
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	7th SEPTEMBER 2006	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC: u/ks/risk mgt/ monitoring report sept 06
SUBJECT:	RISK MANAGEMENT – REVIEW AND MONITORING UPDATE	REF:
WARD(S) AFFECTED:		TERMS OF REFERENCE: FM 14

1.0 Recommendations

1.1 That the updated risk register and associated analysis is considered and noted.

2.0 Purpose of Report

2.1 To provide the quarterly update of risk management, which is designed to assist the Council in its day-to-day business by identifying and minimising key risks. This is in accordance with the Council's Risk Management Policy Statement.

3.0 Detail

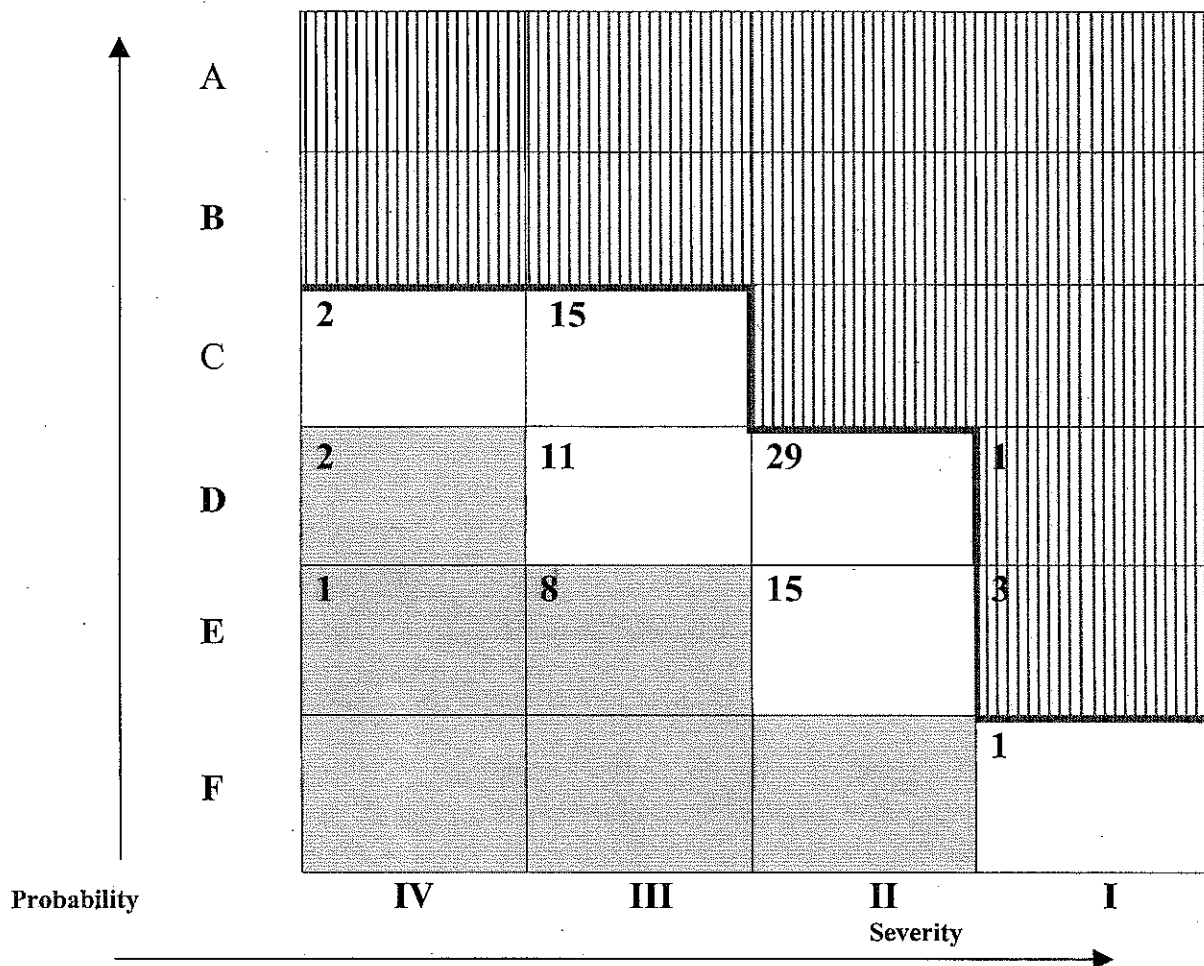
Background

3.1 Risk management is a key component of the Councils corporate governance framework. The arrangements for it are subject to regular review and indeed assessment (through Use of Resources) by the Audit Commission.

