

RISK MANAGEMENT REPORT

To: **Audit and Accounts Committee**

Date: **24th January 2017**

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 September 2016**
- **To provide the Audit and Accounts Committee with the profile of risks faced by corporate and executive directorates**

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 15th December 2016. A report detailing significant changes to the CRR will be presented to the General Purposes Committee at its meeting of 10th January 2017.
- 1.6 This report is supported by:
- The Corporate Risk Profile (**Appendix 1**)
 - The Corporate Risk Register (**Appendix 2**)

2. CORPORATE RISK REGISTER UPDATE

- 2.1 Following the review of the CRR by SMT on 15th September, 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 9: Failure to Secure Funding for infrastructure

At the previous SMT Officers felt that the residual risk score could be reduced from a red to an amber risk. ETE Directors have approved reducing the residual score to Amber. Although the requirements for infrastructure remain very high and funding is likely to continue to not meet all needs officers considered that the devolution deal and the funding opportunities that it provides as well as the LEP growth deal, combined with the mitigating actions, justifies this risk being amber rather than red. This does not imply that funding for infrastructure will not be an issue but officers felt that the

number of mitigating actions and potential funding sources meant that it was not appropriate to leave this as a red risk.

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

This risk has been refreshed and renamed as 'The Total Transport project fails to identify and implement affordable solutions that allow service levels to be maintained' and has been approved by ETE Directors.

SMT agreed the revised Risk 22

2.4 General points from the Audit and Accounts Committee on 20th September 2016

As a general issue on risks, the Chairman highlighted three issues of concern that he had:

1. The risk that the lack of Council funds would lead to gaps in service provision and the inability to achieve the Council's aims.
2. The risk that the failure to recruit to low paid jobs could lead to serious issues, such as a lack of supply of care providers.
3. The need to look at not only the services the Council was providing, but also identifying those services that it ought to, but was not, or was no longer able to provide.

A response agreed by SMT is as follows:

1. The Business Plan sets out the Council's aims and objectives for the next 5 year period. Risk 1b, 'failure to deliver the current Business Plan 2016-2021', contains a number of controls and actions to ensure that the risk of not achieving the Council's aims is mitigated or avoided.
2. The Children, Families and Adults Directorate has a number of controls and actions focused on working with the care provider market to mitigate this risk, including working with the sector on recruitment, training and career development.
3. The business planning process looks at all services the Council provides, and, as noted in the controls for Risk 1a, includes full consultation with the public and the use of data, research and business intelligence to inform the planning process. All changes to services resulting from the planning process are supported by community impact assessments which are published alongside the Business Plan. The Council is now taking a transformational approach to its business planning, and in some cases is developing new services to meet need (for example the development of a district-based delivery model in children's services, or the new Adult Early Help service in adult social care). The Innovation Fund has also been launched, to help people to stay safe, independent and well in their community, through this fund local organisations can bring forward proposals to respond to local need.

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 DECEMBER 2016

DIRECTORATE	Green		Amber		Red		Total	
	Aug	Dec	Aug	Dec	Aug	Dec	Aug	Dec
Children, Families and Education (Nov-16)	1	1	14	14	1	0	16	15
Economy, Transport and Environment (Oct-16)	1	1	18	19	1	0	20	20
Corporate (Apr-15)	0	0	7	7	0	0	7	7
Public Health (Oct-16)	0	0	21	22	0	0	21	22
TOTAL	2	2	60	62	2	0	64	64

The Table illustrates that there are 64 risks recorded in service risk registers. 64 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.

- 3.2 CFA Management Team considered the CFA Risk Register in November 2016. It was agreed that the risks need to be sharpened up to distinguish between business as usual and other risks which are of concern, and that there was not enough focus on the financial risks in a timely way. This review is currently underway with directors. A sharper, quicker approach to risk management may have implications for the more general risk management framework, which will be brought back to SMT and A&AC for consideration.

4. 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