

Report

| | |
|------------------|---|
| Report to: | Risk and Audit Scrutiny Forum |
| Date of Meeting: | 17 September 2013 |
| Report by: | Executive Director (Finance and Corporate Resources) |

| | |
|----------|--|
| Subject: | Risk Management Year End Report 2012/2013 |
|----------|--|

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update on progress with risk management activity undertaken during 2012/2013 and planned work for 2013/2014

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the progress made in delivering the actions within the Risk Management Work Plan 2012/2013 is noted
- (2) that the content of the Risk Management Work Plan for 2013/2014 is noted
- (3) that the progress made by Resources in complying with the requirements of the Risk Management Strategy is noted

3. Background

- 3.1. For the past four years, the Council has developed an annual Risk Management Work Plan. Actions in the work plan generally arise from two main sources; suggestions from the cross Resource Risk Sponsors Group and gaps identified from assessment of risk management compliance with best practice standards
- 3.2. Progress in delivering the actions in the work plan is reported as a performance measure and actions are tracked using the Council's risk monitoring system, Figtree.
- 3.3. The Risk Management Work Plan for 2012/2013 was approved by the Risk Sponsors Group in July 2012 and endorsed by the Risk and Audit Scrutiny Forum (RASf) in September 2012.

4. Progress with Risk Management Work Plan 2012/2013

- 4.1. The 2012/2013 Risk Management Work Plan is attached at Appendix One, and provides summary information on 22 actions.
- 4.2. Progress has been assessed using a similar scoring mechanism as IMPROVe.
- 4.3. The position at the year end is that 77 per cent (17) of actions have now been completed or achieved. Last year, 83 per cent of actions had been completed or were nearing completion.

- 4.4. It should be noted that the method of reporting the number of actions completed has changed from last year. Last year, the year end overall position included those actions that were nearing completion, as well as those that were achieved. This year, the year end position only covers only those actions that have been actually completed.
- 4.5. Five actions have been carried forward to the 2013/2014 work plan as other factors have delayed their completion. Work towards completion of four of the outstanding actions has commenced but minor slippage has occurred. With regards to the action to prepare a consolidated project management checklist, the guidance has been drafted but has been delayed to secure additional benefit by involving Internal Audit in the process.
- 4.6. Significant progress made during the last year includes:-
- A full review of the Council's top risks completed
 - Connect fully risk assessed
 - Claims protocol issued
 - Insurance hotspot areas agreed and mitigating actions implemented
 - Content of Resources' risk registers reviewed
 - Risk management input to new procurement scrutiny process
- 4.7. The Forum is asked to note the progress made in the delivery of the actions within the 2012/2013 Risk Management Work Plan.

5. Risk Management Work Plan 2013/2014

- 5.1. The Risk Sponsors have agreed the content of the Risk Management Work Plan for 2013/2014, a copy of which is attached at Appendix Two.
- 5.2. In a change from previous years, the work plan will cover the period 1 October 2013 to 30 September 2014, instead of 1 April 2013 to 31 March 2014. This better incorporates the planning process outlined in Paragraph 3.1.
- 5.3. The Council recently joined the CIPFA/ALARM Risk Management Benchmarking Club. This is to ensure that the Council's risk management arrangements meet best practice and to benchmark our performance against other local authorities. A self assessment has been completed and a full report received from CIPFA. Where areas of improvement in the Council's risk management arrangements were identified, remedial actions have been agreed and these are included in the 2013/2014 Risk Management Work Plan.
- 5.4. The Forum is asked to note the content of the 2013/2014 Risk Management Work Plan.

6. Resource Compliance with the Risk Management Strategy

- 6.1. Risk Sponsors are required on an annual basis to assess their Resource's compliance with the Risk Management Strategy and provide supporting evidence. The information for 2012/2013 is summarised in the end of year compliance statement which is attached at Appendix Three.
- 6.2. There has been an overall improvement in compliance of three per cent since the Year End Risk Management Report for 2011/2012. Appendix Three shows that the average Resource score is now 34.2 out of 36.

