

REPORT TO: POLICY AND RESOURCES COMMITTEE 24 JUNE 2013

REPORT ON: RISK MANAGEMENT STRATEGIC PLAN AND STRATEGIC RISK REGISTER

REPORT BY: DIRECTOR OF CORPORATE RESOURCES

REPORT NO: 292-2013

1 PURPOSE OF REPORT

This report provides Elected Members with a copy of the Councils updated Risk Management Strategic Plan and Strategic Risk Register.

2 RECOMMENDATIONS

It is recommended that the Committee:

Approves the Risk Management Strategic Plan and Strategic Risk register.

3 FINANCIAL IMPLICATIONS

There are no immediate financial implications from the content of this report as the costs of compliance are contained within Departmental budgets.

4 MAIN TEXT

4.1 Members attention is drawn to Internal Audit report 2011/15 on the Council's risk Management arrangements.

4.2 Specifically, within the context of this report, it was felt the then existing Council Risk Management Strategic Plan (RMSP) contained an over focus on insurance and business continuity risks as opposed to strategic business risks.

4.3 It was agreed a new RMSP should concentrate more on providing an overarching governance framework, provide an overview of the Council's risk management arrangements and should include specific detail on the roles and responsibilities, reporting arrangements and process to identify and score risks.

4.4 The RMSP attached to this report has been updated to incorporate the Internal Audit recommendations.

4.5 The Strategic Risk Register template and scoring process has been completed following a facilitated workshop session, led by the Chairman of the Institute of Risk Management in Scotland and involving the Council's Strategic Management Team.

4.6 The format and scoring of risks within the Strategic Risk Register will be applied to all Departmental Risk Registers which will be completed following facilitated sessions led by the Council's Risk and Resilience Manager. All such registers will be completed by 31 March 2014.

4.7 The Council has an established Corporate Risk Management Group, chaired by the Head of Finance. This group is attended by the Departmental Risk Management "champions" and will continue to foster and encourage the further embedding of Risk management practices throughout the Council. In this regard an online e-learning module is nearly fully designed and will be finalised at the next meeting of the Group in Autumn 2013.

5.0 POLICY IMPLICATIONS

5.1 This report has been screened for any policy implications in respect of sustainability, strategic environmental assessment, anti-poverty, equality impact assessment and risk management.

5.2 This report is concerned with the manner in which the Council manages business risk.

6.0 CONSULTATIONS

6.1 The Chief Executive, the Director of Corporate Services and the Head of Democratic and Legal Services have been consulted in the compilation of this report.

7.0 BACKGROUND PAPERS

7.1 None

**MARJORY STEWART
DIRECTOR OF CORPORATE RESOURCES**

13 JUNE 2013



DUNDEE CITY COUNCIL

RISK MANAGEMENT STRATEGIC PLAN

AND STRATEGIC RISK REGISTER

2013

Version 1
Updated in May 2013

INTRODUCTION

This document sets out Dundee City Council's revised Risk Management strategy and incorporates the City Council's redrafted Risk Register.

The strategy document has been drawn up at the direction of the Council and replaces the previous strategy first published in 2005.

The purpose of the strategy is to promote the implementation of comprehensive risk management arrangements.

The strategy has been framed in recognition of both the requirements for effective corporate governance and the benefits of risk management as an organisational management tool

Through the delivery of this strategy effective risk management practices will be progressively embedded within the culture of the Authority.

BACKGROUND

Under the Local Government (Scotland) Act 1994, Dundee City Council must meet certain Governance requirements. These include maintaining a strong control environment including a robust risk management strategy. An effective risk management strategy is also considered to be an instrumental aspect of the Council's Best Value regime.

OWNERSHIP

The Council's risk champion at a corporate level is the Director of Corporate Services. Her role is to promote the use of risk management practices across the Council at all levels.

Each Director and Head of Service will nominate a Risk Management "champion" who will oversee risk management effort within that Service.

The Risk Champion will

- a) Attend the Corporate risk management group
- b) Ensure the service area has an up to date risk register
- c) Promote risk management throughout the service
- d) Ensure action plans to mitigate risks are implemented

The Council has a Risk and Resilience Manager who is responsible for ensuring the Corporate Risk register is kept updated by the Strategic Management Team. He is also responsible for providing professional support and coordination and advice to risk owners.

