ANNUAL RISK MANAGEMENT REPORT

To:	**Audit and Accounts Committee**
Date:	**30th July 2018**
From:	**Tom Barden, Head of Business Intelligence**
Electoral division(s):	**All**
Forward Plan ref:	**N/A** *Key decision:* **N/A**

Purpose:
- **To report on the development of the Council's risk management approach during 2017/18**
- **To identify proposed developments in risk management in 2018/19**

Recommendations: **Audit and Accounts Committee endorses the 2017/18 Annual Risk Management Report**

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1. BACKGROUND

1.1 In accordance with best practice, the Council operates a risk management approach at corporate and service levels across the Council, seeking to identify key risks which might prevent the Council's priorities, as stated in the Business Plan, from being successfully achieved.

1.2 The risk management approach is encapsulated in 2 key documents:

- Risk Management Policy

  This document sets out the Council's Policy on the management of risk, including the Council's approach to the level of risk it is prepared to countenance as expressed as a maximum risk appetite. The Risk Management Policy is owned by the General Purposes Committee.

  The Risk Management Policy states that the Council aims to manage risk in a manner which is proportionate to the risk faced based on the experience and expertise of its senior managers, although this must be within the Council's risk appetite. Audit and Accounts Committee members are therefore reminded that accepting a residual risk score of amber is appropriate provided that an objective risk assessment has been undertaken.

- Risk Management Procedures

  This document details the procedures through which the Council will identify, assess, monitor and report key risks. The Risk Management Procedures document is owned by the Strategic Management Team (SMT).

1.3 The respective roles of the Audit and Accounts Committee (A&AC) and General Purposes Committee in the management of risk are:

- The Audit and Accounts Committee provides independent assurance of the adequacy of the Council's risk management framework and the associated control environment.

- General Purposes Committee has an executive role in the management of risk across the Council in its role of ensuring the delivery of customer outcomes.

1.4 Risk Identification

The Council's approach to risk identification is described in the following extract from the Council's Risk Management Policy as approved by General Purposes Committee:

- The risk management process should be consistent and proportionate across the Council and result in timely information that helps informed decision making;

- Risk management should operate within a culture of transparency and openness where risk identification and risk escalation, as appropriate, are encouraged;

- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment;

- When managing risk, the cost of any controls should be robustly assessed against the impact of the risk, i.e. the concept of proportionality;

- Risk management should be embedded in everyday business processes.

Ownership of the Corporate Risk Register (CRR) lies with SMT which reviews the Register on a quarterly basis, following an initial review by the Corporate Risk Group (CRG). The review by CRG will identify if any executive or corporate directorate risks should be considered by SMT for inclusion on the CRR.

Significant changes to the CRR are reported to General Purposes Committee (GPC) on a quarterly basis. On an annual basis General Purposes Committee and SMT will review the CRR to seek to ensure that all significant risks faced by the Council are reflected. This annual review is undertaken in co-ordination with the annual business planning process.

1.5 This report is supported by:

- The Corporate Risk Register (Appendix 1)
- Zurich Risk Management Health Check Report (Appendix 2)
- Action Plan following Zurich's Risk Management Health Check (Appendix 3)

2. SUMMARY OF END OF YEAR POSITION 2017/18

2.1 The Corporate Risk Register ended the year 2017/18 with 10 risks. 1 risk was removed from the register during the year.

	Green	Amber	Red	Total
Number of risks	0	9	1	10

2.2 Of the 10 scored risks, 9 had the same score at the end of the year as they did at the beginning. The risk score which worsened is as follows:

The Business Plan (including budget and services) is not delivered – there was an increase in the probability score assigned at the end of the year compared to the beginning of the year (as a result, residual risk moved from 12 to 16).

2.3 The full Corporate Risk Register is attached at Appendix 1. A&AC should review to ensure it describes the appropriate risks the Council will manage at a corporate level in 2018-19.

2.4 Risk 9 *Our partnerships are not successful in delivering the intended outcomes* – following discussion at SMT it was decided to remove this from the register for 2018-19 and include the risks to particular partnerships in Directorate Risk Registers where necessary. Aggregating the risk score across all the varied partnerships CCC participates in was felt to give an inaccurate picture of the environment.

3 SERVICE RISK

3.1 Public Health's directorate risk registers is up to date in accordance with the Council's Risk Management Procedures document which requires quarterly review as a minimum. It has been agreed that People and Communities (P&C) directorate risk register will be reported yearly. Place and Economy have been working with LGSS Risk Management on new risk registers for the 4 Assistant Director areas and had a workshop at the beginning of June to finalise the new directorate risk register. Risks will then be reported quarterly through the P&E Finance and Performance Report. The Customer and Corporate Services directorate risk register is currently being updated.

3.2 The following table shows the directorate risk position as at 31/03/18:

DIRECTORATE	Green	Amber	Red	Total
People and Communities (P&C)	0	14	0	14
Economy and Environment (E&E)	0	6	0	6
Highways and Community Infrastructure (H&CI)	1	9	0	10
Corporate and Customer Services (C&CS)	2	8	0	10
Public Health (PH)	2	14	0	16
TOTAL	**5**	**51**	**0**	**56**

The Table illustrates that there are 56 risks recorded in service risk registers. All 56 of the risks are managed within the Council's stated risk appetite of a maximum score of 15 as defined in the Risk Management Policy.

4. DEVELOPMENTS IN RISK MANAGEMENT FOR 2017/18

During 2017/18 the Corporate Risk Register reports were incorporated into the Integrated Finance and Performance Report linking up finance, performance and risk information in one report, enabling a joined up view, and reducing bureaucracy associated with taking separate reports through management teams, SMT, service committees, GPC and Audit and Accounts Committee.

5. DEVELOPMENTS PROPOSED FOR 2018/19

The major development for 2018/19 will be to implement the recommendations from the Zurich Risk Management Health Check. The Corporate Risk Group held a workshop on 15 May to prepare an action plan to implement the recommendations. Attached is the Zurich Risk Management Health Check Report (Appendix 2) and the Action Plan following the workshop (Appendix 3). Some of the actions have been completed and the remaining ones are in progress with set target dates. The new and revised documents can be sent to Committee Members if they would like to see them.

6. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

Risk management seeks to identify and to manage any risks which might prevent the Council from achieving its 3 priorities of:

- Develop the local economy for the benefit of all
- Help people live healthy and independent lives
- Support and protect vulnerable people

Source Documents	Location
Corporate Risk Register	Box OCT1108 Shire Hall, Castle Hill Cambridge, CB3 0AP