- 6.3. During the year, improvement has been evidenced in Resources evaluating risk prior and during any major projects, partnerships or changes and ensuring evidence behind major decisions shows formal identification and evaluation of risk Improvement, although they are not yet fully embedded within all Resources. These areas will be a priority for Resources in the forthcoming year and are included as actions within the 2013/2014 Risk Management Work Plan, with an interim report required from Resources at the end of October 2013.
- 6.4. An internal peer review of all Resources' risk registers and action plans is currently being undertaken This will provide assurance that each risk register follows the same format, that meaningful risk descriptions are recorded and that control measures and risk scoring are reasonable.
- 6.5. It is important that the current level of compliance is maintained and improved as far as possible to demonstrate effective risk management which contributes to robust service planning and improved decision making.
- 6.6. On a monthly basis, each Resource's performance in completing actions on their risk control plans is monitored and progress reviewed by the Corporate Improvement Advisory Board (CIAB). This includes actions required to mitigate the Council's top risks, as well as actions arising from any external risk management reviews. Progress is reported on a quarterly basis through IMPROVe. As at 31 March 2013, the percentage of actions completed was 90 per cent against an overall target of 70 per cent. Last year, the percentage of actions completed was 84 per cent. The target for 2013/2014 has been reviewed and is now 75 per cent.
- 6.7. The Forum is asked to note the improved level of compliance across all Resources in meeting the requirements of the Risk Management Strategy.

7. Employee Implications

- 7.1. Each Resource has a Risk Sponsor who is responsible for developing, challenging and supporting risk management activity at Resource and corporate levels. Sponsors and other officers, as appropriate, dedicate time to ensure risk management is embedded within Resource.

8. Financial Implications

- 8.1. There were no financial implications associated with the delivery of the work plan, or Resources' compliance with the requirements of the Risk Management Strategy.

9. Other Implications

- 9.1. Failure to implement risk management requirements in Resources and partnerships will impact on the Council's ability to comply with best practice guidance. The work of the Resource Risk Sponsors and Risk Groups mitigates against this risk.
- 9.2. There are no implications in terms of sustainability contained within this report.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. There is no requirement to equality impact assess the update to the risk management work plan.
- 10.2. Risk Sponsors were consulted on all items contained within this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

21 August 2013

Link(s) to Council Improvement Theme and Objectives
Governance and Accountability

Previous References
Report to RASF - 4 September 2012 - Risk Management Year End Report 2011/12

List of Background Papers
None

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
Heather McNeil, Head of Audit and Improvement Services
Ext: 5915 (Tel: 01698 455915)
E-mail: heather.mcneil@southlanarkshire.gov.uk

Appendix One

Risk Management Work Plan 2012/13

| Activity type | Action number | Action | Who | Target date | Score |
|--------------------------------|---------------|--|---|-------------------|-------|
| Awareness raising and training | 1 | Present an updated top risk register to the CMT. Deliver an awareness session on the risk management cycle, methodology and recommended decision process. | Improvement and Risk Manager | 4 August 2012 | 1 |
| Strategic management | 2 | Determine method and timescale for review of SLC's risk management arrangements against best practice. | Head of Audit and Improvement | 30 September 2012 | 1 |
| Awareness raising and training | 3 | Prepare and issue Members' newsletter. | Finance Officer (Risk Management) | 30 September 2012 | 1 |
| Operational management | 4 | Complete review of education excursions policy. | Education Resources Operations Manager | 30 September 2012 | 1 |
| Transparent reporting | 5 | Ensure use of Figtree for recording risks and tracking actions. Ensure all relevant employees trained in the use of Figtree. | Risk Sponsors | 30 September 2012 | 1 |
| Transparent reporting | 6 | Create module within Figtree to record payments made by SLC for disease claims. This will assist in forthcoming actuarial reviews and claims projections. | Finance Officer (Risk Management) | 30 September 2012 | 1 |
| Operational management | 7 | Resources to agree hotspot areas identified by Gallagher Bassett and required mitigating actions. | Risk Sponsors/ Finance Adviser (Risk Management) | 30 September 2012 | 1 |
| Embedding | 8 | Prepare guidance note for Resources on Opportunity Risk Management. | Finance Adviser (Risk Management) | 31 October 2012 | 2 |
| Strategic management | 9 | Prepare insurance marketing presentation if going out for full tender. | Finance Adviser (Risk Management) | 31 October 2012 | 1 |
| Operational management | 10 | Prepare and contribute to updated consolidated project management checklist for use in change and improvement projects to ensure management of risk is adequately covered. | Improvement Manager | 31 October 2012 | 3 |
| Strategic management | 11 | Identify and evaluate the risks associated with the proposals in Connect 2012-17. | Risk Sponsors | 31 October 2012 | 1 |