RISK AND RISK MANAGEMENT

The working definition of Risk Management used by Dundee Council is :

"A management discipline through which concerted and co-ordinated action is taken to identify, evaluate and control current and potential business risks which could threaten the Council's ability to achieve its strategic objectives and/or to deliver services."

Skilled Risk Management offers the Council the prospect of both tangible and intangible benefits, three examples of each are shown below:

Tangible

- More risk informed decision making
- Preserved assets and services
- Less waste of resources

Intangible

- Better Public Image
- Reduced opportunity for loss of prosperity within City
- Orderly consideration of risk when planning new projects

Intelligent application of Risk Management concepts should serve to reduce the "fear of the unknown" and so enable activities to be expanded. In this way the discipline should be viewed as a catalyst to service delivery rather than viewed as a reason why certain activities cannot be undertaken.

To achieve this vision requires a disciplined approach to risk which percolates through all levels of the Council and its numerous operations. In turn, all tiers of management require to absorb and apply Risk Management concepts in their every day thinking and actions and in many ways this "continuous cultural change" is the intention of the Risk Management Strategic Plan.

STRATEGY

The strategy aims to provide a framework for building a sustainable structure that recognisably supports Risk Management across all areas of Council activity and allows for monitoring and reporting on the effectiveness of that management.

The strategy should lead to Risk Management and Risk Awareness being integral to both Service and Corporate Management with established and effective links to all related aspects of the Council's Governance, Planning and Service delivery.

Risk Management is as much a part of the duties of Council Managers as is the control of budgets and the deployment of staff and equipment.

It is also an element of the consultation process prior to altering existing service delivery and/or implementing new initiatives.

RESPONSIBILITY FOR STRATEGY

Risk Management needs to be fully integrated with normal management processes. Heads of Department are primarily responsible for the management of risk within their service - in exactly the same manner as their Health and Safety responsibilities. In summary, Heads of Department are required to produce and/or maintain:

- A Departmental Risk Register
- A Risk Management Action Plan to address unacceptable risk exposures which have been detailed in the Risk Register
- Action status update reports as appropriate

A high level of support for these responsibilities is provided by the Council's Risk and Resilience Manager but responsibility rests with each Head of Department.

SPECIFIC ROLES AND RESPONSIBILITIES

Elected Members

Elected Members are responsible for governing service delivery to local communities. They are responsible for understanding the Strategic risks the Council has to face and be aware of how they are managed.

Elected Members main tasks are to:

- Approve the RMSP
- Monitor the reporting of risk management activity at the Scrutiny and other Council Committees
- Approve an Annual report on Risk Management performance across the Council

Chief Executive

As the most senior appointed officer within the Council, the Chief Executive is ultimately responsible for ensuring risks the Council face are adequately managed through a scheme of delegation.

Director of Corporate Services

The Director of Corporate Services is the Chief Officer charged with the responsibility of maintaining sufficient resources (staffing and monetary) to ensure business risks faced by the Council are identified, evaluated and economically controlled.

The Director of Corporate Service's main tasks will be to:

- Champion Risk Management at a Corporate level
- Ensure sufficient financial support to risk management projects designed to eliminate and control risk

Head of Corporate Finance

The head of Finance provides Line management support to the Council's Risk and Resilience Manager.

In addition to this supportive role he chairs the Council's corporate Risk management Group

Risk and Resilience Manager

The Risk and Resilience Manager is required to manage and implement the Council's Risk Management Strategic Plan. His key tasks will be to:

- Ensure implementation of the RMSP.
- Provide guidance on risk matters to Senior Managers within the Council and where requested to Elected Members
- Lead and direct discussion on risk issues within Department's Senior Management Teams as required.
- To research, identify and disseminate best practice in the management of risk.
- Coordinate and submit the Council's Strategic risk register for approval to the Scrutiny and other Council Committees
- Prompt Department Heads to review and update their departmental risk registers, lending assistance to Department management Teams on request
- Comply with the reporting requirements contained within this strategy document.

Departmental Risk Champions

Each department is responsible for appointing a departmental risk champion to foster and encourage risk management within their respective service areas. Departmental risk champions key tasks will be:

- Promote and encourage risk management within their departments.
- Act as a coordinating point in respect of the annual review of departmental risk registers.
- Disseminate risk control information within departments.

