

ANNUAL RISK MANAGEMENT REPORT

To: **Audit and Accounts Committee**

Date: **25th July 2017**

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 2016/17**
- **To identify proposed developments in risk management in 2017/18**

Recommendations: **Audit and Accounts Committee endorses the 2016/17 Annual Risk Management Report**

<i>Officer contact:</i>	
Name:	Duncan Wilkinson
Post:	Chief Internal Auditor
Email:	Duncan.Wilkinson@cambridgeshire.gov.uk
Tel:	01908 252089

1. BACKGROUND

- 1.1 This report presents the final version of the Corporate Risk Register (CRR) for 2016/17, and provides an update on the activity to review the Corporate Risk Register for 2017/18.

2. SUMMARY OF END OF YEAR POSITION 2016/17

- 2.1 The Corporate Risk Register ended the year 2016/17 with 18 risks. No risks were added or removed to the register during the year.

	Green	Amber	Red	Grand Total
Number of risks	0	16	2	18

- 2.2 Of the 18 risks, 16 had the same score at the end of the year as they did at the beginning. 2 risk scores improved, as follows:

- Failure to secure funding for infrastructure – there was a drop in the probability score assigned at the end compared to the beginning of the year (as a result, residual risk moved from 16 to 12)
- The Cambridgeshire Future Transport programme fails to meet its objectives within the available budget – there was a small drop in the probability score assigned at the end compared to the beginning of the year (as a result, residual risk score moved from 9 to 6)

- 2.3 The final risk register incorporated 202 controls, an average of approximately 11 controls per risk. There were 24 actions recorded on the risk register at the end of the year, 7 of which are due to be completed after July 2017 (the date of this report).

- 2.4 Directorate risk position was as follows:

	Green	Amber	Red	Total
	March 2017	March 2017	March 2017	March 2017
Highways and Community Infrastructure Risks	0	6	0	6
H&CI Corporate Risks	0	1	0	1
Economy and Environment	0	6	0	6
E&E Corporate Risks	0	3	0	3
Public Health	1	21	0	22
Children, Families and Adults	1	13	0	14

3. 2017/18 REVIEW

- 3.1 In the final quarter of 2016/17, discussions at Audit and Accounts Committee

and with General Purposes Committee (GPC) and Strategic Management Team (SMT) suggested that the Corporate Risk Register needed to be reviewed, noting in particular comments about the number of risks and the presentation of information in the Risk Register (including the risk map). To address these issues, SMT and GPC have reviewed the risk register, taking into account the results of the benchmarking exercise comparing Cambridgeshire County Council's risk register to other councils', and looking to simplify and streamline in line with good practice across our regional benchmarking group. A workshop took place on 11 July with members of GPC, and it is proposed that the Corporate Risk Register be part of the Integrated Resources and Performance Report. This recommendation is being considered by GPC at its meeting of 25 July 2017.

3.2 Incorporating the Corporate Risk Register reports into the Integrated Finance and Performance Report will link up finance, performance and risk information in one report, enabling a joined up view, and reduce the bureaucracy associated with taking separate reports through management teams, SMT, service committees, GPC and Audit and Accounts Committee.

3.3 The review used the following principles to derive a proposed list of risks:

- Risks should be strategic
- Risks should have a cross-Council scope
- The number of risks should be manageable (10-15 appears to be a manageable number looking at practice in other authorities)
- The risks should not duplicate risks monitored by a single Service Committee (although they may aggregate them)
- Risks should be focused on the things that might stop the Council achieving its objectives

3.4 The review agreed the following risks should be monitored and managed corporately (the specific wording is still draft until it has been approved by GPC on 25 July):

#	Risk wording (previous CRR risk in brackets)
1	Vulnerable adults or children are harmed (15)
2	The Business Plan (including budget and services) is not delivered (1b)
3	Personal data is inappropriately accessed or shared (24)
4	A serious incident prevents services from operating (21)
5	The Council does not deliver its statutory or legislative obligations (20)
6	Our resources (including human resources and business systems of the Council and providers) are not sufficient to meet business need (2 – but wider than just LGSS, and 3 – but wider than just the Council)
7	The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time (9)
8	The Council is a victim of major fraud or corruption (23)
9	Our partnerships are not successful in delivering the intended outcomes (new)
10	Inequality in the county increases (29)
11	Change and transformation of services is not successful (new)

3.5 Actions and controls associated with the similar risks from the previous register have been reviewed and carried forward in the new risks. Although the new list includes some risks which cover very similar areas to the previous register, some risks will be removed from the register. In order to ensure continuity in risk management, they have been mapped to new risks:

- (1a) Failure to produce a robust and secure Business Plan over the next 5 years – included as control in risk 2, actions to improve the business planning process to make it as strong as possible will be included as actions for that risk
- (4) The Council does not achieve best value from its procurement and contracts – impact and controls incorporated into risk 2, actions to improve control environment around procurement will be included as actions for that risk
- (22) The Total Transport project fails to identify and implement affordable solutions that allow service levels to be maintained – overseen by specific service committee; incorporated into risk 11
- (26) Increasing manifestation of Busway defects – overseen by specific service committee; impact incorporated into risks 2 and 7
- (27) The pension fund has the potential to become materially under-funded – impact and vulnerability incorporated into risk 2
- (30) Failure to deliver Waste savings / opportunities and achieve a balanced budget – overseen by specific service committee; impact and vulnerability incorporated into risk 2
- (31) Insufficient availability of Looked After Children placements – overseen by specific service committee; impact incorporated into risk 2
- (32) Insufficient availability of care services at affordable rates – overseen by specific service committee; impact incorporated into risk 2

Outstanding actions associated with each of these risks will be carried forward in the new register.

3.6 The LGSS Risk Management team are supporting directorates to review their risk registers. Risk champions in each directorate are working with their respective management teams in order to review directorate registers. These can then be reported to service committees in September.

3.7 The County Council's Business Intelligence service, LGSS Risk Management and risk champions in directorates will use Grace, a database to hold information about risk management, for reporting from now onwards. Reports from Grace will provide information about current risk registers and scores in a similar way to current practice, but will take into account feedback from management teams and Member committees about format and style.

3.8 This approach is intended to particularly improve alignment with the following principles of the Council's Risk Management Framework:

- *The risk management process should be consistent across the Council, clear and straightforward and result in timely information that helps*

informed decision making; - these changes support a clear distinction between the responsibilities and risk registers monitored by Service Committees and GPC, in that GPC focuses on strategic, cross-cutting issues affecting all departments of the Council.

- *Risk management should operate within a culture of transparency and openness where risk identification and risk escalation, as appropriate, are encouraged*; Presenting the risk report alongside the finance and performance reporting makes the inter-relationship between them clear, and supports greater transparency around the scoring and assessment of risk, a common question of detail in discussions.
- *Risk management should be embedded in everyday business processes*; - by incorporating risk management reporting into the Integrated Resources and Performance Report, the established processes for producing that report can be used to simplify the production of the risk report.

4. COMMITTEE REPORTS

- 4.1 The first Integrated Finance and Performance Report, with the new Corporate Risk Register, will be presented to GPC and to Audit and Accounts Committee on 25 July 2017, this will be the risk report for 2017/18 Quarter 1. Other quarterly risk reports will be made in September, December and March.

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

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