

CITY OF PLYMOUTH

Subject: Review of Risk Management Strategy

Committee: Audit Committee

Date: 26th March 2010

Cabinet Member: Cllr Ian Bowyer

CMT Member: Director for Corporate Support

Author: Mike Hocking, Head of Corporate Risk and Insurance

Contact: mike.hocking@plymouth.gov.uk
Tel : 01752 - 304967

Ref: RIM/MJH

Part: I

Executive Summary:

The current Risk Management Strategy was last updated in 2007.

This report now proposes the adoption of a revised Strategy and Policy Statement which more fully align the strategy with the role risk management plays in the delivery of key corporate and strategic objectives.

Corporate Plan 2009/12:

A formal strategy for risk management provides a consistent framework for maintaining sound systems of internal control which enables the Council to monitor and review the key risks that may prevent it from achieving its corporate and service objectives.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

None arising specifically from this report.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management etc.

The risk management strategy specifically supports the Council's overall governance arrangements.

Recommendations & Reasons for recommended action:

The Audit Committee is recommended to approve the revised Risk Management Strategy 2010-2012.

Alternative options considered and reasons for recommended action:

Not applicable.

Background papers:

Plymouth City Council Risk Management Strategy and Policy Statement 2007-2009

Sign off:

Head of Fin	S.W.	Head of Leg	D.S.	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member : Tim Howes, Asst Director for Democracy and Governance											

Report of Director for Corporate Support to Audit Committee
26th March 2010

Review of Risk Management Strategy

1. Introduction

- 1.1** The current Risk Management Strategy was last updated in 2007 to reflect corporate and management restructures.
- 1.2** This report proposes the adoption of a revised Strategy and Policy Statement which more fully align the strategy with the role that risk management now plays in the delivery of key corporate, strategic and business objectives.

2. Background

- 2.1** The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 2.2** In discharging this accountability, Members and senior officers are responsible for putting in place proper arrangements for the governance of the Authority's affairs and stewardship of its resources, including a strategy for risk management.
- 2.3** The corporate Risk Management Strategy acts as the Council's statement of intent with regard to its approach to the management of risk and provides the framework for the embedding of a common approach to the identification, assessment and economic control of risk.

3. Local and National Drivers

- **Business Improvement and Performance Management**
Effective risk management enables the Council to identify, prioritise and manage barriers to the achievement of strategic and service objectives, corporate priorities, targets and business plan actions. It also supports the organisation in taking and managing significant risks to increase confidence in the ability to deliver innovative and challenging projects. Risk management also contributes to improved outcomes through the performance management framework and to continuous improvement.
- **Corporate Governance Framework**
Risk management and assurance are an important element of the overall corporate governance framework for local authorities, requiring a culture of risk management to be embedded within key business processes. The

Accounts and Audit Regulations 2003 (Amended 2006) embody a statutory duty to publish an Annual Governance Statement which evidences the continuous review of the Council's internal control and risk management processes and provides assurance as to their effectiveness.

- **Comprehensive Area Assessment (CAA)**

The Audit Commission's new CAA framework for assessing the performance of local authorities retains the Use of Resources assessment which includes arrangements for risk management within the "Governing the Business" element of the assessment. This requires the Council to demonstrate that it has in place a clear strategy for managing risk and effective arrangements to deliver the strategy, including allocation of appropriate resources.

4. Overview of Risk Management

4.1 Risk management is the process by which the Council seeks to identify, assess and manage key risks which may prevent it from achieving its corporate and service objectives.

4.2 It is not a process that should be completed in isolation but one that should be an integral part of other key management competencies and processes such as performance management, financial management, project management and business planning.

4.3 There are a number of benefits of an effective risk management process:

- Alerts Members and management to the key risks that might prevent the delivery of objectives, plans and projects.
- Contributes to better decision making and the delivery of improved outcomes by providing a basis that ensures that implications are thought through, the impact of decisions initiatives and projects considered and that conflicts are balanced.
- Provides assurance to Members and management on the adequacy of governance arrangements in respect of risk, demonstrating openness and accountability to regulatory bodies and stakeholders.
- Leads to greater risk awareness and an improved control environment that encourages controlled risk-taking which should mean fewer incidents and control failures.

5. Revised Strategy

5.1 An updated strategy has now been produced and has been circulated to the Operational Risk Management Group, the Corporate Management Team, senior managers and the Member Risk Champion, the Cabinet Member for

Governance, for consultation.

5.2 The revisions to the strategy reflect the latest senior management restructure but also incorporate the following main changes;

- Links to the 14 Corporate Improvement Priorities
- Links to the risk management competencies contained in the new Competency Framework
- A new section on the benefits of risk management
- A new section on Partnerships risk management
- Inclusion of Information and Data Quality management as a key, linked business process
- More detail about the framework, risk analysis and treatment

5.2 The resultant document therefore now makes a clearer link to the Council's overall vision and corporate objectives and the role that risk management is expected to play in the delivery of these.

5.3 To demonstrate high-level commitment to the strategy the Executive Summary is endorsed by the Leader of the Council, the Chief Executive and the Director for Corporate Support.

5.4 The Policy Statement and Aims and Objectives, Roles and Responsibilities, the overall framework and the Monitoring Arrangements are dealt with by way of appendices to the main document.

5.5 The proposed revised Strategy is attached to this report.

5.6 Following approval, the revised strategy will be publicised via Staff Room, published on the Council's risk management page of the intranet and distributed to Members and senior managers.,

6. Recommendation

Members of the Audit Committee are recommended to :

6.1 Approve the revised Risk Management Strategy 2010-2012