| | | | | | |
|--------------------------------|----|---|---|------------------|---|
| Strategic management | 12 | Update Figtree to reflect Connect 2012-2017 Objectives. | Finance Officer (Risk Management) | 31 October 2012 | 1 |
| Policy and procedure | 13 | Update EL claims protocol, including procedure for distributing 'lessons learned' information. Resources to advise mitigating actions taken to prevent any future reoccurrences. | Finance Adviser (Risk Management) | 31 December 2012 | 1 |
| Awareness raising and training | 14 | Raise employee awareness of risk management: 1) Employee bulletin on updated strategy 2) Further initiatives throughout year | Finance Adviser (Risk Management) Risk Sponsors | 31 March 2013 | 1 |
| Strategic management | 15 | Undertake full review of the Council's top risk register. | Head of Audit and Improvement Risk Sponsors | 31 March 2013 | 1 |
| Transparent reporting | 16 | Review content of risk registers, risk control plans to ensure consistency, and that risks are described correctly across Resources. | Risk Sponsors | 31 March 2013 | 1 |
| Operational management | 17 | Ensure: 1) that risk evaluation is undertaken prior to making decisions on any major projects, partnerships or changes 2) that a risk register is maintained during the course of any major projects and partnerships 3) that evidence of risk evaluation/assessment can be provided | Risk Sponsors | 31 March 2013 | 2 |
| Operational management | 18 | Implement actions from Partnership Risk Management Review. | Risk Sponsors | 31 March 2013 | 2 |
| Strategic management | 19 | Implement the recommendations from the Gallagher Bassett review on common risks. | Risk Sponsors | 31 March 2013 | 1 |
| Monitoring | 20 | Monitor the implementation of the actions contained within the CMT paper on high risk/value contracts. | Procurement Manager | 31 March 2013 | 1 |
| Awareness raising and training | 21 | Resources to consider options to publish, in local press, new stories reflecting effective risk management. This will promote public awareness and confidence of action taken to manage risks. | Risk Sponsors | 31 March 2013 | 1 |
| Transparent reporting | 22 | Assess viability for use of IMPROVe for recording the Council's risks and tracking of risk control actions. Briefing paper to be prepared for Head of Audit and Improvement Services. | Finance Adviser (Risk Management) | 31 March 2013 | 2 |

| Score | No | % |
|-------|----|-----|
| 1 | 17 | 77 |
| 2 | 4 | 18 |
| 3 | 1 | 5 |
| 4 | 0 | 0 |
| Total | 22 | 100 |

Key

1 = Complete/Achieved

2 = Minor slippage

3 = Major slippage

4 = To be reported later

Risk Management Work Plan 2013/14

| Activity type | Action Number | Action | Who | Target date |
|--------------------------------|---------------|---|--|------------------|
| Awareness raising and training | 1 | Assess need to introduce compulsory risk management training for managers at a specific level within the Organisation. Resources to consider options to publish, in local press, new stories reflecting effective risk management. This will promote public awareness and confidence of action taken to manage risks. | Finance Adviser (Risk Management) Risk Sponsors | 31 March 2014 |
| Awareness raising and training | 2 | Sponsors to include item within their local team briefs to raise awareness of their Risk Register once their Report on risk management has been presented to Committee. Content of the standard team brief to include process for reporting any new risks to line manager/Risk Sponsor, and where the report can be found. | Risk Sponsors Finance Officer (Risk Management)/ Risk Sponsors | 31 December 2013 |
| Embedding | 3 | Prepare guidance note for Resources on Opportunity Risk Management | Finance Adviser (Risk Management) | 30 June 2014 |
| Monitoring | 4 | Lessons learned from employer's liability claims to be a standing agenda item at Risk Sponsors Group. | Finance Adviser (Risk Management) | 30 January 2014 |
| Monitoring | 5 | A review of employer's liability claims for Community and Enterprise Resources to be carried out by Gallagher Bassett. The report is to cover claims settlements, legal reasons why claims were settled, and identification of any areas where the Council could do better. | Finance Adviser (Risk Management) Finance Officer (Risk Management) | 31 March 2014 |

