CABINET – 7 DECEMBER 2005   PORTFOLIO : FINANCE AND SUPPORT

RISK MANAGEMENT REPORT FOR 2005

1. INTRODUCTION

1.1   The purpose of the report is to update Members on the work carried out on Risk Management during 2005.

1.2   The report also details the work programme currently being undertaken and developed by the Corporate Risk Management Group.

2. BACKGROUND

2.1   An updated Risk Management Policy was approved by Members in September 2003. The report outlined the Council's strategy for managing risk, and the methods to be used in achieving this.

2.2   As part of the Policy adopted it was agreed that the Corporate Risk Management Group be reformed and that they should take the lead in implementing an effective risk management framework.

2.3   Good Risk Management has become one of the prime areas of performance measurement with both the CPA and Audit Commission. This has increased with the introduction of the Civil Contingency Act which requires authorities to have arrangements in place to maintain services in the event of major emergencies and to be in a position to provide advice to local businesses on the subject.

2.4   The evidence of good risk management that is looked for by CPA and Audit Commission include;

o   Awareness of and recording of strategic risks

o   Integrated risk management through groups such as Corporate Risk Management Groups who have Chief Officer and Member involvement.

o   Embedded risk management exampled by all committee reports highlighting any significant risks as a result of adopting the reports recommendations.

2.5   The Council already adopts good risk management practices but as a result of the above it was recognised that there was a need to codify and record this in a more systematic way. We do not currently have a strategic risk register. Although there are no specific requirements within the report writing framework for the identification of risks, most major reports do properly evaluate risk management issues. The Risk Management Group will continue to work with officers to ensure that this approach is embedded within the report writing culture of the Council.

3. MANAGING RISK

3.1 There are several strands to the Council's current approach to risk management, they include work place health and safety, ICT security and operational and strategic risk management which includes the provision of insurance cover and claims handling.

3.2 The Health & Safety Unit is based within the Council's Community Services Directorate and is primarily responsible for ensuring the authority's compliance with Health & Safety legislation, undertaking and giving advice on activity based risk assessments, educating others on good practice and the investigation of work based accidents.

3.3 The ICT Security Officer based within the Resources Directorate has responsibility for ensuring the security of the Council's network, its ICT equipment and preparing, maintaining and testing the ICT disaster recovery plan.

3.4 The Insurance and Risk Management is also based within the Resources Directorate and is responsible for giving advice on potential risks to the Council's aims and activities, maintaining a risk register, giving advice and assistance on the preparation of Service Continuity plans and arrange insurance cover and administering claims.

3.5 In addition to these specific roles Risk Management activities are also undertaken by the Corporate Risk Management Group (RMG). The Group is led by the Director of Resources and has senior officer representatives from Resources, Community Services, Leisure and Commercial Services. The group also includes the Health and Safety Manager, ICT Security Officer, Property Services Manager and Insurance and Risk Manager.

3.6 The RMG oversees Risk Management projects such as Risk Registers, Business Continuity Planning and Member and Staff training. The role of the group is continuing to develop and details of its current and proposed work programme is detailed below.

3.7 The presence of such a group allows a coordinated approach to Risk Management and such a group is supported and expected by both the Audit Commission and CPA. Their view is that the group should be led by a chief officer and include at least one lead Member so that both operational and strategic risks are addressed. Cllr Colin Wise has recently agreed to join the Group.

4. WORK UNDERTAKEN

4.1 As a result of the introduction of the Civil Contingency Act work has been undertaken on preparing Business Continuity Plans (BCP's) in the event of a major disaster.

4.2   In March of this year a report was taken to Corporate Management Team detailing the strategy for implementing Business Continuity Plans. The report included a list, identified by RMG, as 'critical' services. RMG recommended this list for the first tranche of activities for which plans were to be developed. Those services were:

- Housing Needs
- Housing Benefits
- Central Control
- Waste Collection
- Cemeteries

4.3   The recommendations were approved by CMT. Whilst for operational reasons there was a delay in starting the process of initial assessments, on the impact the loss of these services would have for both internal and external customers and their dependencies on other services, these have now been completed and plans for their recovery are being developed.

