

Report of the Cabinet Member for Finance and Strategy

Audit Committee – 30 October 2014

RISK MANAGEMENT UPDATE

Purpose:	To update members on the process of Risk Management, reporting and mitigation across the Council.
Policy Framework:	None
Reason for Decision:	This report is presented for information purposes
Consultation:	Legal Services and Corporate Equalities Unit.
Recommendation:	The Report is noted.
Report Author:	Mike Hawes
Finance Officer:	Mike Hawes
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Introduction

Definition of Risk

“Risk is an event, action, or lack of action that could adversely affect the Council’s ability to achieve objectives and to successfully execute its strategies. Risk arises as much from failing to capture opportunities whilst pursuing business objectives as it does from a threat that something bad will happen”

1.1 This report details the risk management process as currently exists within the City and County of Swansea.

1.2 It identifies the organisational levels at which risk is identified and recorded together with the reporting and review arrangements that are undertaken to ensure currency of risk issues.

1.3 The report further identifies the structure of the current risk registers and the additional ways that risk is reported as part of the Corporate decision making process.

2. Risk registers and Reporting Levels

2.1 Risk registers are kept at three organisational levels across the Council as follows:-

- Departmental Risk Registers – for Corporate Services = effectively the responsibility of each Head of Service to maintain. Significant items within each Departmental Risk register are escalated to..
- Directorate Risk Registers – Three in total reflecting People, Place and Corporate Services Directorates. Significant items within each Directorate Risk Register are escalated to.....
- Corporate Risk Register.

2.2 The format of the risk register, which is held on a central database, is given at Appendix 'a' to this report and encompasses the following:

- Risk ID – assigned when new risks are added
- Risk Title – Entered by responsible Officer
- Risk View – Details of the specific risk, controls in place for mitigation, actions to be taken, Current likelihood (Very low, Low, medium, high), Current impact (as likelihood), previous recorded likelihood and impact (where changed – to give trend), overall risk rating (RAG, populated automatically by reference to likelihood and impact),
- Edit – available to responsible officers to update current risk view
- Responsible Officer – the risk owner and person responsible for update
- Date last updated
- Updated by
- Current RAG status
- History – gives audit trail of all entries relating to the risk.

2.3 A view of a simple Departmental risk is given at appendix 'b' to this report

2.4 The key to effective Risk Management is regular review and update in respect of ongoing risks and any new risks identified.

2.5 As such the review of risk registers is now an evidenced standing item on monthly departmental Performance and Financial Planning meetings and, in respect of the Corporate Risk Register, monthly evidenced review at Executive Board.

2.6 Each monthly departmental P&FM meeting has a section to highlight any items that need escalation to the Councils Executive Board.

3. Risks identified as a part of ongoing business and reporting.

- 3.1 The risk register is a method of formally identifying and evaluating risks, identifying potential impact and likelihood of occurrence, identifying mitigation and actions to be taken.
- 3.2 However, it is essential that risk is considered beyond the formality of the risk register and is used to inform the decision making process across the Council.
- 3.3 As such, reports presented to Cabinet or Council for decision will invariably identify elements of risk relating to the options under consideration and the recommended course of action.
- 3.4 As an example, the report recently considered by Cabinet regarding the Mid Term Budget Statement included a whole section covering financial and services risks relating to delivery of the current year revenue budget. That section is replicated at appendix 'c' to this report.
- 3.5 The risks identified within appendix 'c' exist as defined risks within the risk register of the Council at different levels.
- 3.6 Of course risk management should be embedded across all operational activities of the Council on an ongoing basis – be it mitigation of Health and Safety risk, mitigation of risk to the Public through Council activities or environmental risk.
- 3.7 The corporate project methodology adopted by the Council in respect of project administration has an embedded risk analysis/mitigation/escalation stream at its core.

4. Conclusion

- 4.1 There is an evidenced risk identification and management process that exists across the Council and review of risk registers is now formally evidenced at all levels.
- 4.2 That is not to guarantee that each and every risk has been identified/mitigated as that would be impossible to assess.
- 4.3 It is important that the Council continues with the policy of 'lessons learnt' reviews following the closure of major business items and projects so as to continually inform challenge to risks identified on an ongoing basis.

