

AUDIT COMMITTEE

Risk Management Progress and Proposed Work Plan 24 January 2007

Report of Head of Financial Services

PURPOSE OF REPORT

To inform Audit Committee of the progress made to date with the risk management programme and to seek Members' endorsement of the amended work plan for the forthcoming year.

This report is public.

RECOMMENDATIONS

- 1 That the progress made to date with the risk management programme be noted.**
- 2 That the amended work plan be supported.**

1.0 INTRODUCTION

- 1.1 Through the adoption of a Code of Corporate Governance, the Council has committed to ensuring that risk management plays an integral part in the sound governance of the Council.

The intention of a risk management policy is to promote the achievement of the Council's aims through the implementation of its risk management strategy. Audit Committee approved a revised risk management policy and strategy on 27 July 2005. This report informs the Committee of the progress made since the last meeting on 20 September 2006, and outlines the key specific tasks for the next financial year.

2.0 PROGRESS

OPERATIONAL RISK REGISTERS

- 2.1 Significant progress has been made with the production of operational risk registers for each service. Planning/ AONB, City Council (Direct) Services and Financial Services are largely complete. The risks have been identified through a combination of workshops, from reference to previous internal audit reports and through consideration of the Service's Business Plan. Where appropriate, the necessary links have also been made to performance management, although further work is still required to fully integrate this with the Escendency performance management system.

STRATEGIC RISK REGISTER

- 2.2 The Risk and Insurance Manager has now completed the first draft of the Strategic Risk Register. It has been streamlined to reflect the objectives/priorities in the current Corporate Plan but also incorporates the revised list of Cabinet priorities approved by Council on 06 December 2006. A report of risks identified with corporate objectives and priorities is attached as Appendix A, but clearly this will need to be updated as the draft Corporate Plan is updated. *(Note: It should be recognised that the wording and scoring of these risks have at this stage been updated by the Risk & Insurance Manager and that further input from those responsible for the objective/priority will be required to improve the quality of the information. Similarly, ongoing risk treatment actions identified in developing the risk register for the 2006/07 corporate plan need updating to reflect progress over the last year.)*

The purpose of the register is to allow members to consider risk when setting their priorities and budgets for future years. The consideration of risk in this way, in the corporate planning process, is an essential element of the Corporate Improvement Plan and future Use of Resources assessments.

The draft strategic risk register currently has the following as high risks issues in relation to existing/developing priorities:

- The Council could take on liability for contaminated sites when acquiring land. (page 12 of the appendix)
- Potential regeneration opportunity arising from M6 link road being built could be lost. (page 13)
- Failure to ensure that the Canal Corridor scheme meets local planning objectives. (page 16)
- Failure of Cabinet to prioritise corporate objectives effectively to meet the needs of the district. (page 21)
- Failure to progress residents' parking schemes. (page 28)

PROJECT MANAGEMENT

2.3 The Lancaster Approach to Managing Projects (LAMP) has now been developed. Reports on progress towards the development and implementation of a corporate project management methodology were presented to the Performance Management Group on 03 March 2006, 28 April 2006 and 31 July 2006.

The LAMP training and handbook establishes that an effective organisational structure for a project is vital to its success. The method clearly sets out ways of structuring the management of various types of project to ensure its successful delivery.

By adopting this approach to project management there should be improved efficiency in the way projects are managed and a means by which the success of a project can be effectively monitored and measured. In this way the Council should be in a position to determine the following:

- How does the project contribute to corporate objectives and what will be the impact of successful delivery?
- How many projects are currently being undertaken and what, if any, impact do they have on other projects?
- What is the current status of individual projects?
- Have all known risks been evaluated and mitigated and is value for money being achieved?
- How many Council projects are successfully delivered on time, within budget and to the required quality?
- What lessons have been learned and do they need to be shared with others when commencing new projects?

PARTNERSHIP WORKING

2.4 Partnerships are increasingly becoming the preferred option for many public sector organisations, as the complexity of service delivery and pressure on funding sources increases. Partnership working is a potentially powerful tool for tackling policy and operational problems but poses equal challenges and complexities that need proactive management. Nowadays there is an increasing amount of guidance from the Audit Commission, National Audit Office, the Office of the Deputy Prime Minister and others on how to respond to such challenges. In accordance with this guidance, risk management principles need to be applied throughout the partnership process; that process being scoping for a new partnership, setting the partnership up and then running the partnership successfully.

The Risk and Insurance Manager has been working closely with the Principal Auditor to co-ordinate the management of risks within the Council's many varied partnerships. A standard risk template has been developed and registers for both the Community Safety Partnership and Sustainability Partnership have been drafted. The risks associated with the Local Strategic Partnership (LSP) are to be identified in early 2007, before the programme can be rolled out to all the other Council partnerships.

3 FUTURE WORK PLAN

- 3.1 Good progress has been made with the work plans approved by Audit Committee at previous meetings. This has meant there has been significant headway made with the Council's risk management arrangements and internal control environment.

The work plan for the forthcoming year is thus as follows. Members are asked to support the programme and/or indicate any other aspects that may wish to be considered.

Task	PROVISIONAL Target Date
Continue to assess the risks associated with the Strategic Risk Register.	1 February 2007
Review existing Risk Management Policy and Strategy	31 March 2007
Develop and deliver further appropriate training.	31 March 2007
Complete operational risk registers and management arrangements for each service.	31 July 2007
Establish proposals for managing partnership risks.	30 September 2007

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

FINANCIAL IMPLICATIONS

No other financial implications arising directly other than as outlined in the report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Risk Management Policy and Strategy
Audit Committee Terms of Reference (The Constitution)

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