

Finding

To inform this review we carried out interviews with five Members, including representatives of the executive and the chairs of both Audit and Scrutiny. Generally speaking the interface between members and officers is working well, for example:

- All executive members interviewed expressed a high degree of confidence in the senior officers responsible for their portfolios.
- All executive members meet regularly with their relevant senior officers, mostly fortnightly scheduled meetings, although some members are meeting with their relevant senior officers on an ad hoc basis up to five times per week.
- Members see strategic risk reports (recently expanded to include significant service risks) prior to publication on the Council's website, as part of Audit Committee reporting.
- Although it is important to note that current executive members postdate the bulk of the consultation, preceding the formulation of the majority of the Council's strategic risks, all expressed confidence that the strategic risk set was correct for their portfolio areas.
- All members were confident that the Scrutiny and Audit Committees are appropriately informed regarding the Council's risk profile.

Although there are no significant issues with the way the interface between members and senior officers is working, there are a number of areas which could potentially be enhanced:

- As covered earlier in this report there is not a shared understanding of strategic risks among our interviewees, although on the officer side there is general, although not complete, agreement that strategic risks are those that could impact on the achievement of the Council's strategic objectives. Specific to members, training, supported by documented guidance, should be considered.
- Related to the above is the issue of 'significant service risk'. Historically, outside of individual portfolios/service areas these have not always had the senior level visibility which they warrant. While it is important to note that this is in the process of being addressed (through the reporting identified above) additional enhancement (which is planned) needs to be progressed. For example a number of members identified Highways PFI as an area they felt should be on the strategic risk register. We raised this with senior officers, who identified that there are a number of risks associated with Highways PFI but as this is now in the delivery phase these are managed through service risk registers. To assist members one area which should be investigating is 'thematic' reporting from JCAD; for example for Highways PFI all linked risks could be drawn out and provided to the executive and relevant members, to give them comfort that they are being correctly managed.
- The majority of members identified that they would welcome additional training on risk. Potentially an element of this should focus on managing risks specific to executive members' individual portfolios and the role of forums, for example Scrutiny and Audit.

Specific to the Audit Committee regular reports on Strategic Risk and more recently on significant service risks are provided for the Committee's consideration. The Council's Constitution identifies the Committee's risk related responsibilities as:

- Consider the effectiveness of the council's arrangements for Risk Management and corporate governance.
- Consider the council's annual governance statement and ensure that it properly reflects the council's risk environment.

There is a degree of frustration amongst the Committee regarding how they are currently supported to carry out these responsibilities. Areas identified include:

- Heavy agendas/too few meetings, leading to insufficient time to adequately consider risk.
- An over reliance on 'what they are being told' by officers. A particular example was given of Children's Services, where risks were rated as green and members were being assured that there were no issues to be concerned about. Subsequent to the Ofsted inspection it transpired that the reports members were being given gave an inaccurate view of risk in this service.
- No specific training on how they should carry out their role in relation to Risk Management.

Areas which should be considered to better equip Audit Committee to carry out their role effectively include:

- Requiring executive members to attend Audit Committee to answer questions regarding Risk Management in their portfolios. Senior officer attendance is good; the Head of Financial Management attends all meetings, while the Committee has recently had presentations from the Head of Emergency Management, senior officers from Hampshire presenting on Children's Services and a presentation last Audit Committee from senior management within Adult Social Services.
- Revisiting the remit of the Audit Committee, to see if there are areas which could potentially be better covered elsewhere.
- Revisiting the frequency and focus of meetings; for example having meetings specifically focussed on Risk Management.
- Considering giving individual Audit Committee members 'portfolios', for example making one of the member 'risk champion' for the Committee. The Risk Champion could then carry out separate meetings with officers, reporting back to the Committee to give them comfort over the robustness of Risk Management arrangements.

Specific to Scrutiny there are no explicit references to risk identified in its remit, as documented in the Council's Constitution. Following further clarification with senior officers all consideration of Risk Management arrangements, including assuring members of the robustness of mitigations, sits correctly with the Audit Committee.

Risks

Excessive demands on the time of senior officers, potentially adversely impacting on their ability to do the 'day job'.

Members getting too involved in operational decision making, due to 'freeform' nature of engagement with senior officers.

A lack of shared understanding of what constitutes strategic risk, leading to member misunderstanding/frustration regarding strategic risks.

Potential lack of visibility of key service risks, potentially leading to these not having robust enough mitigations in place.

Lack of understanding of service specific risk among members, adversely impacting on their ability to engage with senior officers regarding risks in their portfolio areas.

Lack of time for Audit Committee to adequately consider risk.

Without attendance from senior officers and executive members Audit Committee do not have the opportunity to probe regarding the robustness of their Risk Management arrangements.

| Finding rating | Agreed actions | Responsible person / title |
|-----------------------|---|---|
| Medium | <p>The Business Improvement Manager, engaging with senior management and members as necessary, will:</p> <ul style="list-style-type: none"> • Investigate 'thematic' reporting from JCAD, linked to accepted significant priorities, for example Highways PFI, to give members comfort that these are being correctly managed. • Continue to refine significant service risk reporting, to ensure that these are escalated by exception, have appropriate visibility, with sufficiently robust mitigations in place. • Investigate providing additional risk training to members, for executive members potentially focussed on their portfolio areas, for Committee chairs on their individual roles. • Investigate revisiting the remit of the Audit Committee, with a view to ensuring that it has sufficient time to devote to its Risk Management responsibilities. • Investigate requiring executive members to attend Audit Committee where necessary, to answer questions from Audit Committee regarding Risk Management. • Consider giving individual Audit Committee members 'portfolios', for example Risk Management. | Bob Streets, Business Improvement Manager |
| | | Target Date |
| | | December 2014 |
| | | Report reference: |
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