5. Legal Implications

- 5.1 There are no legal implications directly arising from this report

6. Equalities implications

There are no equalities implications directly arising from this report

Background Papers: None

Appendices: Appendix A - Risk register layout
Appendix B - Appendix B – Risk register view
Appendix C - Extract from mid-term budget statement

Appendix 'a' Risk register layout



mike hawes

Risk Register
Corporate Risks

[Add Risk](#) |

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Filter by ResponsibleOfficer: Archived Risks

Previous	Next								
Risk Id	Risk Title	View	Edit	Responsible Officer	Date Last Updated	Updated By	Overall RAG	Audit	
CR 47	Financial Control	View	Edit	mike hawes	21/10/2014	CCOS\MIKE.HAWES	A	View History	

Risk Register - Risk Details



mike hawes

Risk Register Service Risk Details

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Service Financial Services

Risk ID: FS 4 Risk Title: Annual Statement of Accounts

Responsible Officer: mike hawes

Risk Description:
(Describe the risk and its impact using the IF and THEN scenario)

If the Annual Statement of Accounts are not signed by the S151 Officer and made available for external audit by 30th June each year then the Council must immediately publish a statement setting out the reasons why the Accounts have not been signed and agree a course of action to ensure they are signed as soon as possible.

Controls in Place
(List what currently is in place to eliminate or control the risk?)

A detailed Closing of Accounts Timetable is published each year allocating specific tasks in the process to named officers. Progress against the timetable is monitored by the Chief Accountant and significant issues are escalated to the Head of Finance.
2014/15 Accounts signed off unaltered

Actions to be taken
(include completion dates)

MH1

Previous Likelihood: Medium

Current Likelihood: Very Low

Previous Impact: Very High

Current Impact: High

Appendix 'c' Extract from mid-term budget statement

Section 3 – Current year Financial and Service risks

The purpose of this section is to provide an overview of the identified high level financial and service risks which could impact on the 2014/15 revenue outcome as detailed in section 1 above. It is critical in understanding the potential for in year variances

An analysis of the current position is given within the tables in section 3.1 below.

Conclusions and recommendations are that the Council remains at some risk around the identified areas and where appropriate further assessments of likelihood and scale of impact have been undertaken.

3.1 The Council continues to carry a number of financial risks arising out of both Corporate and Service issues:-

Corporate Financial Risks

Issue	Scale/Risk	Mitigation/Funding
Equal pay payments	£1m+/Medium	
The Council is in the process of settling equal pay claims covering a number of categories of claimants. The current financial position suggests adequate funding exists subject to settlement rates on grievance claims.		Current analysis of settled and projected claims suggests adequate funding exists based on agreed settlement rates. Any movement upwards on these rates introduces a potential additional cost over and above sums currently set aside. Any additional funding would be a call on one-off savings for 2014/15 or reserves. This may however change if the basis of settlement moves.
Pay awards	£1m+/Low	
The employers proposed 2014/15 1% pay award has yet to be agreed by the relevant Unions. Any increase above this level – built into budgets for 2014/15 – would lead to unbudgeted additional cost.		Would have to be met from contingency fund, one off savings identified during 2014/15 or reserves. Reduction in service budgets would be difficult due to timing.

J.E. Appeals		
The Council is commencing a significant appeals process following the introduction of JE from April 2014. The budget report approved by Council on 14/2/14 approved the Revenue Budget for 2014/15 which contained a clear statement that ' any additional costs that may potentially arise out of the appeals process will be met from within existing Directorate Budgets '.	£1m+/Medium	Notwithstanding the statement on meeting costs from Departmental budgets, given the period that may elapse from agreement of any successful appeal and the implementation date (subject to backpay) the Council will need to have a contingency plan in place to meet backdating costs to 1/4/14 where appeals are decided after year end.
Sustainable Swansea Workstream savings There is some delay in delivery of current year planned workstream savings which will require increased support and challenge in the areas concerned.	£1m+High	The current analysis suggests that there is a timing issue implicit in the delivery of these workstreams rather than an strategic inability to deliver. As such the mtfp going forward continues to assume that they will be fully delivered over the medium term.

Service Financial/operational risks

Issue	Scale	Mitigation/Funding
Key areas of spend around Social Services (particularly at this stage in adult services/Mental Health services) remain volatile in terms of demand.	£1m+	Discussed at Executive Board. Action being taken to manage demand in the current year with long term plans in place (ICF etc.) to further manage demand.
Key areas of education spend around out of school tuition show continued signs of overspend without current mitigation.	£500k	Discussed at Executive Board and alternative reductions across education budget being pursued.
Employment training grants continue to reduce ahead of downsizing of service.	£500k	Discussed at Executive Board – action being taken to downsize cost 14/15 – timing issue at present.