

**REPORT FOR DECISION**

<b>Agenda Item</b>	
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**MEETINGS:** Audit Committee  
Cabinet  
Council

**DATE:** 25 June 2013 – Audit Committee  
10 July 2013 – Cabinet  
11 September 2013 - Council

**SUBJECT:** Risk Management Annual Report 2012/13

**REPORT FROM:** Councillor John Smith, Deputy Leader/Finance & Corporate Affairs

**CONTACT OFFICER:** David Hipkiss, Risk & Governance Manager

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**TYPE OF DECISION:** COUNCIL DECISION

**FREEDOM OF INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** The Risk Management Annual Report provides Members with details of risk management activity that has taken place over the past 12 months. It outlines risk management policies and practices now in place and the key issues that will be addressed during the coming financial year.

**OPTIONS & RECOMMENDED OPTION** Members are requested to re-affirm their support for the Council’s approach to Risk Management, and note progress made throughout 2012/13 and actions planned for 2013/14.

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**IMPLICATIONS:**

<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework? <b>Yes</b>
<b>Financial Implications and Risk Considerations:</b>	See Executive Director for Resources comment below

**Statement by Executive Director of Resources:**

There are no direct resource implications arising from this report.

Risk management is an integral part of the Council's approach to Corporate Governance and service and financial planning and it is essential that robust risk management practices are put in place to safeguard the Council's assets and its reputation.

Corporate, departmental and operational risk assessments have been undertaken and key elements of the resultant Management Action Plans are incorporated into Departmental Service Plans.

**Equality/Diversity implications:** No

**Considered by Monitoring Officer:** Yes (Governance Panel)

**Are there any legal implications?** No

**Staffing/ICT/Property:** There are no direct HR, IT or property implications arising from this report.

**Wards Affected:** All

**Scrutiny Interest:** Overview and Scrutiny Committee

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**TRACKING/PROCESS**

**DIRECTOR: Mike Owen**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
24 June 2013			
Scrutiny Committee	Committee	Cabinet	Council
	Audit 25 June 2013	10 July 2013	11 September 2013

## **1.0 BACKGROUND**

- 1.1 The Cabinet approved the Council's Risk Management Policy and Strategy in March 2006 which is reviewed annually.
- 1.2 In 2012/13 the Council made preparations to ensure the smooth transition of Public Health Services from the NHS. These preparations included the identification and management of associated data risks with the Council taking responsibility for receiving and handling additional sensitive personal information and undertaking an extensive review of data protection policies and procedures to ensure they meet with NHS standards.
- 1.3 In 2012/13 risk management continued to focus on strengthening the council's business continuity management across all service areas by ensuring a standard approach is undertaken and managed through a central database. Also further work was undertaken to further raise awareness of the importance of risk and business continuity management in light of the economic recession and public service cuts and their impact upon service provision through "Plan for Change".
- 1.4 This report takes the form of an annual report on risk management activity that has taken place across the council and within each of the directorates.

## **2.0 IMPLEMENTING RISK MANAGEMENT**

- 2.1 Risk management forms an integral part of strategic planning in the Council, ensuring early intervention and management of uncertainty in delivering key strategic priorities. The role of risk management in the Council's Financial and Forward Planning Cycle is at **Appendix A**.
- 2.2 Early intervention and assessment of risks ensures that departments are able to fully prepare for existing and emerging priorities, and manage their objectives effectively against financial, reputational and performance risks, whilst meeting the Council's Priorities.
- 2.3 This approach to risk management ensures a continuous and evolving process that runs throughout the council's core functional activities at all levels.

***"Good risk management supports accountability, performance measurement and reward, thus promoting operational efficiency at all levels". A Risk Management Standard – Institute of Risk Management.***

- 2.4 [Risk Assessment Action Plan Registers \(RAAP's\)](#) are used across departments to record identified risks and opportunities, and actions being taken. RAAP Registers as they are referred to throughout this report are used at all levels throughout the Council to record information and help manage Corporate, Departmental, and Operational risks.