4.4   The second tranche of services that were nominated by Directorate Management Teams are now being assessed. The initial assessments are being carried out by the service providers with support from members of the RMG and the Insurance and Risk Manager.

4.5   The BCP's are being developed in conjunction with the project to update the ICT disaster recovery plan. This project is being undertaken by the Assistant Director of Resources (ICT) and the Council's ICT Security Officer. The scope of the project was to carry out;

????Initial business systems audit to classify business critical systems.

????Review and update disaster recovery arrangements for E-mail.

????Review and update ICT systems administration procedures.

- Review and update DR arrangements for data communications networks.

????Review and update DR arrangements for web based systems.

????Review and update DR arrangements for Voice (telephone) and Call Centre Systems.

????Review the physical environment hosting the ICT infrastructure.

????Review and update all hardware maintenance contracts.

????Produce an action plan to bring the ICT Disaster Recovery arrangements up-to-date.

4.6 The reviews have now been finalised and a report was submitted to CMT in October of this year detailing the proposed action plan to up-date the ICT Disaster Recovery Arrangements.

4.7 From BCP assessments the Council's risk register is being prepared and action plans being agreed.

4.8 Arrangements have been made for Zurich Municipal, the Council's insurers, to undertake training with Corporate Management Team with a view to completing the Corporate Strategic Risk Register and action plan. This is an essential element of Risk Management and one which the Audit Commission and CPA expect an Authority to have in place as evidence of good Corporate Governance.

4.9 The purpose of the training is to examine the critical strategic aims of the Council and identify any significant risks which may prevent them from being implemented. The stated objective of the sessions is to find ways of eliminating, reducing or managing those risks and to record how and by whom they are to be managed.

The proposed possible dates for this training are;

Monday	28/11/05
Thursday	1/12/05
Wednesday	7/12/05
Tuesday	13/12/05

4.10 Additional training with Zurich Municipal has also been arranged for Heads of Service to further develop the Council's risk register and to assist with fully integrating Risk Management into the Service Planning Process.

4.11 When preparing Service Plans and Expenditure Bids during the current year Service Heads have been asked to detail any significant risks that may affect those plans or bids. This process is to be further improved and forms part of the RMG future work programme.

4.12 The RMG reviewed the risks identified from the above process and prepared an action plan to reduce or manage those risks through the corporate risk register.

4.13 The Health and Safety Unit report regularly to Corporate Safety Group and Industrial Relations Committee separately on the Units and the Council's Safety Panel's activities and projects during the year. This will include training to Members and Senior Managers on Corporate responsibilities and risk management processes with regard to Health, Safety and Environmental issues.

5. FUTURE WORK PROGRAMME

5.1   The following items have been identified by the Corporate Risk Management Group for inclusion in their work programme for 2006;

Action	Responsible Person(s)
Fully integrate Risk Management into Service Planning and Budgeting process	RMG Heads of Service
Complete Council's Strategic Risk Register	Insurance & Risk Manager
Incorporate Business Continuity Plans into ICT Disaster recovery database	ICT Security Officer Insurance & Risk Manager
Complete Business Continuity Plans and carry out assessments of Dependant Services	Service Heads Members of RMG Insurance & Risk Manager

6. FINANCIAL IMPLICATIONS

6.1   The development of Business Continuity plans has highlighted the possible need for alternative accommodation and equipment should a major event occur at one of its offices or depots. The Council has Business Interruption Insurance which would cover the majority of this expenditure and loss of income for a period, but there could be expenditure arising from the exercise.

7. RECCOMMENDATIONS

7.1   That Cabinet note the work on Risk Management that has been undertaken during the current year and approve the work programme.

For Further Information:	Background Papers:
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