- Help to monitor the effectiveness of loss control measures.
- Ensuring major service delivery alterations are communicated to the Risk Manager to obtain confirmation such alterations comply with the Council's overall risk management strategy
- Attend the Corporate Risk Management Group.

RISK CONTROL FORUMS

Policy and Resource Committee

The Policy and Resource Committee is responsible for:

- Approving Strategic and Departmental Risk register reports
- Approving a proposed Annual Risk Management Budget report
- Approving an annual Risk Management Strategy report

Scrutiny Committee

The Scrutiny Committee is responsible for:

- Reviewing the Council's Strategic and Departmental Risk registers
- Considering the areas identified for potential Risk management Budget assistance
- Reviewing annual Risk Management performance
- Reviewing the Council's Annual Loss history
- Considering ad hoc reports following any major loss

Strategic Management Team

The Strategic Management Team is responsible for:

- Compiling and reviewing the Strategic Risk register
- Reviewing and updating strategic risk controls
- Determining the Council's appetite or tolerance of business risks

Corporate Risk Management Group

The Corporate Risk Management Group's key responsibilities are to:

- Review the completeness and accuracy of risks reflected in Departmental Risk registers

- Encourage a comprehensive and coordinated approach to risk management across the Council
- Develop methods to inform the Strategic Management Team of the total cost of risk
- Introduce Risk Management training

RISK REGISTER

The RMSP incorporates the Council's Strategic Risk register.

The Strategic Risk register is solely concerned with business risks which have the potential to prevent the Council from achieving its high level objectives or prevent it from delivering services.

Large operational risks are contained within Departmental Risk registers.

Risk Tolerance

The Council considers itself to be an innovative organisation. As such it has the capacity to take hard decisions which have the potential for negative outcomes, but does so in a way whereby those negative outcomes are identified, evaluated and pragmatically controlled. This is the Council's risk appetite. It will seek to take controlled risk if it furthers its ability to offer an excellent service to its citizens.

Risk Control

The potential to control risks will be addressed continuously through the upkeep of the Strategic Risk register. Most risks are capable of being managed - by controlling the likelihood or the impact of the risk or both. Very few risks will ever require to be avoided completely.

Risk Review

The Strategic Risk register will be reviewed by the Strategic Management Team twice yearly or if a new risk emerges.

RISK MANAGEMENT STRATEGIC PLAN UPDATE

The Council's RMSP will be updated annually by the Council's Risk and Resilience Manager

BACKGROUND POLICY STATEMENTS

The undernoted Policy Statements were agreed by the Finance Committee on 10 December 2001 (Report No 542-2001) and are included herein as a background reference point.

Corporate Policy Statement on Risk Management

Dundee City Council is dedicated to the management of risk in order to:

- safeguard its employees
- protect its property
- preserve and enhance service delivery
- maintain effective stewardship of public funds
- promote a favourable corporate image.

The efficient management of risk forms part of the City Council's overall business objectives.

To achieve this, standards and principles applicable to the Council as a whole, will be developed and maintained. This process will involve identification and evaluation of risks to create practical and cost effective means of loss control and avoidance.

Risk financing techniques, including insurance, will be used to fund fortuitous and catastrophe losses. Self-insurance will be used to optimise the benefits of risk retention, relative to premium economy.

The Risk and Business Continuity Manager is responsible for co-ordinating activities, enlisting available expertise, internally and externally, and directing action through the medium of the Audit and Risk Management Sub Committee.

Risk Management is recognised as a continuous process, demanding awareness and action from employees at every level, to reduce the possibility and impact of injury and loss.

Employee Risk Management Statement

The Council seeks your help in implementing its risk management policy.

In simple terms, risk management is concerned with identifying and trying to prevent events which could lead to loss, damage or injury to either Council employees, their property or members of the public or their property.

The benefits of a risk management policy are a safer environment for everyone, reduced claims payments and resources being made available to support both services and jobs.

If you notice anything which you consider to be a hazard please contact the Risk Management Section on 433301.

