

CORPORATE RISK REGISTER UPDATE

To: **Cabinet**

Date: **10th July 2012**

From: **Pat Harding, Corporate Director of Customer services and Transformation**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose:

- 1. Cabinet to review the updated Risk management Policy**
- 2. Cabinet to be updated on key changes to the Corporate Risk register.**

Recommendation:

- 1. Cabinet is asked to approve the updated Risk Management Policy**
- 2. Cabinet is asked to note changes to the Corporate Risk Register.**

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1. BACKGROUND

- 1.1 Cabinet has an executive role in the management of risk across the Council in its role of ensuring the delivery of the Council's objectives.
- 1.2 The advent of LGSS has provided the opportunity for Cambridgeshire and Northamptonshire councils to align risk management approaches as discussed in Section 2 below. As a result of this review an updated Risk Management Policy has been developed for approval by Cabinet.
- 1.3 The Corporate Risk Register was reviewed by the Strategic Management Team (SMT) on 14th June. A joint forum between Cabinet and SMT on 25th June undertook an annual refresh of the list of corporate risks, in accordance with best risk management practice, to seek to ensure that all key corporate risks are recognised.
- 1.4 This report is supported by:
 - The updated Risk Management Policy (Appendix A)
 - Key changes to the Corporate Risk Register (Appendix B) (paragraph 3.2 refers)
 - The Corporate Risk Profile (Appendix C)

2. RISK MANAGEMENT POLICY

- 2.1 A project group comprising representatives from Cambridgeshire and Northamptonshire councils has developed an aligned risk management approach which reflects the best of the risk management practices which previously operated in each council.
- 2.2 Whilst there has been significant alignment over the two councils, there are still a small number of differences between the policies and processes of each council reflecting that the councils are autonomous bodies.
- 2.3 The main changes proposed to the Council's risk management approach are:
 - The Council's existing Risk Management Policy has been split into its two distinct elements of policy and process, with overall responsibility for the former lying with Cabinet and the latter with SMT. In light of this clarification, risk ownership on the Corporate Risk Register is operationally assigned to officers of the Council, rather than the current practice of joint ownership with Cabinet members. The Risk Management Policy is attached at Appendix A.
 - The governance of risk management is streamlined at officer level to ensure that corporate risk is reviewed and reported on a timely basis.
 - The role of the Audit and Accounts Committee is widened to include reporting on the profile of service risk.
 - The expression of the Council's risk appetite has been simplified. The appetite is expressed as a maximum acceptable risk score set at 15 (see Appendix 1 of the Risk Management Policy). Above this level

actions will be expected to be taken to reduce the risk score to 15 or below.

- The format and content of the risk register has changed:
 - To a format which provides a more succinct and focussed document
 - Narrative explanations of progress against actions will not be recorded on the risk register. Instead progress will be identified through a red, amber, green rating. Explanations for red rated actions will be obtained and reported as necessary.

3. CORPORATE RISK REGISTER

3.1 Zurich Municipal Diagnostic

3.1.1 Zurich Municipal hosted a risk diagnostic exercise with representation from both CCC and NCC. During the diagnostic Zurich shared its view of the common risks across Local Government. This has been developed through Zurich's work with front line organisations and key professional/regulatory bodies and has a 5 year horizon.

3.1.2 The diagnostic included a workshop to identify the main risks faced by each council as separate entities.

3.1.3 The output from the risk diagnostic was considered at the SMT meeting on 14th June. It was agreed that the Corporate Risk Register is a complete expression of the main risks faced by the Council.

3.2 In accordance with the requirements of the Council's Risk Management Procedures the key changes to the Corporate Risk Register from that previously reported to Cabinet in March 2012 are detailed in the following paragraphs and are supported at Appendix B by the Risk Register entries for the updates.

3.3 New Risks

3.3.1 No new risks have been identified

3.4 Key Changes to Existing Risks

3.4.1 Risk 1, Integrated Performance Plan

This risk has been separated into two distinct elements which will assist in the effective management of both elements:

- Delivery of the Plan in 2012/13
- Preparation of the Business Plan for 2013/14

3.4.2 Risk 5, Partnership Working

It is recognised that partnership working is a key element if the Council is to successfully deliver the Integrated Plan/Business Plan. However it is considered that the importance of partnership working is best reflected in Risk 1a (trigger1, controls 10 and 11) and Risk 1b, control 3). Risk 5 has therefore been removed from the Register.

3.4.3 Risk 13, Community Influence in Local Decision Making

The probability of this risk occurring and the impact if it were to occur have both been reduced (risk score reduced from 9 to 4).

3.4.4 Risk 16, Resourcing Provision For Children and Adults

This risk has been refocused on the possible lack of capacity to meet future demand for services.

3.4.5 Risk 18, Pooled Budgets

This corporate risk has been deleted as the value of pooled budgets has reduced significantly. Any risks in respect of the remaining pooled budgets can be effectively managed within Adult Social Care.

3.4.6 Risk 19, IT Resilience

The risk of business disruption from a lack of IT resilience has been merged into Risk 21, business disruption, as it is a specific element of the Council's business critical activities. The updated Risk 21 is included in Appendix B.

3.5 Corporate Risk Profile

3.5.1 Appendix C shows the profile of Corporate Risk against the Council's risk scoring matrix. The 'red' segment of the matrix is the level of risk which would be in excess of the Council's defined maximum risk appetite.

3.5.2 Appendix C illustrates that there are 17 risks on the Corporate Risk Register, all of which are managed within the Council's risk appetite, i.e. they are either amber or green rated.

4. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

4.1 Risk management seeks to identify and to manage any risks which might prevent the Council from achieving its three priorities of:

- Supporting and protecting vulnerable people when they need it most
- Helping people live healthy and independent lives in their communities
- Developing the local economy for the benefit of all

5. SIGNIFICANT IMPLICATIONS

5.1 Resource and Performance Implications

Effective risk management should ensure that the Council is aware of the risks which might prevent it from managing its finances and performance to a high standard. The Council is then able to ensure effective mitigation is in place to manage these risks.

5.2 Statutory, Risk and Legal Implications

The Risk Management process requires managers to consider if any significant legislative or regulatory risks are faced which would impact on the Council's ability to deliver its priorities. Any such risks will be evaluated for the adequacy of existing mitigations, with additional mitigation being introduced where necessary. Additionally the mechanism for scoring the impact element of a risk includes a legal and regulatory category.

5.3 Equality and Diversity Implications

Not directly applicable

5.4 Engagement and Consultation

The Corporate Risk Register has been subject to review by the Risk Champions Group, Senior Management Team (SMT) and SMT/Cabinet.

Source Documents	Location
Corporate Risk Register	Internal Audit and Risk Management