| | |
|---|---|
| **Report To:** | **AUDIT PANEL** |
| **Date:** | 6 March 2018 |
| **Reporting Officer:** | Kathy Roe – Director of Finance |
| | Wendy Poole – Head of Risk Management and Audit Services |
| **Subject:** | **RISK MANAGEMENT** |
| **Report Summary:** | To present to Members for comment, challenge and approval:- |
| | 1. The Risk Management Policy and Strategy for 2018/2020 **(Appendix 1)**. |
| | 2. The Corporate Risk Register **(Appendix 2)**. |
| **Recommendations:** | 1. Consider and approve the Risk Management Policy and Strategy. |
| | 2. Consider and approve the Corporate Risk Register. |
| **Links to Community Strategy:** | Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents. |
| **Policy Implications:** | Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance. |
| **Financial Implications:** (Authorised by the Section 151 Officer) | Effective risk management assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum. |
| **Legal Implications:** (Authorised by the Borough Solicitor) | Demonstrates compliance with the Accounts and Audit Regulations 2015 (Amended 2106) and the Code of Corporate Governance. |
| **Risk Management:** | Failure to manage risks will impact on service delivery, the achievement of objectives and the Council's Medium Term Financial Strategy. |
| **Access to Information:** | The background papers can be obtained from the author of the report, Wendy Poole, Head of Risk Management and Audit Services by contacting: |
| | ☎ Telephone:0161 342 3846 |
| | 🌐 e-mail: wendy.poole@tameside.gov.uk |

## 1. INTRODUCTION

1.1    This report provides an overview of risk management in Tameside.

1.2    It also presents the revised and updated Risk Management Policy and Strategy and Corporate Risk Register for comment, challenge and approval.

1.3    Risk Management is facilitated by the Risk Management and Audit Service under the direction of the Head of Risk Management and Audit Services.  All risks are owned by the members of the Single Leadership Team, with support from Assistant Directors, managers and staff.


## 2. WHAT IS RISK MANAGEMENT?

2.1    Risk Management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling them or responding to them.  It is a means of maximising opportunities and minimising the costs and disruption to the organisation caused by undesired events.


## 3. DRIVERS FOR RISK MANAGEMENT

Two of the key drivers for risk management are:

3.1    Accounts and Audit Regulations 2015

PART 2, Section 3 – Responsibility for Internal Control, states at 4(1) that:-

**A relevant authority must ensure that it has a sound system of internal control which:**

(a) **facilitates the effective exercise of its functions and the achievement of its aims and objectives;**
(b) **ensures that the financial and operational management of the authority is effective; and**
(c) **includes effective arrangements for the management of risk.**

3.2    Code of Corporate Governance

Principal 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.

The supporting principal states:

 *"Ensuring that an effective risk management system is in place"*

The related requirement is to:

*"Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their Risk Management"*

## 4.   THE BENEFITS OF RISK MANAGEMENT

4.1   Effective risk management can deliver a number of tangible and intangible benefits to individual services and to the council as a whole:-

- Improved strategic management
  - Greater ability to deliver against objectives and targets.

- Improved operational management
  - Reduction in interruptions to service delivery;
  - Reduction in managerial time spent dealing with the consequences of a risk event having occurred; and
  - Improved health and safety of those employees and those affected by the Council's undertakings.

- Improved financial management
  - Better informed financial decision making;
  - Enhanced financial control;
  - Reduction in financial costs associated with losses due to service interruption, litigation etc.; and
  - Reduction in insurance premiums.

- Improved customer services
  - Minimal service disruption to customers and a positive external image as a result of all of the above.


## 5.   RESPONSIBILITY FOR RISK MANAGEMENT

5.1   The Council recognises that it is the responsibility of all members and employees to have regard for risk in carrying out their duties.  If uncontrolled, risk can result in a drain on resources that could better be directed to front line service provision and to the meeting of the Council's objectives and community needs.

5.2   Senior Management (Executive Directors, Assistant Directors and Service Unit Managers) has the responsibility and accountability for managing the risks within their own work areas. Employees have a duty to work safely, avoid unnecessary waste of resources and contribute to risk management initiatives in their own area of activities.  The cooperation and commitment of all employees is required to ensure that Council resources are not squandered as a result of uncontrolled risks.


## 6.   RISK MANAGEMENT POLICY AND STRATEGY

6.1   The Risk Management Policy and Strategy has been reviewed and updated and is attached at **Appendix 1**.  The updates relate to the Risk Management Guidelines shown at Appendix B of the document to simplify the guidance and remove duplicated information detailed elsewhere in the Policy or Strategy.

6.2   The Policy consists of four sections covering:-

- Definition of Risk Management;
- Policy statement;
- Objectives; and
- Responsibility for Risk Management.

6.3    The Strategy consists of ten sections covering:-

- Introduction;
- The Benefits of Risk Management;
- The Purpose of the Risk Management Strategy;
  - Roles and Responsibilities
  - Arrangements for Managing Risks
  - Monitoring Risks
  - Training and Communication
  - Funding for Risk Management Initiatives
  - Review of Risk Management Strategy
- Risk Appetite;
- Risk Maturity;
- Partnerships;
- Insurance Cover;
- Conclusions;
- Roles and Responsibilities; and
- Risk Management Guidelines.


## 7.    CORPORATE RISK REGISTER

7.1    The Corporate Risk Register is attached at **Appendix 2**.

7.2    The Corporate Risk Register has been updated in conjunction with the Single Leadership Team to ensure that the risks are recorded against the correct Director following the recent management restructure in January 2018 and that it presents an up to date view of the corporate risks facing the Council.

7.3    The following risks have been amended in the register:-

| Original Risk | Updated Risk – Feb 2018 |
|---|---|
| Failure to reconcile Guaranteed Minimum Pension (GMP) data prior to the HMRC notifying citizens in 2018 of their accrued GMPs and the authorities responsible for them.<br><br>Risk Rating 8 | Failure to reconcile Guaranteed Minimum Pension (GMP) data prior to the HMRC deadline of 2018.<br><br>Risk Rating Reduced to 4 |
| Requirements of the Care Act on service provision and associated financial implications.<br><br>Risk Rating 12 | Requirements of the Care Act on service provision and associated financial implications.<br><br>Risk Rating Reduced to 8 |
| Failure to target resources at the right families with the right intervention across early years and worklessness settings.<br><br>Risk Rating 8 | Failure to reduce demand upon Children's Social Care, leaving an unsustainable financial pressure on the Council.<br><br>Risk Rating Increased to 15 |

7.4     The following new risks have been added to the register:-

- Following the liquidation of Carillion on 15 January 2018 the building is not completed within time and budget.
- Increase of illegal dumping of waste on both public and private land within the borough.

7.5     The following risk has been removed from the register:-

- Impact on service delivery of organisational restructuring and loss of staff. If the workforce continues to decrease in overall numbers there will be reduced opportunities to make appropriate skill matches to meet the changing needs of the organisation. Impacting capacity to deliver statutory or necessary services and service redesigns / transformation is impaired.

7.6     The Corporate Risk Register will be presented to the Single Leadership Team on a regular basis and updates provided to the Audit Panel.


**8.      SERVICE AREA RISK REGISTERS**

8.1     The process for producing risk registers will be reviewed in conjunction with Tameside and Glossop Clinical Commissioning Group over the coming months to assess the most effective process for compiling and maintaining risk registers and to ensure resources available are used effectively.

8.2     Any changes to the guidelines, which form part of the Risk Management Policy and Strategy, will be reported back to a future meeting of the Panel.


**9.      RECOMMENDATIONS**

9.1     As set out on the front of the report.