



Report for:  
**INFORMATION**

Item no. 12

|  |  |
|--|--|
| <b>Contains Confidential or Exempt Information</b> | <b>YES – Appendices B and C pursuant to paragraphs 3 &amp; 5 of Schedule 12A of the Local Government Act 1972.</b> |
| <b>Title</b>                                       | Risk Management Performance Report   |
| <b>Responsible Officer</b>                         | Steven Tinkler, Head of Audit & Investigation  |
| <b>Author</b>                                      | Steven Tinkler, Head of Audit & Investigation ext. 8571, TinklerS@ealing.gov.uk                                    |
| <b>Portfolio</b>                                   | Finance, Performance and Welfare, Cllr Yvonne Johnson  |
| <b>For Consideration By</b>                        | Audit Committee  |
| <b>Date to be Considered</b>                       | 14 January 2015  |
| <b>Implementation Date if Not Called In</b>        | N/A  |
| <b>Affected Wards</b>                              | All  |
| <b>Area Committees</b>                             | N/A  |
| <b>Keywords/Index</b>                              | Strategic Risk Management  |

**Purposes of the Report:**

This report describes the progress of the Council's Risk Management Framework for Q3 2014/15 and provides members with an update on the key strategic risks facing the Council.

**1. Recommendations**

1.1 It is recommended that Audit Committee consider:

- Progress of the Council's Risk Management Framework.
- The Strategic Risk Register (Appendix B) to assure itself that sufficient and appropriate actions are being undertaken to safeguard the Council's business and reputation.

**2. Reason for recommendation and options considered**

2.1 This is a periodic report to update Audit Committee on the strategic risks facing the Council, no decision is required.

**3. Key implications**

3.1 The Accounts and Audit (Amendment) Regulations 2011 and Public Sector Internal Audit Standards (2013) require the Council to maintain a robust, adequate and effective system of risk management in its delivery of core services. Operation of an effective risk management framework is an important element in order that the Council effectively discharges its corporate governance responsibilities.

## 3.2 The Strategic Risk Register (SRR)

### 3.1.1 The Council's SRR is made up of

- Corporate risks that could impact on the achievement of aims articulated within the Council's Corporate Plan and also its longer term objectives.
- They include significant events that could impact upon the infrastructure and the efficient operation of the Council.
- These risks should cover the full range of principal objectives and are likely to require ongoing control.

3.1.2 Below this level the Directorates maintain operational risk registers that summarise the risks to the achievement of Directorate objectives. Risk registers are reviewed and updated at regular intervals by the senior management teams in each Directorate along with their Risk Champion. Corporate Risk Management Forum meets quarterly, bringing together Risk Champions and other key risk management officers to discuss and challenge current risks. This process ensures that risks are captured and monitored and that appropriate actions are taken to manage them.

## 3.3 Staff Training & Development

3.3.1 Training on the fundamental principles of Risk Management was delivered on 6 August 2014. In addition, JCAD user training modules are available via the e-Learn portal and are being used by officers across the Council. The video clips specifically include how to add, update and withdraw a risk and how to run risk register reports.

3.3.2 Representatives of JCAD also provided detailed JCAD system and user administration training on 6 January 2015.

## 3.4 Corporate Risk Management Forum (CRMF)

3.4.1 CRMF met on 7<sup>th</sup> January 2015 and considered reports in relation to:

- Progress of the Council's Risk Management Framework.
- The Strategic Risk Register
- Insurance/BCP/Data Protection Updates

## 3.5 Quarterly Update

3.5.1 As can be seen from the summary set out below, all risks across the Council are in date. Appendix A provides a detailed analysis of performance.

| Summary - Out of Date Risk Analysis |       |      |       |      |       |      |       |      |            |      |                 |
|-------------------------------------|-------|------|-------|------|-------|------|-------|------|------------|------|-----------------|
|                                     | C&A   |      | CR    |      | E&CS  |      | R&H   |      | Chief Exec |      | BCP             |
| Status                              | Total | High | Total | High | Total | High | Total | High | Total      | High | Total<br>Medium |
| Total Risks                         | 121   | 2    | 116   | 2    | 77    | 1    | 83    | 12   | 18         | -    | 75              |
| Risks Out of Date                   | -     | -    | -     | -    | -     | -    | -     | -    | -          | -    | -               |

### 3.6 Strategic Risk Register (SRR)

3.6.1 The table below summarises the movement in the SRR since it was last reported to Audit Committee. Appendix B sets out the SRR in detail.

| Rating       | Quarter 2<br>14/15 | Risks Added/<br>Escalated | Risks<br>Withdrawn/ De<br>Escalated | Quarter 3<br>14/15 |
|--------------|--------------------|---------------------------|-------------------------------------|--------------------|
| High Risks   | 2                  | -                         | -                                   | 2                  |
| Medium Risks | 13                 | 0                         | (2)                                 | 11                 |
| Low Risks    | -                  | -                         | -                                   | -                  |
| Total        | 15                 | 0                         | (2)                                 | 13                 |

### Commentary

3.6.2 The table below sets out the rationale for each movement in the register:

| Risk Reference                        | Definition   | Rationale  | Residual<br>Risk Rating |
|---------------------------------------|--|--|-------------------------|
| <b>Escalated Risks</b>                |  |  |                         |
| <b>De-Escalated / Withdrawn Risks</b> |  |  |                         |
| 1 HS0011                              | Failure to manage property compliance could lead to unsafe premises for staff, resident's services users and visitors and enforcement action against the Council.                        | Corporate Health and Safety Risk Register has been reviewed by the Health and Safety Board and changes made. Subsequently this risk has been redefined and withdrawn. Risks                            | Amber                   |
| 2 CRB/SP0014                          | Failure to comply with EU Procurement regulations, Cabinet Office returns or Council Constitution may impact on reputation or have financial consequences through the risk of challenge. | All actions required to address weakness identified in previous Internal Audit reviews of this area have been implemented and embedded. As a result risk redefined and managed at a Directorate level. | Amber                   |

## 4. Financial

4.1 There are a number of risks which have possible financial implications which are articulated and managed through JCAD.

