

	<p style="text-align: center;">The Audit Committee 20th June 2007</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For Information	Wards Affected: ALL
Risk Management at Brent	

1.0 SUMMARY

- 1.1 This report outlines the background to public sector risk management, the current situation regarding risk management at Brent, a proposed revised risk management strategy, and the next steps in embedding risk management across the authority.

2.0 RECOMMENDATIONS

- 2.1 The Audit Committee are asked to consider the report: and endorse:
- The revised risk strategy in Appendix 2 of this report; and
 - The actions proposed in paragraphs 3.4 to 3.8 of the report.

3.0 DETAIL

The public sector and risk management

- 3.1 Risk management is recognised as one of the key components of good corporate governance in both the private and public sector. It is part of the overall system of internal control which is the subject of the Statement of Internal Control elsewhere on this agenda. Good quality risk management helps local authorities achieve challenging corporate objectives – using new technologies and often in partnership with other public sector bodies and the private sector - in the context of constraints on financial resources. In order to succeed in achieving their objectives, local authorities have to manage risk actively and aggressively. The importance of risk in delivering successful local services is reflected in the prominence it is given within the Comprehensive Performance Assessment framework.

The council's approach to risk management

- 3.2 The council has well established approaches for identifying and monitoring corporate and strategic risks. Policy Co-ordination Group receives quarterly reports on corporate hotspots and actions being taken to ameliorate risks. Corporate financial risks are set out in the annual budget report and financial hotspots are monitored on a monthly basis by the Strategic Finance Group. At a service area level, all service areas identify potential risks and appropriate action to ameliorate the risks as part of the service planning process. Risks are also assessed as part of all major projects. In addition all directors are required to assess fitness for purpose of their risk management processes as part of the arrangements for putting together the annual Statement of Internal Control.

Recent developments

- 3.3 The council has taken various measures to strengthen its approach to risk management over the last two years. These include:
- Implementation of the Acertus risk managing software to support more effective management of risk at service area level and better corporate reporting. This was installed at the end of December 2005, replacing the in-house lotus notes database which had been in use up to that point. Service areas have undertaken two assessments of the risk detail on the register in 2006 and early 2007, providing greater definition to their risk detail on each occasion.
 - The development of a corporate risk hierarchy aimed at enabling risks to be managed and monitored at the appropriate level within the organisation and ensuring consistency of treatment of risks within service areas. Guidance setting out this corporate risk hierarchy was sent out to all service areas as part of overall service planning guidance for 2006/07. The guidance is attached as Appendix 1.
 - Provision of training to members and officers on risk management. General risk management guidance was provided to members in January 2005 and re-issued in June 2006. Members were each provided with a tailored risk management guidance CD, which included a self-assessment module. An on-line training solution which includes a self-assessment module is also available for senior officers. Additional training related to risk scoring and software use has been provided by the Procurement and Risk Management Unit. Further detailed officer training packages are available as managers identify their needs.
 - Setting up the Audit Committee so that there can be increased member scrutiny of risk management as part of the overall governance arrangements for the authority.

- Up-dating of the risk management strategy (previously agreed at Performance and Finance Select Committee in September 2005) to reflect these developments (see Appendix 2).

Next steps

- 3.4 The key areas remaining to be addressed are as follows:
- setting up the agreed hierarchies on the risk register;
 - ensuring the council's approach to risk is consistent with innovative approaches to service development;
 - reviewing the extent to which risk management is fully embedded in every day business practices across the council;
 - development of risk reporting to the Full Council.
- 3.5 The risk register does not currently include parent and child risks which would allow the hierarchies established in the corporate guidance to be fully reflected in the register. Work to achieve this is on-going. In addition certain categories of risk – particularly corporate hotspots and partnership risks – still need to be added to the risk register;
- 3.6 The council also needs to take a balanced approach to risk management to ensure that it does not lead to risk aversion which stifles innovation. The Procurement and Risk Management team will review this issue and make future recommendations to this committee. This will be tied in with a review of how the council assesses risk when reaching major policy decisions.
- 3.7 The Procurement and Risk Management team will be reviewing will be working with the council's internal auditors to review the extent to which risk management is embedded in service and project management. This will include reviewing the approach departmental and service units management teams take to managing their risks and the role of the Risk Management Group in ensuring risks are being managed across the council.
- 3.8 There is regular review of top strategic risks by CMT and service area management teams. It is proposed that the top strategic risks are reported on and reviewed by this committee twice yearly and reported to Full Council annually.
- 3.9 The progress of this work will be reported back to this committee.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from this report.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from this report.

6.0 DIVERSITY IMPLICATIONS

6.1 There are no apparent direct diversity implications arising from this report, an equality impact assessment of the Risk Management Strategy has been performed.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS (if appropriate)

7.1 There are no direct staffing implications arising from this report

8.0 BACKGROUND PAPERS

- Performance and Finance Select Committee – Risk Management at Brent – 6th September 2005
- Performance and Finance Select Committee – Risk Management Up-date – 21st March 2006

9.0 CONTACT OFFICERS

Alison Matheson, Head of Procurement and Risk Management, Finance and Corporate Resources, Town Hall Annexe. Tel. 020 8937 1363

DUNCAN McLEOD
Director of Finance and Corporate Resources