2.5 RAAP's are an effective tool to identify, evaluate and manage areas of uncertainty and exploit opportunities at corporate, departmental and operational levels and to ensure achievement of the Council's aims and objectives.

2.6 The Council's risk management framework is outlined in summary below;

- [An approved Corporate Policy & Strategy for Risk Management that can be read online or downloaded](#)
- Corporate Risk Management Group (Member level)
- [Operational Risk Management Group \(Officer level\)](#)
- Establishment of a "Governance Panel" comprising the Executive Director of Resources, Assistant Director for Legal & Democratic Services, Assistant Director of Resources & Head of Internal Audit.
- Comprehensive Intranet Risk Management Website and Toolkit
- [Corporate Risk / Opportunity Assessment Action Plan Register](#)
- [Departmental Strategic Risk Assessment Action Plan Registers](#)
- Operational Risk Assessment Action Plan Registers – held by service managers and maintained as part of the day to day management of service provision
- [A Common Risk Register \(General good practice guide\)](#)
- Dedicated Risk Management Section – Operating from Strategic Finance alongside but independent from Internal Audit
- "Team Bury" risk management framework [Partnership Risk Assessment Model \(PRAM\)](#)

2.7 Also in place is an effective communication and risk reporting network, with regular reports to:

- Full Council (annual report)
- Star Chambers
- Audit Committee
- Strategic Leadership Team
- Corporate Risk Management Group (Members)
- Operational Risk Management Group (Officers)
- Business Continuity Management representatives
- All departments and Service Heads

2.8 The diagram at **Appendix B** has been drawn up to help demonstrate Bury Council's risk management processes, illustrating strategic and operational planning across the authority, also the delivery of service and the movement and reporting of risks associated with these two key risk drivers within each of the departments.

### **3.0 DEPARTMENTAL PROGRESS 2012/13**

#### **3.2 Children's Services**

2012/13 managed high risks focused upon;

- Budget constraints following large scale reductions
- Children & Young People in care
- Safeguarding mechanisms
- Assessment & inspection regimes

Despite some success during 2012/13, the department is still highlighting a number concerns reflected by the final quarters result. Individual Departmental Risk Registers are available on request.

### 3.3 Adult Care Services

2012/13 managed high risks focused upon;

- Increasing safeguarding cases
- Costs in meeting Public Health Services
- Growing demands from increasing population
- Data Protection
- Increase in judicial reviews
- High cost packages from Children Services
- Budgets not meeting demands
- Self Directed Support costs
- Business Continuity Management
- Sickness absence levels
- Staff recruitment and retention
- Market failure/capacity and ability to facilitate new types of social enterprise

Despite some success during 2012/13 with managing these risks, the department is still highlighting a number of concerns reflected by the final quarters risk review. Individual Departmental Risk Registers are available on request.

### 3.4 Communities and Neighbourhoods

2012/13 focussed on a number of high risks, these include:

- Plan for change and service reviews
- Ongoing budget pressures
- Libraries

Despite some success during 2012/13, the department is still highlighting a number concerns reflected by the final quarters result. Individual Departmental Risk Registers are available on request.

### 3.5 Chief Executive's

2012/13 focussed on a number of high risks, these include:

- Equal Pay
- Budget Strategy / Plan for Change
- Welfare Planning
- Asset Management
- Welfare Reform
- Public Health Transfer

Owing to the nature and wider impact of these risks on public service they are also reflected within the Corporate Risk Register.

## 4.0 CORPORATE RISKS

- 4.1 [The Corporate RAAP](#) records all risks posing the most serious threat to the Council, risks that would impact upon a wider range of services and that are not able to be managed effectively within a directorate. These risks are reviewed continually by the Strategic Leadership Team – both through quarterly reviews, and as agenda items in their own right. The Corporate Risk Register takes account of risk management activity taking place across departments allowing for the transfer of high risk and also of known future risk.
- 4.2 Member input is sought throughout the year via the Corporate Risk Management Group, and quarterly reports to the Audit Committee.
- 4.3 The table overleaf tracks the status of corporate risks throughout 2012/13.
- 4.4 The table at **Appendix C** aligns the Council's most significant risks as at 31<sup>st</sup> March 13 against the Councils' Priorities and Team Bury Ambitions.

