

Report of the Director of Resources

Report to Corporate Governance & Audit Committee

Date: 30 September 2011

Subject: Risk Management Policy Revision

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The previous Risk Management Policy established formal risk management arrangements across the Council. Now that those arrangements have matured, we believe that the focus of the Risk Management Policy should be less on the processes and more on making sure that our risk management information is analysed alongside other management information to ensure robust decisions are made. As a result, the Policy has been revised and is presented here in draft format for the Committee's consideration as part of a consultation exercise.

Recommendations

2. Corporate Governance and Audit Committee is requested to comment on the attached draft Risk Management Policy.

1 Purpose of this report

- 1.1 To seek the views of the Corporate Governance & Audit Committee on a revised draft Risk Management Policy.

2 Background information

- 2.1 In 2005, Executive Board approved a Risk Management Policy for Leeds City Council which had been developed in response to new statutory risk management responsibilities and a number of recommendations from external audit. The Policy was updated in 2008.
- 2.2 Through the implementation of this Policy and accompanying Risk Management Strategy, the authority has established strong risk management processes, particularly at a strategic level. Now that those processes are embedded, we feel it is appropriate to revise the Risk Management Policy again to reflect the direction our risk management arrangements should now take whereby risk management is used alongside a range of other management information as a tool to inform robust decision-making.
- 2.3 Alongside this, the Council's performance management and accountability framework have been revised. Given the crossovers with risk management, it is important that the roles and responsibilities within the Risk Management Policy reflect the new arrangements and so these have also been updated.

3 Main issues

- 3.1 The previous Risk Management Policy established formal risk management arrangements across the Council with the result that risks at operational, project, budget and strategic level are now identified, evaluated and reported on both regularly and consistently.
- 3.2 Now that those arrangements have matured, we believe that the focus of the Risk Management Policy should be less on the processes and more on making sure that our risk management information is analysed alongside other management information to ensure robust decisions are made.
- 3.3 The new 2011 Risk Management Policy is therefore a greatly slimmed-down document in comparison to the 2005 and 2008 versions. It does not detail the risk management process or our statutory and regulatory risk management responsibilities, nor does it define 'risk' and 'risk management' as all these are contained within other documents and guidance produced by the Council's Risk Management Unit. Instead, the 1-page Policy Statement emphasises our commitment to applying risk management in a scaleable and proportionate way and making the best use of a range of management information to build a complete picture of the key risks and issues for senior officers and elected members.
- 3.4 The Risk Management roles and responsibilities outlined in the appendix to the draft Policy have also been updated to reflect the revised performance management and accountability framework and so incorporate the new City and Council Priority Boards.
- 3.5 Following approval of the Policy, a new Risk Management Strategy will be drawn up.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Corporate Governance and Audit Committee is charged with reviewing the adequacy of the Council's internal control arrangements, including risk management. Underpinning those risk management arrangements is the Risk Management Policy and therefore we consider it essential that this Committee is consulted when proposing changes to that Policy.
- 4.1.2 From an officer perspective, the Corporate Risk Management Group is being consulted as part of its responsibilities for supporting and challenging the Council's risk management arrangements. The Plain English Team will also review the Policy to ensure it meets requirements.
- 4.1.3 Following this consultation, a briefing note and final draft of the Policy will be provided to the Council Leader and the Chief Executive for their signed endorsement.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 No direct implications. Managing the risks associated with equality legislation is covered through the Council's Equality and Diversity Policy.

4.3 Council Policies and City Priorities

- 4.3.1 The Risk Management Policy acts as an umbrella for all other Council policies that make reference to managing the risks associated with a particular legislative requirement or high-risk operational area. These include, for example, Health and Safety, Equality and Diversity, Safeguarding, Business Continuity and Information Governance.
- 4.3.2 Using a structured and consistent risk management approach to focus discussion, prioritise resources and enable justifiable risk-taking will help the successful delivery of the Council and City priorities.

4.4 Resources and Value for Money

- 4.4.1 There are no resource implications.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Without an up-to-date and fit-for-purpose Risk Management Policy that is formally documented, approved and implemented, there is a risk that the Council would be unable to evidence that it has robust risk management arrangements. Leeds could therefore be in breach of the Accounts and Audit Regulations 2011 which require us to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.' (Section 4.1)
- 4.5.2 This is not a key or major decision and so is not subject to call in.

4.6 Risk Management

- 4.6.1 Without an up-to-date Risk Management Policy and Strategy, there is a risk that the Council's risk management arrangements will become not in accordance with relevant statutory and regulatory requirements and no longer fit-for-purpose.

5 Conclusions

- 5.1 The 2005 and 2008 Risk Management Policies have served the purpose of establishing strong risk management processes across the authority. The new 2011 Risk Management Policy takes our risk management arrangements to the next level whereby they are used as a strategic management tool to inform decision-making.

6 Recommendations

- 6.1 Corporate Governance & Audit Committee is requested to comment on the attached draft 2011 Risk Management Policy as part of a consultation exercise.

7 Background documents

- 7.1 Leeds City Council Risk Management Policy 2005 and revised version 2008
- 7.2 Accounts and Audit (England) Regulations 2011