| | | | | |
|------------------------|----|---|--|--|
| | | Results of the review is to be shared with Risk Sponsors | Risk Sponsor (Community and Enterprise Resources) | |
| Monitoring | 6 | A review of the progress made of embedding Business Continuity Management processes and the links to risk management to be carried out by Gallagher Bassett. | Finance Adviser (Risk Management) Contingency Planning Officer (Community and Enterprise Resources) | 31 March 2014 |
| Monitoring | 7 | Annual review of risk registers and risk controls to be undertaken to ensure currency and adequacy | Risk Sponsors | 30 November 2013 |
| Operational management | 8 | Prepare and contribute to updated consolidated project management checklist for use in change and improvement projects to ensure management of risk is adequately covered | Improvement Manager | 31 March 2014 |
| Operational management | 9 | <p>Ensure:</p> <ol style="list-style-type: none"> 1) that risk evaluation is undertaken prior to making decisions on any major projects, partnerships or changes 2) that a risk register is maintained during the course of any major projects and partnerships 3) that evidence of risk evaluation/assessment can be provided <p>Formal confirmation to be received from Resources annually to ensure that guidance is fully followed and that all partnerships, major projects or planned change have been through the risk management process</p> | Risk Sponsors | <p>Interim review (checklist) 31 October 2013</p> <p>Full implementation 31 March 2014</p> |
| Operational management | 10 | Implement actions from the Partnership Risk Management review | Risk Sponsors (Education, Social Work and Housing) | 31 March 2014 |

| | | | | |
|------------------------|----|--|---|-------------------|
| | | | and Technical Resources) | |
| Operational management | 11 | Implementation of risk management core competencies to be progressed with Corporate Personnel | Finance Adviser (Risk Management) | 31 December 2013 |
| Strategic management | 12 | At next review of the Risk Management Strategy : 1) explore conflict of interests and consider inclusion 2) Review risk appetite percentage guidelines 3) Include referral and escalation, review and response process 4) Review guidance on capturing new risks | Finance Adviser (Risk Management) Finance Officer (Risk Management) | 30 September 2014 |
| Strategic management | 13 | When undertaking next review of the Council's top risks, consider process to include views of elected members (Committee Chairs etc) and Senior Trade Union Representatives. | Finance Adviser (Risk Management) Finance Officer (Risk Management) | 30 April 2014 |
| Transparent reporting | 14 | Assess viability for use of IMPROVe for recording the Council's risks and tracking of risk control actions. Briefing paper to be prepared for Head of Audit and Improvement Services | Finance Officer (Risk Management) | 31 March 2014 |
| Transparent reporting | 15 | Within Annual Report on risk management to Senior Management Teams/Resource Committees, include a section to cover the Resources' risk appetite. | Finance Adviser (Risk Management) Finance Officer (Risk Management) Risk Sponsors | 30 September 2013 |
| Transparent reporting | 16 | Include within Year End Insured Risks report section on the effectiveness of successful risk management fund bids. | Finance Adviser (Risk Management) Finance Officer (Risk Management) | 30 August 2014 |

Appendix Three

Summary of current compliance with Risk Management strategic requirements - 2012/2013

Key

Score 3= Up to date and in line with requirement

Score 2= Work in progress

Score 1= Needs addressed

| Risk management requirement from strategy | Community and Enterprise Resources | Finance and Corporate Resources | Education Resources | Housing and Technical Resources | Social Work Resources | Average across all |
|--|------------------------------------|---------------------------------|---------------------|---------------------------------|-----------------------|--------------------|
| Up to date risk registers | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk assessed for all Connect actions assigned to the Resource | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk register and risk control plan reported to Resource Management Team at least once per annum | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk register and risk control plan reported to Committee at least once per annum | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk evaluations prior to major projects and changes | 3 | 2 | 3 | 2 | 3 | 2.6 |
| Formal risk sharing partnerships | 3 | 3 | 2.5 | 2 | 2 | 2.5 |
| Evidence behind major decisions shows formal identification and evaluation of risk | 3 | 2 | 2.5 | 2 | 3 | 2.5 |
| Risk information in Committee papers under "other implications" section | 3 | 3 | 3 | 3 | 3 | 3 |
| Pro-actively monitoring delivery of risk controls | 3 | 3 | 3 | 3 | 3 | 3 |
| Contractors' assurance that risk controls in place, e.g. insurance, health and safety practices, equalities, sustainable development | 3 | 3 | 3 | 3 | 3 | 3 |
| Use of Figtree for risks and action tracking | 3 | 3 | 3 | 3 | 2 | 2.8 |
| Regular risk group meetings | 3 | 3 | 2 | 3 | 3 | 2.8 |
| Overall total and average end 2012/2013 | 36 3 | 34 2.83 | 34 2.83 | 33 2.75 | 34 2.83 | 34.2 2.85 |
| Comparative total and average at end 2011/12 | 34.5 2.88 | 33.5 2.79 | 32 2.66 | 32 2.66 | 34 2.83 | 33.2 2.76 |
| Level of improvement | +4.3% | +1.5% | +6.3% | +3.1% | 0% | +3.0% |