
CORPORATE GOVERNANCE AND RISK MANAGEMENT

1. SUMMARY

- 1.1 A formal assessment of strategic business risks has been undertaken by the Council in conjunction with our public liability insurers and claims handlers (Risk Management Partners and Gallagher Bassett). A formal Risk Register is now in place. This is a substantive document and a copy is available for inspection in the Members' Room.

2. RECOMMENDATIONS

- 2.1 Members note that a formal Risk Register, which identifies strategic risks, is now in place.
- 2.2 The existence of the Register is recognised in the annual accounts for year 2002/03.
- 2.3 The risks should be considered by the Strategic Management Team with a view to identifying those which pose the most significant threat to the Council's corporate aims and objectives. At present the risks are listed to reflect the number of occasions they were identified during the assessment process. Therefore this does not necessarily mean that the risk mentioned most often is the most significant.
- 2.4 In relation to each risk identified, the Strategic Management Team address the following issues with the results to be recorded within the Risk Register -
- Has a control strategy been finalised to avoid, reduce or mitigate the risk?
 - Is the control strategy adequate/is it working/can or should more be done?
 - If further control is required how will this be implemented?
 - Who is accountable for managing the risk and maintaining controls?
 - Can any early warning indicator be identified to help signal an increase in the risk?
 - Are Members aware of the risk?
- 2.5 The Council agree a timetable for the ongoing review process to ensure new and emerging risks continue to be identified and assessed and that controls continue to focus on significant risks.
- 2.6 Members note that the second phase of risk identification in relation to operational risks will commence within the next 4-6 months which will involve training sessions for operational managers. Operational risks identified will then be included in the Risk Register.

3. DETAIL

- 3.1 An essential part of council business is to ensure that major business risks are identified and covered as far as possible. A process has to be undertaken whereby such risks are identified by management and Members with appropriate officers tasked to monitor such risks with pre-agreed timescales. This process is an essential part of Corporate Governance.
- 3.2 In order to facilitate an exercise of formally identifying business risks and preparing a Risk Register, the Council engaged the services of Risk Management Partners and Gallagher Bassett, who are our public liability insurers and claims handlers respectively. The main elements of the

exercise so far have been -

- Presentation to elected Members.
- Presentation and Training for Senior Management Team and Heads of Service.
- Structured interviews with Heads of Service to identify and discuss risks. Report to Heads of Service recording the risks identified by them.
- Preparing a Risk Register. The Risk Register has now been completed and lists the risks identified during the assessment process together with ratings indicating the prioritisation of risk. Examples of the types of risks include difficulty of recruiting and retaining suitably qualified staff; loss of computerised data through failure of the IT infrastructure.

The process will continue with -

- Training seminars for operational managers.
- Facilitated workshops on identification and assessment of operational risks.
- Updating of Risk Register to include operational risks identified.

Thereafter and on an ongoing basis -

- The agreed timetable for the ongoing review process be implemented to ensure new and emerging risks continue to be identified and assessed with controls continuing to focus on significant risks.

3.3 The Audit Commission has recommended that the number of risks identified as significant should be limited. Too many will be unwieldy, impractical and could result in disillusionment with the process. They state that even in the largest local authority there are unlikely to be more than 30 significant strategic risks.

Policy: The Council requires to include consideration of risk within its policies, procedures and all new builds. Failure to identify and address significant risks will result in no management of risk across the Council.

Financial: The failure to identify and address significant risks is likely to have an impact on the Council's Finances.

Personnel: The failure to identify and address significant risks is likely to have an impact on the Council's human resources.

Equal Opportunity:

SUSAN MAIR
Head of Legal Services

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