**Corporate Risk (these are also considered Chief Executive Risks) Register – Period April 2012 – March 2013.**

Ref	Risk Event	SLT Member	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status
1	The potential liability facing the Council in respect of Equal Pay significantly weakens the Council's financial position	Mike Owen/Steve Kenyon	2	1	4 GREEN	2 GREEN	2 GREEN	2 GREEN
2	There is no robust financial strategy or change management strategy to address effectively the significant funding reductions that the Council faces over the next 3 years and beyond in order to ensure there is a sustainable and balanced budget	Steve Kenyon	3	2	6 AMBER	6 AMBER	6 AMBER	6 AMBER
3	The budget strategy fails to address the Council's priorities and emerging issues, e.g. demographic and legislative changes	Mike Owen/Steve Kenyon	3	2	6 AMBER	6 AMBER	6 AMBER	6 AMBER
4	The budget strategy does not reflect, or respond to, national policy developments, e.g. Local Government Finance Review / potential changes to the Business Rates regime	Mike Owen/Steve Kenyon	4	3	9 RED	12 RED	12 RED	12 RED

Ref	Risk Event	SLT Member	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status
5	The Council's Workforce Development Plan does not ensure appropriately qualified / experienced staff are in the "right place at the right time". Particularly relevant in a time when large numbers of staff are leaving the authority as a result of VER exercise	Guy Berry	2	3	6 AMBER	6 AMBER	6 AMBER	6 AMBER
6	The Council's asset base is not operated to its maximum effect to deliver efficiency savings and ensure priorities are fulfilled. Ineffective use of assets presents both a financial and a performance risk.	Mike Owen	2	3	6 AMBER	6 AMBER	6 AMBER	6 AMBER
7	The Council needs to be prepared for the impact of the Localism Act; this presents both opportunities, e.g. power of competency, and risks e.g. referenda	Jayne Hammond	2	1	6 AMBER	3 AMBER	3 AMBER	2 AMBER
8	The amount of money received from the NHS to manage public health is insufficient to meet the performance outcomes expected by Government	Pat Jones-Greenhalgh	3	3	9 RED	9 RED	9 RED	9 RED



Ref	Risk Event	SLT Member	Impact (New)	Likelihood (New)	Quarter 1 Status	Quarter 2 Status	Quarter 3 Status	Quarter 4 Status
9	The Council fails to manage the expectations of residents and service users in light of funding reductions	Dionne Standbridge	3	1	6 AMBER	6 AMBER	6 AMBER	3 GREEN
10	Transferring and movement of asylum seekers to the new provider Serco.	Pat Jones-Greenhalgh	1	1	9 RED	9 RED	1 GREEN	Risk Removed
11	The Government's proposed changes to Council Tax Benefit impact adversely upon the Public / Vulnerable People. Also budgetary risk to the Council in the event of claimant numbers rise	Mike Owen	3	3	New Risk	9 RED	9 RED	9 RED
12	Changes resulting from the wider Welfare reform agenda impact adversely upon the public / vulnerable people.	Mike Owen	3	3	New Risk	New Risk	9 RED	9 RED
13	That the scale and pace of Public Sector reform impacts adversely upon key Council Services, compounded by the loss of capacity following staff leaving the Council (420+ since 2010)	Mike Kelly	4	2	New Risk	New Risk	8 AMBER	8 AMBER

## **5.0 CHALLENGES FOR 2013/14**

5.1 The challenge for the coming year will be to ensure risk and business continuity management form an integral part of the council's response to continued spending reductions, ensuring threats and opportunities to service provision is managed effectively and service resilience is maintained throughout.

