ABERDEEN CITY COUNCIL

COMMITTEE	Audit and Risk
DATE	26 February 2015
DIRECTOR	Ewan Sutherland
TITLE OF REPORT	System of Risk Management
REPORT NUMBER:	CG/15/23
CHECKLIST RECEIVED	Yes/No

1. PURPOSE OF REPORT

To present the Committee with the Council's Risk Management Strategy which supports the further development of the System of Risk Management.

2. RECOMMENDATION(S)

The Committee are asked to:
(i)   Approve the Risk Management Strategy;
(ii)   Note the further developments in the System of Risk Management;
(iii)   Instruct any other action as appropriate.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from the report.

4. OTHER IMPLICATIONS

There are no other implications specifically arising from this report.

5. BACKGROUND/MAIN ISSUES

The report is the latest before the Committee detailing progress with delivering improvements to the System of Risk Management. The System comprises six components and reports will continue to be presented to the Committee on each component in turn to evidence those improvements.

6. IMPACT

Corporate – The system of risk management impacts on all aspects of decision making across the Council.   The Local Code of Corporate Governance tasks councils with following six principles. Principle 4 requires

that councils maintain transparent, informed decision-making which is subject to effective scrutiny and the management of risk.

Public – The report is designed for information purposes and no Equalities and Human Rights Impact Assessment has been prepared.

Services are required to carry out regular reporting of performance to committees. Corporate Governance undertakes to report our own performance to the Finance Policy and Resources Committee, along with a periodic service risk register update. In addition, the Committee will receive service risk registers on a rolling cycle, as part of the Council's overall risk management assurance framework.

7.   MANAGEMENT OF RISK

The report details information on the Council's system of risk management.

8.   BACKGROUND PAPERS

None

9.   REPORT AUTHOR DETAILS

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10.   REPORT

10.1   The system of risk management

A report before the Committee on 27 February 2014 detailed the six components of an effective system of risk management:

- Structure
- Skills
- System
- Strategy
- Staff
- Shared Values

This report presents information to support the strategy component.

10.2   The Risk Management Strategy details the governance and reporting arrangements around the Council's management of risk and provides a clear strategic direction with regard to the Council's approach to risk and opportunity, in terms of our appetite as a risk aware organisation.

10.3 The Strategy should be seen as the principal point of reference for all officers and elected members involved in the risk management process. Guidance is given on roles and responsibilities, the control environment, the assessment of risk appetite, governance around risk management in the Council Group,' the integration of health and adult social care and the management of and response to, risk incidents.

10.4 <u>Progress update on the System of Risk Management</u>

Structure
Services continue to review and reassess their risk profiles and to align these with their service and improvement planning activity. As registers are completed, they will be presented to the Committee. Effective management of the Council's strategic risk profile is dependent on the dynamic management of risks at the operational tiers. The Strategic Risk Register is therefore being linked to those tiers and CMT will view the register periodically where progress at completing mitigation will be evidenced.

Skills
The middle managers training programme is underway and delegates receive training in the management of both risk and opportunities.

System
The Covalent Risk Module continues to be used to manage risk registers. Reports are being designed which will illustrate the clear linkages between strategic and operational risk and reflect a total picture of the Council's risk profile.

The integration of health and adult social care presents new challenges in the management of risk. At present, the Shadow Integration Joint Board's risk arrangements are in an early phase and largely reflect risks with the potential to impact during the move to integration. Once the IJB is formally active, the Strategic Plan and the outcomes contained within it will lead to the identification of a comprehensive risk register going forward. NHS Grampian use the Datex system to manage risk and it will be for the IJB to determine which system for management and reporting risk, is used.

It is anticipated that the first iteration of the Shadow IJB Risk Register will be presented to the Committee at the April meeting.

<u>Schedule of future reports</u>
Reports will detail progress on delivering improvements against the six components of the System of Risk Management. Additionally, the Committee will be presented with each of the Service Risk Registers in succession:

Committee Date	System component	Risk Register
30 April 2015	Staff	Communities, Housing and Infrastructure; Shadow Integration Joint

		Board.
25 June 2015	Shared Values	Corporate Governance