

APPENDIX Q

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 22ND MARCH 2010

EXECUTIVE - 13 APRIL 2010

Title:

RISK MANAGEMENT FRAMEWORK

[Portfolio Holder for Finance: Cllr Mike Band]

[Wards Affected: N/A]

Summary and purpose:

This report considers the continued effectiveness of the current Risk Management Policy and Process Document. Summaries of the key risks currently facing the Council are also shown for Members to consider. The report was considered by the Audit Committee and their observations are set out at the end.

How this report relates to the Council's Corporate Priorities

Good management of risk helps to ensure that Waverley achieves its objectives and minimises loss and damage which has a positive impact on the Borough's environment.

Equality and Diversity Implications:

The community benefit from Waverley's services being provided in an effective, safe manner.

Resource/Value for Money and Legal Implications:

There are no direct resource or legal implications arising from this report.

Introduction and Background

1. All organisations face risks in undertaking their business. Local authorities, with their wide-ranging responsibilities and duties, face a significant number of risks. A risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives. Clearly Waverley has been, and always will be, faced with many potential risks in all areas of its business. Each year Waverley updates its framework that sets out its approach to the management of these risks.
2. The effective management of risks is an essential element in the overall operation of the Council and the delivery of its services and should not be seen as a separate task or function. In recent years local authorities have been required to do more to demonstrate to the community that managing

risk is at the heart of their governance framework and that they have effective arrangements in place to identify and respond to the risks that they face.

The Risk Management Policy and Strategy

3. The current policy and process document was revised in March 2009 and approved by the Council in April 2009 and is included at Annexe 1. Officers consider that this framework continues to be effective and it is not necessary to revise it. The Policy sets out why it is necessary to have a corporate approach to managing risks and the Strategy provides the details of the processes and actions required to implement the Policy objectives.
4. It is good practice for Audit Committees to ensure that proper arrangements are in place to identify and manage risks and for the Executive to ensure that these risks are being actioned effectively. The Risk Management Officer Group, comprising senior officers from each department, is responsible for overseeing the implementation of Waverley's Risk Management Strategy and to report to the Corporate Management Team, and Members if necessary, on any areas of concern.

The Key Risks

5. Waverley identifies and evaluates its risks under four categories:
 - a) Key Business Risks - those which affect the whole Council or Borough and could impact on the achievement of the Corporate Plan objectives in the Council term
 - b) Operational Risks – those that are more service-specific or in control of particular groups of officers.
 - c) Project Risks – Risks associated with a specific project or key decision eg. Leisure Strategy, new IT systems etc.
 - d) Partnership Risks – Risks inherent in partnership arrangements that need to be considered by all parties and addressed in the governance arrangements.
6. In Jan/Feb 2008, with the assistance of an external facilitator, Waverley's Senior Managers, Members of the Executive and the Audit Committee considered the Key Business Risks currently facing the Council in relation to the new Corporate Plan. A number of risks were identified and evaluated and the Executive has since reviewed these in July 2008 and March 2009 in accordance with the Policy. CMT has also reviewed the key business risks and updated the schedule and evaluations as appropriate.
7. The update of the evaluation of the risks identified has enabled officers to determine which issues currently require the greatest or most urgent management attention. A summary of each of the Key Business Risks identified and a snapshot from the current register of Operational Risks, showing those with the highest priority, is attached at Annexe 2, along with an explanatory note on the assessment categories.

Audit Committee

8. The Audit Committee considered this report at its meeting on 22 March 2010 and identified it as one of the most informative documents on their agenda. The Committee recognised the importance of keeping key business risks under regular review and agreed to make the associated amendments to the policy:-

Paragraph 4.1 - to refresh current key business risks at least annually (instead of every 2 years) and more frequently if appropriate; and

Paragraph 4.2 - in bullet point 2, the Risk Management Officer Group review the entire Corporate Risk Register on a three-monthly basis and in bullet point 3, the Group reports above threshold risks to CMT and, if necessary, the Audit Committee on a three-monthly basis.

9. The Committee agreed to recommend the document to the Executive for approval.

Recommendation

It is recommended that the Executive:

1. agree the changes proposed by the Audit Committee and approve the updated Risk Management Policy and Process Document set out in Annexe 1; and
2. consider the risk matrices included at Annexe 2 for the Key Business Risks and the above-threshold Operational Risks and pass any comments or instructions to officers.

Background Papers (DCEx)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICERS:

Name: Brian Gilmour **Telephone:** 01483 523262
E-mail: brian.gilmour@waverley.gov.uk

Name: Graeme Clark **Telephone:** 01483 523236
E-mail: graeme.clark@waverley.gov.uk