

**ECONOMY, TRANSPORT & ENVIRONMENT (ETE) RISK REGISTER UPDATE**

*To:* **Highways and Community Infrastructure Committee**

*Date:* **23 September 2014**

*From:* **Executive Director, Economy, Transport and Environment**

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

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

*Purpose:* **To provide the Highways and Community Infrastructure Committee with details of Economy, Transport and Environment risks.**

*Recommendation:* **It is recommended that the Highways and Community infrastructure Committee:**

**Notes the position in respect of Economy, Transport and Environment Directorate risk management**

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## 1. BACKGROUND

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

1.2 The Council's approach to the management of risks is encapsulated in two key documents:

- Risk Management Policy (**Appendix 1**)

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.

- Risk Management Procedures

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

1.3 The respective roles of the General Purposes Committee and the Audit and Accounts Committee in the management of corporate risk are:

- The General Purposes Committee has an executive role in the management of risk across the Council in its role of ensuring the delivery of priorities.
- The Audit and Accounts Committee provides independent assurance of the adequacy of the Council's risk management framework and the associated control environment.

1.4 Service Committees also have a role, on a half yearly basis, in the management of service risk of:

- ensuring service risk registers are maintained on a timely basis, i.e. subject to quarterly review by service management
- ensuring that actions designed to better manage risk are implemented on a timely basis
- to discuss specific risk issues as appropriate

1.5 Risk Identification

The Council's approach to risk identification, which is, in some ways, the most difficult part of the risk management process, is described in the following extract from the Council's Risk Management Policy as previously approved by the 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.

1.6 Since this is the first risk management report to be considered by the Highways and Community Infrastructure Committee, a brief explanation of risk scoring is appropriate.

There are two distinct elements to risk scoring:

- The probability of a risk event occurring
- The impact on the Council if the risk does occur

These are represented on a scoring matrix as attached at **Appendix 2**. In order to assist managers in the scoring of impact risk and to ensure consistency across the Council, a set of impact descriptors has been designed across five impact types which can be viewed at the second page of **Appendix 2**. The scoring of probability is left to the discretion of risk owners based upon their experience.

## **2. ETE RISK REGISTER**

- 2.1 The ETE Directorate operates risk management in accordance with the Council's Risk Management Procedures document whereby risks are reviewed at Directorate and service team level on a quarterly basis.
- 2.1 The Directorate's Corporate Risk Group member, the Head of Policy and Business Development, co-ordinates risk management across the Directorate. The ETE Strategic Risk Group comprises representatives from Service Directorates who coordinate risk management in their respective areas.
- 2.2 Risk registers are maintained at Service Directorate level, in accordance with the requirement of the Procedures document to manage risk at the lowest appropriate level. Programmes and projects within ETE also operate risk registers. Risks are identified on the basis that if the risks were to occur they would severely impact on the Directorate's ability to meet its defined objectives.
- 2.3 Following the identification of a risk, the key stages of the detailed risk management process are:

- Possible causes of the risk are recorded. This stage helps to identify the mitigations required to manage the risk effectively.
- Impacts on the Council if the risk was to occur are recorded. This highlights the significance of the risk and aids the assessment of its inherent risk score.
- Existing mitigating controls are identified and the risk is assessed again to identify its residual score.
- Management reviews the residual risk score to determine if that level of risk is appropriate, having regard to the Council's defined risk appetite of a maximum risk score of 15.
- If the level of risk is deemed to be inappropriate, management will determine actions which, when implemented, will move the risk to an appropriate level.
- Each action will be assigned an owner and a target date for delivery. This will be reviewed on regular basis as part of the quarterly review of risk registers.
- As actions are implemented, management will update the residual risk score as appropriate.

2.4 Following the review of the ETE Risk Register by the Economy, Transport and Environment Management Team (ETEMT) in August, ETENT is confident that the ETE Risk Register is a comprehensive expression of the main risks faced by ETE and that mitigation is either in place, or in the process of being developed, to ensure that each risk is appropriately managed.

2.5 The ETE Risk Register is presented at **Appendix 3** and illustrates that there are 16 Directorate risks, of which none are currently at red residual level.

### **3. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING**

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

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

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 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.

## **4.2 Statutory, Risk and Legal Implications**

The Risk Management process seeks to identify any significant risks which might prevent the Council from achieving its plans as detailed in the Council's Business Plan or from complying with legislative or regulatory requirements. This enables mitigation to be designed to control each risk, either to prevent the risk happening in the first place or if it does to minimise its impact on the Council.

## **4.3 Equality and Diversity Implications**

Not directly applicable

## **4.4 Engagement and Consultation**

The Corporate Risk Register has been subject to review by the Officer Risk Champions Group and Strategic Management Team.

## **4.5 Public Health**

There are no significant implications in respect of Public Health.

<b>Source Documents</b>	<b>Location</b>
Corporate Risk Register	Internal Audit and Risk Management