5.2 The following areas will be our main priority for 2013/14:

- Ensuring risk and business continuity management forms an integral part of service planning, performance and the delivery of objectives in light of increased agile working.
- Building upon the work started by Management Board (now Strategic Leadership Team) where key corporate risks are considered in depth alongside the quarterly review process.
- Continuing to raise Member involvement in risk management and business continuity.
- Maintaining the Building Control Planning Database to ensure it maintains good quality information relating to service priorities and their continuity arrangements.
- Continuing to strengthen risk management arrangements in key strategies such as the Medium Term Financial Strategy, the Workforce Development Plan, the Asset Management Strategy, the ICT Strategy, the Procurement Strategy and the Plan for Change.
- Continuing the development of risk reporting and monitoring processes.
- Strengthening risk management arrangements at operational level and with partnership arrangements.
- Ensure risk management focus is widened to better understand, manage and take advantage of opportunity risk as well as managing potential risk threats
- Benchmarking with other public and private sector organisations
- Strengthen service resilience against disruption through effective risk and business continuity management.
- Establishing a framework for Business Continuity Management across partnership activity
- Aligning the quarterly reporting of risk, performance and the Council's financial position.

## **6.0 CONCLUSIONS**

Considerable progress continues to be made in the area of risk management and in embedding the approach to risk management into the authority's processes and culture. However there is no room for complacency and this subject will continue to be given significant attention over the coming twelve months.

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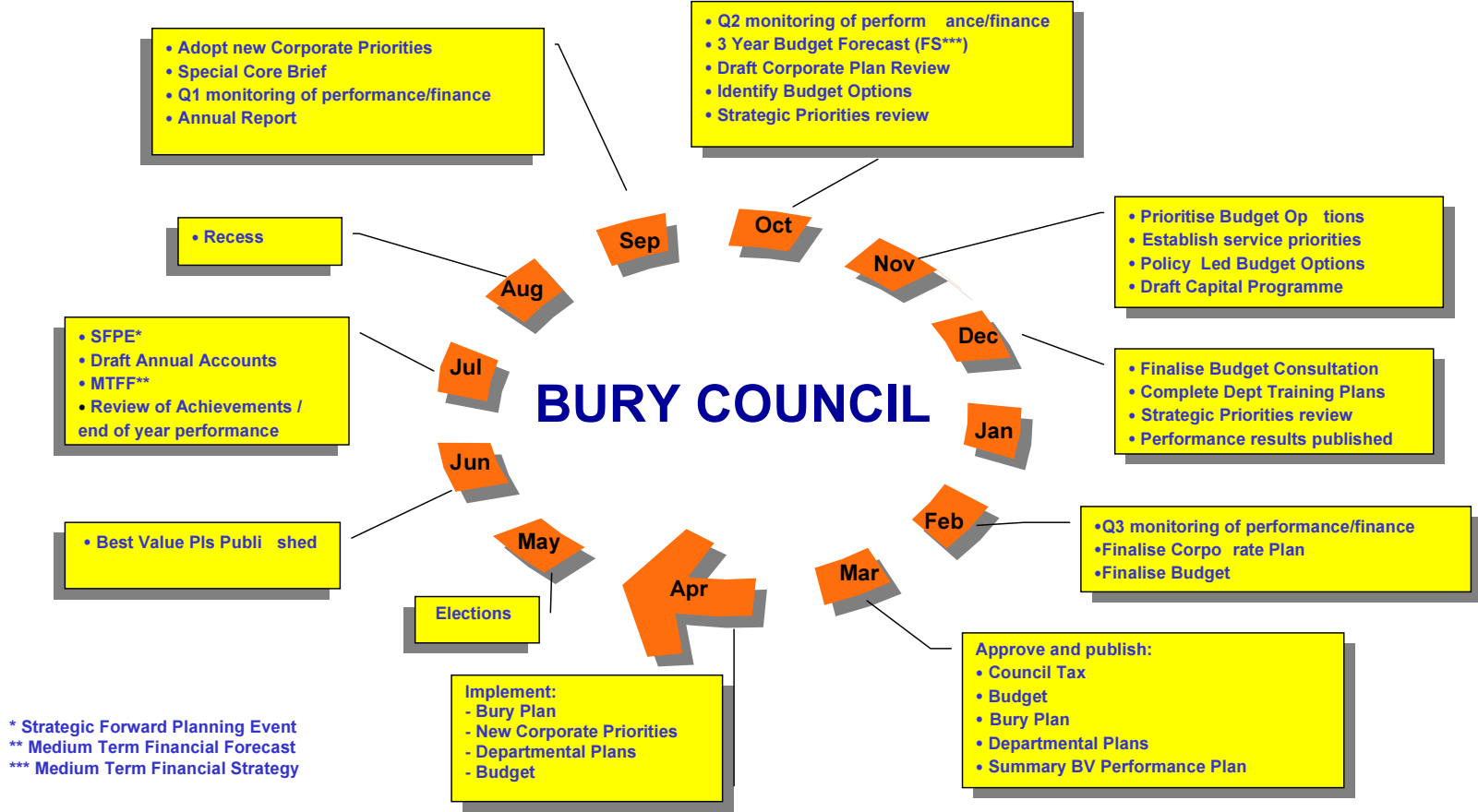
### **Background documents:**

