

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 3 JUNE 2015**
REPORT BY: **CHIEF EXECUTIVE**
SUBJECT: **RISK MANAGEMENT UPDATE**

1.00 PURPOSE OF REPORT

- 1.01 Members to endorse the improved risk management approach as part of streamlining and integrating the business planning arrangements.
- 1.02 To provide an overview of the key risks of the Improvement priorities of the Council at year end.

2.00 BACKGROUND

- 2.01 Audit Committee received a report in January 2014 which outlined the changes in risk management approaches following the adoption of the Council's Improvement Plan.
- 2.02 The Council adopted the Improvement Plan for 2014/15 on 17 June 2014. The adoption of the plan and its priorities provided the Council with the opportunity to realign the strategic risks to these priorities and sub priorities.

3.00 CONSIDERATIONS

3.01 Risk Management approach

Feedback from the 2014 annual Internal Audit assessment on risk management concluded that for strategic risks implementation of the new approach is consistent and well adhered to. Further improvement in embedding the approach was recognised as needed for operational risks, project and partnership risks.

- 3.02 In addition the more recent Corporate Assessment undertaken by the Wales Audit Office and reported in the Annual Improvement Report (January 2015) identified that the approach to risk management could be improved. One of the seven proposals for improvement concentrated on risk management as follows:

"The Council should:

- Adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and*

- *Apply this approach to its future savings plans.”*

The Council’s response to this has been as follows:

“Following an earlier internal review of risk management led by Internal Audit a number of actions are in train for the organisation to be more consistent and effective in the identification and reporting of risk at strategic, operational, project and partnership levels. P1 (business planning) and P3 (strategies) will contribute.”

3.03 This overarching response covers a number of specific actions which the Council is introducing to improve and mature our approach:

- Enhanced descriptions of risk including an explanation of the impact if the ‘risk’ was to be realised and become an ‘issue’ to be dealt with
- More sophisticated risk matrix, moving from a 3 x 3 matrix to one of 6 x 4 for likelihood and impact; allowing more options to show how the risk is being reduced or increasing
- Improved format to capture both new and emerging risks and also allow for a risk to be ‘closed’ once it has been mitigated or realised as an issue being dealt with
- Incorporating ‘risk’ more prominently within Council reports.

Appendix 1 provides an example of the new approach.

The adoption of this new approach is starting to be implemented for the Improvement Plan monitoring for 2015/16 and across 9 new Programme Boards.

These Programme Boards are configured around the portfolios; 5 being Service portfolio programmes (Education, Social Services, Streetscene and Transportation, Housing, and Planning and Environment) alongside 4 Corporate portfolio programmes (Assets, Customer, Corporate Services and Procurement). Some Programme Boards have evolved from former arrangements e.g. Education and Social Services; others are completely new e.g. Streetscene and Transportation. A consistent methodology across all Programmes ensures that the main objectives of the Boards; the management of business plans, efficiency targets and all significant budget projects are met. The purpose of the Programme Boards are as follows:

- Business Plan implementation
- Risk management
- Problem solving
- Decision-making or escalation
- Communications and engagement
- Resourcing
- Efficiency achievement
- Progress reporting

- Connecting with other plans
- Business Plan development

3.04 In addition the Council has just started to implement a new electronic performance management system which integrates and provides accountability across actions, objectives, measures and risks across strategic objectives (such as the Improvement Plan), operational (team and individual) objectives, programmes and projects and collaboration or partnership objectives (such as the Single Integrated Plan). The system is called CAMMS and will assist with efficiency in monitoring and reporting, version control and transparency of information.

The system is being introduced on a phased basis; the first phase concentrating on the Improvement Plan and reporting for the first quarter (April to June) which will demonstrate how the system will operate corporately; alongside additional service and project objectives to report on regulatory requirements such as in Social Services or to provide consistent and overall reporting across the new Programme Boards.

A future report to the Audit Committee will contain an extract report from the system identifying the overall Council risks by exception (i.e. those to be concerned about), as well as the overall risk analysis for the Improvement Plan (as referred to in the second part of this report – para 3.05).

3.05 Improvement Plan strategic risks

Overview and Scrutiny committees have received quarterly progress reports against the Improvement Plan for 2014/15. These have included a template for each risk capturing:

- the nature of each risk
- the gross, net and target RAG status for each risk
- current actions already in place to mitigate the risk
- further activity to mitigate the risk
- risk trend (via arrows)

In addition, following Members' requests a target date was added to the target RAG risk status; this was incorporated within quarterly monitoring reports during 2014/15.

3.06 A summary of all of the risks captured in the Improvement Plan is attached at Appendix 2. An analysis of the current 'net' status of the 79 risks associated with our eight Improvement priorities shows the positive shift from the first assessment undertaken in June 2014 to the end of year position:

Net risk status	Q1 (Jun '14)	Q4 (Mar '15)
Red	7 (8.8%)	1 (1.3%)
Amber	42 (53.3%)	40 (50.6%)
Green	30 (37.9%)	38 (48.1%)

In addition the following table provides an analysis of how our risk trends have changed from the last reporting period in December to the end of year position in March.

Trend positions	Q3 (Dec '14) to Q4 (Mar '15)
Increase	7 (8.9%)
Decrease	30 (38%)
Stable	42 (53.2%)

3.07 Details of all risks are provided in the end of year Improvement Plan monitoring reports presented to the Overview and Scrutiny Committees.

4.00 RECOMMENDATIONS

4.01 Audit Committee endorse the improved risk management approach as part of streamlining and integrating the business planning arrangements and are assured that the proposed improvements for risk management are robust.

4.02 Audit Committee note the end of year summary of strategic risks related to the Improvement priorities of the Council.

5.00 FINANCIAL IMPLICATIONS

5.01 None directly arising from this report; although some specific risks may have financial implications.

6.00 ANTI POVERTY IMPACT

6.01 None directly arising from this report; although some specific risks may have poverty implications.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly arising from this report; although some specific risks may have environmental implications.

8.00 EQUALITIES IMPACT

8.01 None directly arising from this report; although some specific risks may have equalities implications.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly arising from this report; although some specific risks may have personnel implications.

10.00 CONSULTATION REQUIRED

10.01 Overview and Scrutiny Committees will be considering the risks and their mitigations as part of the quarterly and end of year monitoring of the Improvement Plan.

11.00 CONSULTATION UNDERTAKEN

11.01 Improvement Priority leads and Chief Officer Team have considered the risks in relation to the Improvement Plan.

12.00 APPENDICES

12.01 **Appendix 1:** Example of improved risk management approach
Appendix 2: Summary of Improvement Plan risks 2014/15

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985

BACKGROUND DOCUMENTS:

- i) Improvement Plan 2014/15
- ii) Monitoring reports of Improvement Plan as presented to Overview and Scrutiny Committees - June/July 2015

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