including the Local Area Agreement) April – June 2008
- Chairman's Brief
- Budget Monitoring ongoing

They have also been highlighted in the long term strategic plans of the Council:-

- 2009/10 Financial Plan
- Medium Term Financial Strategy

**Corporate Health & Well being**

Corporate Health & Well Being is essential to a positive and engaged workforce. Capacity planning is a continued focus for Wiltshire during transition. It has been highlighted for the need to effectively support staff through this time as a key priority. Capacity and priorities are continually monitored and reviewed.

A Corporate negligence Impact assessment which monitors the health, safety and welfare risks to the Council is reviewed regularly by CLT.

- Following the drowning of an external group organiser on a Wiltshire school trip in South Africa a review of existing processes show that they remain appropriate.
- There is a gradual increase in Occupational health referrals as a result of designated trigger points for managers. The Occupational Health Service will take on District Occupational Health demand in New Year.

**Community Risk and Emergency Planning**

The Wiltshire and Swindon Local Resilience Forum maintains and reviews the Community Risk Register as required under the Civil Contingencies Act 2004. The current high risks and focus areas for emergency planning remain as:

| Community Risk Area | Risk | Likelihood | Impact |
|---|---|---|---|
| Human Health | Pandemic Flu | Possible | Catastrophic |
| Severe Weather | Major fluvial flooding affecting 2 or more regions | Unlikely | Significant |

The evening storms of 12th September caused some localised flooding to property.

The Risk Manager will be joining the risk assessment sub group of the Local Resilience Forum to make the links between the Corporate Risk report the Community Risk Register and emergent risks.

**Business Continuity**

Business Continuity was reported to FAAC in June 2008. The KPMG report highlighted a number of areas of improvement for Business Continuity (BC) management arrangements within the authority. The report has been used to help strengthen the performance of Business Continuity. Wiltshire County Council's BC arrangements have been modernised and strengthened in order that they will serve the authority through the transition to unitary council.

The Business Continuity Plan for the new Wiltshire Council is being prepared. A project has been initiated which will see the planning arrangements established in line with BS25999, the national standard for BC.

The Business Continuity Policy is in the process of being approved by CLT following consultation with the Corporate Risk Management Group. A pilot project will be run prior to the main roll out of a comprehensive framework.

8.      The next Risk Management Update for FAAC will be March 2008.

## Environmental Impact of the Proposal

9.      No environmental impact has been identified from the issues raised in this report.

## Financial Implications

10.     There are no additional costs arising from the proposal, although strengthening the Council's risk management arrangements should help financial management and control.

## Reasons for the Proposal

11.     To inform the Committee of developments and progress in relation to the County Council's key risks and risk management arrangements.

## Proposal

12.     The Committee is asked to note the current  key risk areas and comment on developments and progress in the County Council's risk management arrangements, specifically to note :-

- Councillor's roles and responsibilities in embedding risk management.
- The ongoing work of the Corporate Risk Management Group.
- Areas of risk being risk managed.
- Progress in improving the link between the management of resources, performance, and risk, and the strengthening of risk management arrangements in general.

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Unpublished documents relied upon in the preparation of this Report:  None