3.2 The Council maintains an overall risk register that contains the main risks that the Council faces in delivering its services. Effectively they are those contained within individual service plans and those identified by the Corporate Management Team (CMT).

3.3 Individual risks are reviewed and moderated by the Council's Risk Management Working Group (RMG) who assesses the risks in the light of the Council's overall priorities and service delivery. The risk register as it stood at May 2006 is shown in the following matrix.

Risk Map for the Council (as at May 06)
Number of risks identified in each category



Key

Vertical line = high risk
 Clear = medium risk
 Shaded = low risk

3.4 In total, 88 separate risks were identified in the risk register covering all services and those identified by CMT. A review of the risks identified in the risk register shows:

- 5% of risks identified are considered 'high'
- 82% of risks are considered 'medium', and
- 13% of risks identified are considered 'low.'

A Review of the High Risks

3.5 The high risks are those that could have quite a significant effect on the Council being able to deliver its services across the board or where there could be serious implications affecting the Council and the local community.

3.6 There were 4 risks identified as at May 2006 falling into this category and were at the lower end of the "high" scale. They were ranked "high" due more to the potential impact that could ensue if the risk materialised, rather than its probability of occurrence. These risks are analysed in the following table.

<p>Increased litigation/claims for use of leisure facilities, in particular play areas.</p>	<p>Historically, the Council has been subject to insurance claims (about 3 to 4 per year), but nothing as yet critical. Play areas and other facilities are being improved and additional resources have been invested over the last 2 to 3 years and hopefully this will help reduce claims.</p> <p>Clearly the impact that may arise could be extremely high. Therefore, it is imperative that existing management and assessment arrangements are constantly reviewed and where necessary, improved.</p>
<p>Injuries/accidents at big public events (mainly Festival of Leisure and Switch on of Christmas Lights).</p>	<p>Again, clearly there is always a risk and the impact could be extremely high. Health and safety, licensing, etc do generally govern these events.</p> <p>However, as above, it is imperative that existing management and assessment arrangements are constantly reviewed and where necessary, improved.</p>
<p>Maintaining health and safety standards – training and awareness, etc.</p>	<p>Very similar comments to the other risks above. Processes and frameworks are in place but it is imperative that existing arrangements are constantly reviewed and where necessary, improved.</p>
<p>Business Continuity – especially I.T. disaster recovery.</p>	<p>Under the Civil Contingencies Act, the Council now has a Business Continuity Plan in place. However, 1 or 2 issues, including I.T. recovery and relocation of staff in the event of a major disaster such as fire or flood have still to be resolved.</p> <p>However, this could be difficult unless alternative accommodation can be found to host an adequate facility. Longer-term, it is planned that this facility will be housed at a new depot location.</p> <p>Some safeguards and alternative arrangements are in place but only in a case that the Computer Room and some of the building are still usable.</p>

- 3.7 In addition, the RMG identified a further risk not currently appearing in the Council's risk register at that time, namely **security**. This could be in the form of personal or financial security or indeed to the infrastructure of the main public buildings.
- 3.8 The RMG cited the increased threat of terrorism and the new arrangements for Customer Services, which although a low possibility, could potentially have a big impact for the Council.

Moving On

- 3.9 In reviewing the monitoring report back in May, the Committee requested a review of the present arrangements for managing these risks in more detail and to identify any action areas that may be required to mitigate these high risks (including security) as far as possible.
- 3.10 In addition, the RMG were to look at a more refined and simpler risk matrix and to review the Council's "risk appetite," i.e. what is the Council prepared to accept before a risk is classed as "high." Furthermore, it was asked to continue to review and moderate the remaining risk register following the exercise looking at the higher rated risks only.

