

**RISK MANAGEMENT REPORT**

*To:* **Audit and Accounts Committee**

*Date:* **20<sup>th</sup> September 2016**

*From:* **Sue Grace, Director, Customer Services and Transformation**

*Electoral division(s):* **All**

*Forward Plan ref:* **N/A**

*Key decision:* **N/A**

*Purpose:*

- **To provide the Audit and Accounts Committee with the profile of Corporate risks faced by the Council**
- **To provide details of significant changes to the Corporate Risk Register since the last report to the Committee in June 2016**
- **To provide the Audit and Accounts Committee with the profile of risks faced by corporate and executive directorates**
- **To provide A&AC with a comparison of CRR from other authorities**

*Recommendation:* **Audit and Accounts Committee comments on and notes the latest 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 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.
- The 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:

- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively;
- Risk management should be embedded in everyday business processes;
- Officers of the Council should be aware of, and operate, the Council's risk management approach where appropriate;
- Councillors should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with General Purposes Committee members being involved in the identification of risk on an annual basis.

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), chaired by the LGSS Head of Internal Audit.

Significant changes to the CRR are reported to General Purposes Committee and Group Leaders 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 The CRR was reviewed by SMT on 12th August 2016. A report detailing significant changes to the CRR will be presented to the General Purposes Committee at its meeting of 20th September 2016.

1.6 This report is supported by:

- The Corporate Risk Profile (Appendix 1)
- The Corporate Risk Register (Appendix 2)
- A comparison of the Corporate Risk Register against other authorities CRR's (Appendix 3)

## **2. CORPORATE RISK REGISTER UPDATE**

2.1 Following the review of the CRR by SMT on 12th August, SMT is confident that the CRR is a comprehensive expression of the main risks faced by the Council and that mitigation is either in place, or in the process of being developed, to ensure that each risk is appropriately managed.

Appendix 1 shows the profile of Corporate Risk against the Council's risk scoring matrix.

2.2 **Risk 22: The Cambridgeshire Future Transport programme fails to meet its objectives within the available budget**

The risk description has been changed to 'The Cambridgeshire Total Transport programme fails to meet its objectives within the available budget'.

SMT agreed the rewording of Risk 22

### 2.3 Risk 30: Failure to deliver Waste savings / opportunities and achieve a balanced budget

The trigger has been updated from failure to:

- 1) deliver Household Recycling Service savings,
- 2) realise savings opportunities from waste contracts
- 3) manage operational risk of unforeseen contractual events

To:

1. Failure to realise Waste Private Finance Initiative (PFI) contract opportunities (e.g. Reduce cost of Compost Like Output (CLO) and increase income from TPI) and manage operational risk of unforeseen contractual events (e.g. Wet IVC waste) leading to significant budget pressures

SMT agreed the change of the trigger to Risk 30

## 3 SERVICE RISK

### CORPORATE AND EXECUTIVE DIRECTORATE RISKS

- 3.1 The following table overleaf shows the profile of directorate risk across the Red, Amber, Green (RAG) range and comparison with the previous quarter's profile.

#### ANALYSIS OF DIRECTORATE RESIDUAL RISKS AS AT AUGUST 2016

DIRECTORATE	Green		Amber		Red		Total	
	May	Aug	May	Aug	May	Aug	May	Aug
Children, Families and Education (CFA) (Jul-16)	1	1	14	14	1	1	16	16
Economy, Transport and Environment (ETE) (Jul-16)	1	1	18	18	1	1	20	20
Corporate (Apr-15)	0	0	7	7	0	0	7	7
Public Health (PH) (Jul-16)	2	0	26	21	0	0	28	21
<b>TOTAL</b>	<b>4</b>	<b>2</b>	<b>65</b>	<b>60</b>	<b>2</b>	<b>2</b>	<b>71</b>	<b>64</b>

The Table illustrates that there are 64 risks recorded in service risk registers. 62 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. Actions are planned against the previously reported red risks for ETE and CFA.

#### **4. A COMPARISON OF CCC'S CRR AGAINST OTHER AUTHORITIES CRR'S**

Following on from the Audit & Accounts Committee Risk Training meeting held on 05/07/16 the Chairman asked for us to undertake a risk comparison exercise to compare other corporate risk registers to confirm that our CRR contained all the main corporate risks that other authorities included.

Please see Appendix 3 for the report.

#### **5. 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

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