Risk Management Policy, toolkit & risk registers - maintained on Intranet.

### **For further information on the contents of this report, please contact:**

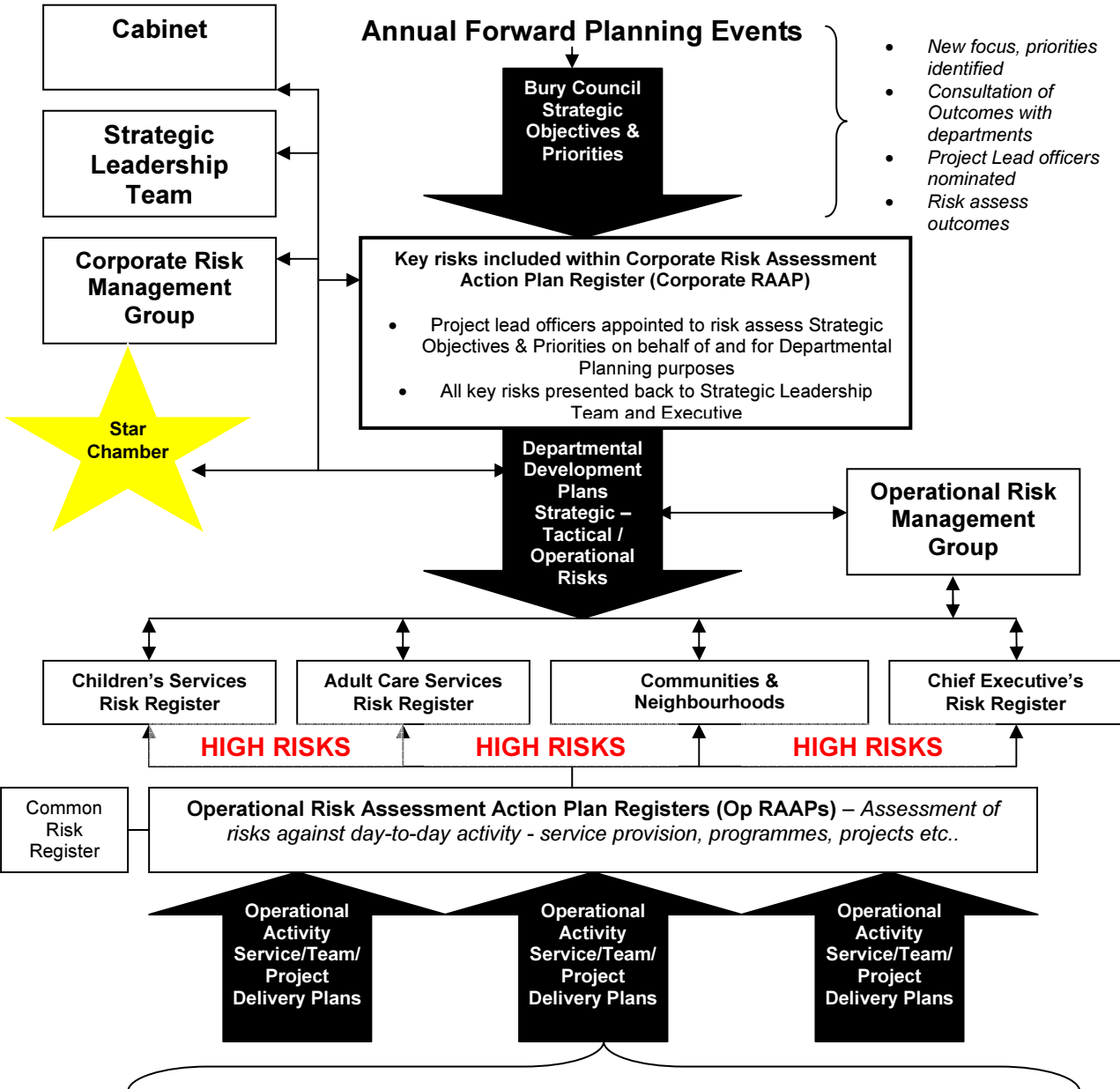
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FINANCIAL AND CORPORATE PLANNING CYCLE



