
Meeting: **Audit Committee**

Date: **2 April 2012**

Subject: **Risk Update Report**

Report of: **Chief Finance Officer**

Summary: The purpose of this report is to give an overview of the Council's risk position as at March 2012. A regular report was requested by the Audit Committee on 4 April 2011.

Contact Officer: Kathy Riches, Head of Internal Audit and Risk

Public/Exempt: Public

Wards Affected: All

Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

Good risk management enables delivery of the Council's aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification and control of the risks that threaten the delivery of objectives, protection of assets, or the financial wellbeing of the Council.

Financial:

1. None directly from this report.

Legal:

2. There are no direct legal implications.

Risk Management:

3. The specific strategic risks are as set out in the report below. The Audit Committee has, in its terms of reference, the responsibility to monitor the operation of risk management within the Council and to provide independent assurance on the adequacy of the risk management framework.

Staffing (including Trades Unions):

4. There are no direct staffing issues.

Equalities/Human Rights:

5. None directly from this report.

Community Safety:

6. None directly from this report.

Sustainability:

7. None directly from this report.

RECOMMENDATIONS:**That the Audit Committee:**

- a) notes the risks facing Central Bedfordshire Council, as contained in the risk summary dashboard attached at Appendix A.
- b) approves the 2012/13 Risk Management Strategy.

Background

- 8. The Audit Committee in its terms of reference has the responsibility to approve the Risk Management Policy Statement, and monitor the operation thereof. At its meeting on 4 April 2011 the Audit Committee agreed and endorsed the Council's 2011/12 Risk Management Strategy. In order to meet the responsibility of monitoring the operation of the Risk Management Policy Statement the Committee requested a regular report.
- 9. The purpose of this report is to give an overview of the Council's risk position as at March 2012, and to seek approval for the 2012/13 Risk Management Strategy.

Strategic Risks

- 10. Since the last meeting of the Committee the strategic risks have been reviewed and updated in consultation with the Directorate risk Co-ordinators. The March risk report is attached at Appendix A. The report contains 13 strategic risks. The key issues identified are summarised in this report.
- 11. The Financial Pressures Strategic Risk (STR0001) has been reviewed and the residual score has decreased from 16 to 12.
- 12. The Health and Safety Strategic Risk (STR0006) has been revised. The residual score has reduced from 16 to 12. This is as a result of a review of strategic health and safety which has recently been undertaken, aimed at improving the health and safety standards across Central Bedfordshire.

13. The report to the January 2012 Audit Committee recognised that the Medium Term Plan identified a number of drivers for change with implications on service delivery and a strategic risk has been developed in conjunction with the Head of Partnerships & Community Engagement. (STR0015). The inherent risk has been assessed as 12, but the Council is considering and implementing mechanisms to address this and the residual score is currently 9.
14. A further additional strategic risk has been identified relating to ICT. (STR0016).
This concerns Storage Area Network (SAN) replication. Replication is currently restricted and could impact on timely recovery in the event of a disaster. Both the inherent and the residual risk scores are currently assessed at 16, and this represents the risk with the highest residual exposure.
15. The Staffing Strategic Risk (STR0004) has been removed. This risk related to the changes in terms and conditions, which were implemented during the Autumn.
16. There are no revisions to the remaining strategic risks.

Operational Risks

17. The risk summary dashboard also highlights the key operational risks facing the Council. These have been drawn directly from Directorate risk registers as uploaded onto the JCAD risk management system.
18. Since the last report, work has been ongoing to further develop the risk registers for Corporate Services and input the registers onto JCAD (the risk management software). The outcome of this work is reflected in the dashboard, which demonstrates a movement in the key operational risks as a result.
19. The highest rated operational risk relates to the potential loss of revenue/income generation within the Assets Disposals Programme. (RES060008). Four risks appear in the Top Ten Operational Risk tracker for the first time. These relate to the potential loss of revenue/income generation arising from the Assets Disposal Programme (RES060008), failure to develop a social care market to deliver positive outcomes and choices for people (SCH0005), failure to obtain value for money through inadequate compliance with procurement processes (RES020005), and insufficient staff/ capacity to deal with unforeseen projects within Revenues and Benefits (RES030003).
20. Health and Safety has been recognised as a strategic risk and is also reflected in directorate risk registers. The Interim Health and Safety Manager has agreed to attend the next meeting of the Risk Matters Group to discuss Health and Safety risks, in order to ensure that risks are adequately captured at an operational level.
21. As assessment of the management of insurable risks was undertaken by Travelers, covering key areas where losses are known (by insurers) to occur. Work is ongoing to ensure that the outcomes of this work, with appropriate mitigating actions, are reflected within the Directorate risk registers.

22. The payroll contract was previously reported as the top operational risk. However, as a result of work undertaken relating to bringing the service back in house, this risk no longer appears within the Top Ten Risks. The following risks within Children's Services have also previously featured:
CHS0001 – ICT changes in Children's Services (current residual score 9)
CHS0004 – Children's Services Business Continuity Plan (current residual score 6)
CHS0005 – Children's Services – Failure to retain and recruit staff. (current residual score 12)

Emerging Strategic Risks

23. The transition of Public Health functions from NHS Bedfordshire to Central Bedfordshire Council by 1 April 2013 will result in additional risks being borne by the Council. It is recognised that there are health and well being risks beyond just public health transition.
24. Consideration is currently being given to risks associated with this area and will be reflected in the Strategic and Directorate risk registers accordingly.

2012/13 Risk Management Strategy

25. The Audit Committee, at its meeting on 4th April 2011, approved the 2011/12 Risk Management Strategy.
26. The strategy has been refreshed for 2012/13 to reflect the transfer of the responsibility for monitoring strategic risk to Internal Audit. There are no other significant changes. The strategy reflects the aim of further embedding risk management during the year and ensuring a consistent approach to managing risk is adopted throughout the Council.
27. The 2012/13 Risk Management Strategy is attached to this report at Appendix B.

Appendices:

Appendix A – March Risk Summary Dashboard
Appendix B – 2012/13 Risk Management Strategy

Background Papers: None

Location of papers: N/A