Corporate Risk Register

Risk No 1: Financial Risks

	Risk Description	Risk Sponsor	Assessment of Inherent Risk			Risk Control Measures	Actions	Action Leader	Target Date	Assessment of Residual Risk			Action Status
			Likelihood (L)	Impact (I)	Inherent Score (L x I)					Likelihood (L)	Impact (I)	Residual Score (L x I)	
1.1	Impact of Welfare Reform	Director of Corporate Services	3	3	9	Establishment of Welfare Reform Corporate Group and delivery of the Workstream actions. Creation of Welfare Reform risk register measuring risk for each workstream	Continue to monitor impacts through the Welfare Reform Group. Monitor progress of workstream actions. Seek external funding opportunities.	Director of Corporate Services	Ongoing	2	2	4	
1.2	Budgetary/Expenditure Pressures	Director of Corporate Services	3	3	9	Regular Revenue Budget Monitoring	Review Service Priorities. Early preparation for next years budget	Director of Corporate Services	Ongoing	2	2	4	
1.3	Failure to improve educational attainment, resulting in poorly skilled natural work force in city	Director of Education	2	3	6	Implementation of Education Service Plan including CfE	Continue to monitor attainment	Director of Education	31/05/2017	1	2	2	
1.4	Poor economic performance of city leading to failed businesses, increased unemployment and failure to attract inward investment	Director of City Development	2	3	6	Preparation and Implementation of new Economic Development Strategy		Stan Ure	31/03/2014	2	2	4	

Rankings

	Certain	Likelihood Possible	Unlikely	High	Impact Medium	Low
Score	3	2	1	3	2	1

Corporate Risk Register

Risk No 2: Society Risks

	Risk Description	Risk Sponsor	Assessment of Inherent Risk			Risk Control Measures	Actions	Action Leader	Target Date	Assessment of Residual Risk			Action Status
			Likelihood (L)	Impact (I)	Inherent Score (L x I)					Likelihood (L)	Impact (I)	Residual Score (L x I)	
2.1	National and local political environment	Chief Executive	1	3	3	We work in a political environment and therefore we cannot control any such risk	Watching Brief	Chief Executive	May-16	1	2	2	
2.2	Cutback in public or voluntary sector services that worsen social inclusion and exacerbate poverty in the city	Director of Social Work	3	3	9	Providing dedicated Welfare Rights service for citizens with increased resources to support the Welfare Reform implementation	Continue to provide this service and monitor capacity and resource of the team during the year, contribute to Corporate Welfare Reform group and monitor the effects of bedroom tax and benefits changes impacts on our citizens	Director of Social Work	Ongoing	3	2	6	
2.3	Impact of drugs and alcohol abuse on citizens and the demand for our services	Director of Social Work	3	3	9	Social Work and Alcohol service dedicated to support service users with alcohol and drug addiction	Continue to provide this service and further develop joined up approaches through health and social care integration	Director of Social Work	Ongoing	2	2	4	

Rankings

	<u>Certain</u>	<u>Likelihood Possible</u>	<u>Unlikely</u>	<u>High</u>	<u>Impact Medium</u>	<u>Low</u>
Score	3	2	1	3	2	1

Corporate Risk Register

Risk No 3: People Risks

	Risk Description	Risk Sponsor	Assessment of Inherent Risk			Risk Control Measures	Actions	Action Leader	Target Date	Assessment of Residual Risk			Action Status
			Likelihood (L)	Impact (I)	Inherent Score (L x I)					Likelihood (L)	Impact (I)	Residual Score (L x I)	
3.1	Changes to terms and conditions leading to poor industrial relations and/or action	Head of Personnel	2	2	4	Full and ongoing consultation with trade unions and communication with employees	Arrange regular meetings with trade unions. Analyse impacts of proposals	Head of Personnel	Ongoing	1	2	2	
3.2	Retention and attraction of people / Succession and workforce planning	Head of Personnel	1	2	2	Promote Council brand. Good employer/good conditions serving the public.	Use <i>myjobscotland</i> . Manage employees fairly. Listen to and respect them. Plan/Retrain/Redeploy.	Head of Personnel	Ongoing	1	2	2	
3.3	Demographic pressures and demands and our inability to meet them	Director of Social Work	3	3	9	Services are planned throughout the city to meet demands where demography dictates ie older peoples services or family centre access	Continue to monitor demographics and use this information to plan delivery and needs of service	Director of Social Work	Ongoing	2	2	4	

Rankings

	Certain	Likelihood Possible	Unlikely	High	Impact Medium	Low
Score	3	2	1	3	2	1