\* Strategic Forward Planning Event  
 \*\* Medium Term Financial Forecast  
 \*\*\* Medium Term Financial Strategy

**APPENDIX B**



**Risks Internal & External Environment**

External Drivers			
Financial	Strategic	Operational	Hazards
Interest Rates Credit	Competition Customer Change Industry change Customer Demand Political Change	Regulations Culture	Contractual Events Natural events Supply Chains Environmental
Internal Drivers			
Liquidity Cash Flow	Research Development	Accounting Information Systems	Employees Public Access Properties Products/Services

## APPENDIX C

The Council's Corporate Risks if not managed effectively will impact upon key strategic objectives of Team Bury and the Council. The table below provides a summary of where corporate risk threats and opportunities are currently impacting:

Corporate Risks	Risk Score	Council Priorities						Team Bury Ambitions									
		Cleaner, Safer, Greener	Choice of Quality Housing	Improved Cultural & Sporting Opportunities	Strengthened Communities	Fit for the Future	Improved Town Centres & Neighbourhoods	Promoting Healthier Living	The Place to Live in Greater Manchester	Area where People feel Safe & Secure	Healthiest Borough in the North West	Popular Visitor Destination	Premier Retail Town	Centre of Excellence for Education & Training	Each Township Thriving	Area with First Class Services	Quality Jobs for Bury People
The potential liability facing the Council in respect of Equal Pay significantly weakens the Council's financial position	4 GREEN																
There is no robust financial strategy or change management strategy to address effectively the significant funding reductions that the Council faces over the next 3 years and beyond in order to ensure there is a sustainable and balanced budget	6 AMBER													<input type="checkbox"/>	<input type="checkbox"/>		
The budget fails to reflect the Council's priorities, evidence based by consultation with residents and other stakeholders	4 GREEN																
The budget strategy fails to address emerging issues, e.g. demographic and legislative changes	6 AMBER																

The budget strategy does not reflect, or respond to, national policy developments, e.g. Local Government Finance Review / potential changes to the Business Rates regime.	<b>9 RED</b>																	
The Workforce Development Plan fails to reflect the future shape of the Council; ensuring appropriately qualified / experienced staff - are in the "right place at the right time".	<b>4 GREEN</b>																	
The Council's asset base is not operated to its maximum effect to deliver efficiency savings and ensure priorities are fulfilled. Ineffective use of assets presents both a financial and a performance risk.	<b>6 AMBER</b>																	
The Council needs to be prepared for the impact of the Localism Bill; this presents both opportunities, e.g. power of competency, and risks e.g. referenda	<b>6 AMBER</b>																	
The amount of money received from the NHS to manage public health is insufficient to meet the performance outcomes expected by Government	<b>6 AMBER</b>																	
The Council fails to manage the expectations of residents and service users in light of funding reductions.	<b>6 AMBER</b>																	