

ANNUAL RISK MANAGEMENT REPORT

To: **Audit and Accounts Committee**

Date: **7th June 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 details of the key Corporate risks faced by the Council**
- **To inform the Audit and Accounts Committee of the outcome of the annual review of the Risk Management Policy**
- **To report on the development of the Council's risk management approach during 2015/16**
- **To identify proposed developments in risk management in 2016/17**

Recommendations: **Audit and Accounts Committee endorses the 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 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:

- 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). 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 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 16th May 2016. The General Purposes Committee will have been presented with the full Corporate Risk Register at its meeting on 31st May 2016.
- 1.6 This report is supported by:
 - The Corporate Risk Profile (Appendix 1)
 - The Corporate Risk Register (Appendix 2)
 - The Risk Management Policy (Appendix 3)
 - Report produced from GRACE (Appendix 4)

2. CORPORATE RISK REGISTER UPDATE

- 2.1 SMT reviewed the corporate risk register on 16th May. SMT concluded that the corporate risk register is a comprehensive expression of the main risks faced by the Council and that:
 - mitigations in place are adequate and effective;
 - where issues are dynamic / evolving (eg transformation agenda) there is active engagement (including respect for the Committee process in the agreement of risks and their management) to develop and implement proportionate mitigations; and
 - therefore each risk is appropriately managed.
- 2.2 Appendix 1 shows the profile of Corporate Risk against the Council's risk scoring matrix and illustrates that there is 3 red residual risks.

The risk score for Risk 1a, '*Failure to produce a robust and secure Business Plan over the next 5 years*' remains unchanged from the previous report to

the Committee.

The risk score for Risk 1b, '*Failure to deliver the current 5 year Business Plan 2016-2021*' remains unchanged from the previous report to the Committee.

The risk score for Risk 9, '*Failure to secure funding for infrastructure*' remains unchanged from the previous report to the Committee.

- 2.3 The full Corporate Risk Register is attached at Appendix 2.

3 SERVICE RISK

- 3.1 Executive and Corporate directorate risk registers are up to date in accordance with the Council's Risk Management Procedures document which requires quarterly review as a minimum.
- 3.2 The following table shows the profile of directorate risk across the RAG range and comparison with the previous quarter's profile.

ANALYSIS OF DIRECTORATE RESIDUAL RISKS AS AT MAY 2016

DIRECTORATE	Green		Amber		Red		Total	
	Mar	May	Mar	May	Mar	May	Mar	May
Children, Families and Education (Mar-16)	1	1	14	14	1	1	16	16
Economy, Transport and Environment (Apr-15)	1	1	18	18	1	1	20	20
Corporate (Apr-15)	0	0	7	7	0	0	7	7
Public Health (Feb-16)	2	2	26	26	0	0	28	28
TOTAL	4	4	65	65	2	2	71	71

The Table illustrates that there are 71 risks recorded in service risk registers. 69 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. RISK MANAGEMENT POLICY

The Risk Management Procedures document requires that the General Purposes Committee reviews the Risk Management Policy on an annual basis. The Policy has been reviewed by SMT which considers that the Policy reflects an effective approach to the management of risk within Cambridgeshire County Council. The Policy has had one minor update added to explain the risk escalation process (section 8). The Policy is attached at Appendix 3.

5. DEVELOPMENTS IN RISK MANAGEMENT PROPOSED FOR 2015/16

During 2015/16 the reorganisation of Internal Audit and Risk Management was implemented and the risk management support role has been integrated into the work of two Regional Internal Audit and Risk Managers.

6. DEVELOPMENTS PROPOSED FOR 2016/17

The major development for 2016/17 will be to implement the new risk management system 'Grace' (Governance, Risk and Control Evaluation) across the Council which will ensure that the Council continues to receive effective support in the facilitation and co-ordination of risk management in an aligned manner with Northamptonshire County Council and Milton Keynes Council.

Advantages of the system:

- It will assist us to fulfil our statutory and organisational risk management obligations
- Provides access to clear management information
- It quickly and easily records risk reviews
- There is a clear audit trail and has a secure version control
- Provides real-time view of all the organisation's risk registers
- Increased awareness of risks
- It encourages sharing of best practice
- It provides a corporate view of the risks in the organisation
- It will reflect the Council structure
- It will be tailored to our language and approach
- It has a suite of reports that are user friendly
- Ad hoc reports can be produced with user defined parameters
- It produces overdue risk review reminders

Appendix 4 illustrates one of the reports that can be produced.

7. 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