

<b>Report for: INFORMATION</b>
<b>Item 11</b>

<b>Contains Confidential or Exempt Information</b>	<b>YES – Appendix 1 pursuant to paragraphs 3 &amp; 5 of Schedule 12A of the Local Government Act 1972.</b>
<b>Title</b>	Risk Management Performance Report - Q1 2013/14
<b>Responsible Officer</b>	Nigel Watson, Assistant Director of Corporate Finance & Audit
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<b>Portfolio</b>	Finance & Performance, Cllr Yvonne Johnson
<b>For Consideration By</b>	Audit Committee
<b>Date to be Considered</b>	27 June 2013
<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 Q1 2013/14 and provides members with an update on the key strategic risks facing the council.

**1. Recommendations**

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**

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

**3. Key implications**

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.

**3.1 The Strategic Risk Register (SRR)**

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.

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 disseminate, discuss, and challenge current risks. This process ensures that risks are captured and monitored and that appropriate actions are taken to manage them.

### 3.2 Welfare Reform Act 2013

As has previously been reported to the Committee, Corporate Board asked for further work to be undertaken in relation to the Welfare Reform Act (WRA) 2012. Consequently, a project risk register has been developed which documents the key WRA risks to the Council and the mitigating controls in place/proposed across Directorates to address the risks.

Also, a new risk has been added to the SRR which is driven wholly from the underlying WRA 2012 Risk Register as follows:

- SRR0073 - Implementation of the Welfare Reform Act 2012 results in a negative impact on Council services, finances and reputation.

### 3.3 Letter of Representation (LoR)

One of the key elements in obtaining the required internal controls assurance for the Annual Governance Statement is the completion of annual letters of representation by senior officers. Consequently, the LoR were sent to 21 senior officers. The response rate was 100% and an analysis of officers' responses to questions relating to Risk Management is set out below.

Question	Officers Answering 'Yes'	Comments
Have you identified and evaluated current and emerging risks to achieving your service's statutory obligations and service objectives, including those relating to partnerships?	100%	N/A
Can you confirm that your risk register has been regularly reviewed and updated throughout the year to reflect the assigned risk owner and risk controls that have been implemented?	91%	The Risk Manager is providing advice and support to the 2 officers concerned to enable regular risk register reviews.

### 3.4 Staff Training & Development

The next training course on the fundamental principles of Risk Management has been arranged for 10 July 2013. Feedback from the previous course in March 2013 was very good with an average satisfactory rating of 4 out of 5.

### 3.5 Corporate Risk Management Forum (CRMF)

CRMF met on the 19 June 2013 and considered reports in relation to:

- Progress of the Council's Risk Management Framework.
- Insurance Update
- BCP Update
- The current status of the Council's Strategic Risk Register

Also, the membership and scope of CRMF is to be extended to include scrutiny of the Council's Data Protection framework. This is in line with the Information Commissioner's requirements relating to robust governance arrangements.

### 3.6 Out of Date Risk Analysis

The table below summarises for each Directorate the percentage of all risks out of date and includes the number of red risks out of date. Appendix A provides a detailed analysis of performance. As can be seen, one Directorate needs to address those risks which are out of date as soon as possible.

Percentage 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 Medium
Total Risks	104	1	148	4	71	0	79	10	19	0	75
<b>Risks Out of Date</b>	<b>0%</b>	<b>0</b>	<b>2%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>58%</b>	<b>0</b>	<b>0%</b>

### 3.7 Strategic Risk Register (SRR)

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 4 12/13	Risks Added/Upgraded	Risks Withdrawn/Downgraded	Quarter 1 13/14
<b>High Risks</b>	0	2	0	2
<b>Medium Risks</b>	16	0	-2	14
<b>Low Risks</b>	0	0	0	0
<b>Total</b>	<b>16</b>	<b>2</b>	<b>-2</b>	<b>16</b>

#### Commentary

Risks Added/Upgraded

- CA0045 - Inadequate Budget Provision in Adult Social Care. Residual Likelihood risk rating updated from 2 (Unlikely) to 4 (Very Likely). This was due to an expected overspend in the budget.
- SRR0073 - Implementation of the Welfare Reform Act 2012 results in a negative impact on Council services, finances and reputation. Residual Impact risk rating updated from 2 (Significant) to 3 (Serious). This was due to uncertainty caused by changing Government policy and the financial impact on the Council of the WRA.

#### **4. Financial**

There are no direct financial implications from this report.

#### **5. Legal**

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**

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**

Not applicable

#### **8. Risk Management**

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**

None.

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

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**

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:**

No Changes

**13. Property and Assets**

None.

**14. Any other implications:**

None.

**15. Consultation**

Not applicable.

**16. Timetable for Implementation**

Not applicable.

**17. Appendices**

Appendix A: Out of Date Risk Analysis

Appendix B: Strategic Risk Register - (Confidential)

Appendix C: Heatmap

**18. Background Information**

None.

## **Consultation**

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

Nigel Watson	Assistant Director, Corporate Finance & Audit	9.06.13		
Sudhi Pathak	Head of Audit & Investigation	9.06.13		

## **Report History**

Decision type:	Urgency item?
For information	No

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

Report no.:	Report author and contact for queries:
	John Allsop, Audit & Risk Manager ext: 6078