Review of High Risks

- 3.11 Under the direction of the Director of Community Services, officers were asked to provide an overview of the actions in place to mitigate the high risks arising from the monitoring report in May 2006. A summary of these is shown in **Appendix 1**.
- 3.12 Although all of these risks should continue to be monitored regularly, perhaps the main issue is the location of an alternative facility incorporating IT, Telecoms and sufficient space for officers to enable the Council to operate should a disaster recovery situation arise.
- 3.13 It has already been highlighted that this could be difficult unless alternative accommodation can be found to host an adequate facility. Longer-term, it is planned that this facility will be housed at a new depot location.
- 3.14 However, the Director of Community Services and the Head of I.T. and Customer Services, are examining a back-up system to be potentially located at the Council's Granville Court site, to accommodate a temporary infrastructure to enable the Council to operate.

Review of the Risk Matrix

- 3.15 Having reviewed the current matrix that had proved useful to integrate risk management into the Council, the RMG have now suggested using a more refined and simpler matrix to record risks.
- 3.16 In addition, the RMG have undertaken a desktop review off all risks, including the high risks identified above based on the additional information provided in Appendix 1.
- 3.17 The updated matrix in its revised format is shown in the following matrix.

Risk Map for the Council (as at September 2006)
Number of risks identified in each category

HOW LIKELY

<p>A HIGH</p> <p>B PROBABLE</p> <p>C LOW</p> <p>D EXTREMELY LOW</p>				
	1	8	6	
	2	15	7	1
	1	4	2	1
IMPACT	4 VERY LOW	3 MODERATE	2 SERIOUS	1 CATASTROPHIC

3.18 In this matrix, the darker shading towards the right hand side highlights the high risks, the clear area the medium risks and the lighter shading on the left hand side the lower rated risks.

3.19 The overall register now shows 48 key risk areas of varying degrees. This is almost ½ of the risks previously identified. The main reduction is due to certain risks identified by services not being transferred to the corporate register.

3.20 Such risks were mainly in respect of staffing/capacity issues and dealing with legislative requirements - generally being able to deliver services within current resources.

3.21 As in previous moderation exercises, the RMG felt that these were not risks but management and operational issues that should be dealt with through the appropriate frameworks.

Capacity

3.22 Clearly, capacity may be an issue for the Council to address more corporately and is a risk that has been identified by CMT. It is included in the matrix at C3, i.e. low likelihood with a moderate impact.

3.23 Extra money was provided in the last budget round to deal with this issue in certain areas, in addition to resources provided to meet priorities and demands in the new Corporate Plan.

I.T. Recovery and Public Events

3.24 Of the 48 risks, 2 are still considered to be high in that although the probability of them occurring is very low, the potential impact if they did, could have serious consequences on the Council's services.

3.25 Firstly, an alternative facility incorporating IT, Telecoms and sufficient space for officers to enable the Council to operate is an on-going business risk that as mentioned earlier, is currently under review.

3.26 The other risk is an incident occurring at one of the Council's public events. These are relatively few in number over the course of a year with the Festival of Leisure and the Christmas Lights Switch-on being the largest.

3.27 As stated in Appendix 1, before each large scale event an emergency plan is produced which considers all the issues relating to a public event. The police and other statutory partners are involved in this process. It is considered that this risk is managed as far as possible but should be kept under review and monitored accordingly.

Managing Risks

3.28 Since September 2005, the Council has been through a process of identifying its risks and through monitoring and review, has now effectively moderated these to the 48 currently identified. In addition, the higher rated risks have also been reviewed during this period.

3.29 It is now important that as part of service planning, these risks are regularly monitored and reviewed consistently. The template for doing this is shown in **Appendix 2**. This also identifies each specific risk within every service area, controls already in place and further actions required.

3.30 It is intended that this is included in the corporate and individual service plans and forms an integral part of those processes. The RMG will continue to oversee this framework as far as risk is concerned, including re-rating existing risks as actions are completed and also reviewing new risks that are identified.

4.0 Financial Implications

4.1 None associated directly with this report.

5.0 Corporate Implications

5.1 None associated directly with this report.

6.0 Community Implications

6.1 None associated directly with this report.

7.0 Background Papers

7.1 None