## 5. Legal

5.1 The Accounts and Audit (Amendment) Regulations 2011 and Public Sector Internal Audit Standards (2013) require the Council to maintain a robust, adequate and effective system of risk management in the delivery of its core services. Operation of an effective risk management process is an important element in the Council's corporate governance responsibilities.

## **6. Value for Money**

6.1 An Audit & Risk Manager is in place with the time dedicated to risk management being equivalent to 0.5 FTE. The role encompasses responsibility for facilitating the Council's risk management framework to ensure that it is fully embedded across the organisation and is maintained in line with national and international standards.

## **7. Sustainability Impact Appraisal**

7.1 Not applicable

## **8. Risk Management**

8.1 Ealing Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Ealing Council's functions and which includes arrangements for the management of risk.

## **9. Community Safety**

9.1 None.

## **10. Links to Strategic Objectives**

10.1 The effective identification, assessment and management of risk is an important foundation to the successful achievement of the strategic objectives in terms of managing resources effectively. The issues outlined in this report have a particular focus on the Council's organisational improvement objective 'Becoming a high performing organisation'.

## **11. Equalities and Community Cohesion**

11.1 No Equality Impact Assessment has been undertaken as the report is for information and does not affect the general duties of the Equality Act 2010.

## **12. Staffing/Workforce and Accommodation implications:**

12.1 No Changes

## **13. Property and Assets**

13.1 None.

## **14. Any other implications:**

14.1 None.

## **15. Consultation**

15.1 Not applicable.

## **16. Timetable for Implementation**

16.1 Not applicable.

## **17. Appendices**

- Appendix A: Out of Date Risk Analysis
- Appendix B: Strategic Risk Register - (Confidential)
- Appendix C: Heatmap

## **18. Background Information**

18.1 None.

## **Consultation**

| Name of consultee | Department | Date sent to consultee | Date response received from consultee | Comments appear in report para: |
|-------------------|------------|------------------------|---------------------------------------|---------------------------------|
| Internal          |            |                        |                                       |                                 |

| Name of consultee | Department                                | Date sent to consultee | Date response received from consultee | Comments appear in report para: |
|-------------------|---|------------------------|---------------------------------------|---------------------------------|
| Ian O'Donnell     | Executive Director of Corporate Resources | 05/01/15               | 05/01/15                              | Throughout                      |
| Maria Christofi   | Director of Finance (Deputy s151 Officer) | 22/12/14               | 22/12/14                              | Throughout                      |

## **Report History**

|                       |                      |
|-----------------------|----------------------|
| <b>Decision type:</b> | <b>Urgency item?</b> |
|-----------------------|----------------------|

|                 |    |
|-----------------|----|
| For information | No |
|-----------------|----|

|                               |                      |                  |                   |
|-------------------------------|----------------------|------------------|-------------------|
| Authorised by Cabinet member: | Date report drafted: | Report deadline: | Date report sent: |
|                               |                      |                  |                   |

|             |  |
|-------------|--|
| Report no.: | Report author and contact for queries:                 |
|             | Steve Tinkler, Head of Audit & Investigation, ext 8571 |

## Appendix A - Out of Date Risk Analysis

| Out of Date Risk Analysis |                   |      |     |     |                     |      |     |     |       |      |     |     |                 |      |     |     |                  |      |     |     |              |               |      |     |     |
|---------------------------|-------------------|------|-----|-----|---------------------|------|-----|-----|-------|------|-----|-----|-----------------|------|-----|-----|------------------|------|-----|-----|--------------|---------------|------|-----|-----|
|                           | Children & Adults |      |     |     | Corporate Resources |      |     |     | E&CS  |      |     |     | Regen & Housing |      |     |     | Chief Executives |      |     |     | BCP          | Cross Council |      |     |     |
| Status                    | Total             | High | Med | Low | Total               | High | Med | Low | Total | High | Med | Low | Total           | High | Med | Low | Total            | High | Med | Low | Total Medium | Total         | High | Med | Low |
| Total Risks               | 121               | 2    | 83  | 36  | 116                 | 1    | 78  | 37  | 77    | 1    | 43  | 33  | 83              | 14   | 41  | 28  | 18               | -    | 3   | 15  | 75           | 490           | 18   | 323 | 149 |
| Out of Date Risks         | -                 | -    | -   | -   | -                   | -    | -   | -   | -     | -    | -   | -   | -               | -    | -   | -   | -                | -    | -   | -   | -            | -             | -    | -   | -   |
| In Date Risks             | 121               | 2    | 83  | 36  | 116                 | 1    | 78  | 37  | 77    | 1    | 43  | 33  | 83              | 14   | 41  | 28  | 18               | -    | 3   | 15  | 75           | 490           | 18   | 323 | 149 |