ANNUAL RISK MANAGEMENT REPORT

To:	**Audit and Accounts Committee**
Date:	**29th July 2019**
From:	**Amanda Askham, Director of Business Improvement and Development**
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 2018/19** • **To identify proposed developments in risk management in 2019/20**
Recommendations:	**Audit and Accounts Committee endorses the 2018/19 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 Joint Management Team (JMT).

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:

- The risk management process should be consistent and proportionate across the Council and result in timely information that helps informed decision making;

- Risk management should operate within a culture of transparency and openness where risk identification and risk escalation, as appropriate, are encouraged;

- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment;

- When managing risk, the cost of any controls should be robustly assessed against the impact of the risk, i.e. the concept of proportionality;

- Risk management should be embedded in everyday business processes.

Ownership of the Corporate Risk Register (CRR) lies with JMT 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 JMT 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 (GPC) and JMT 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   This report is supported by:

- The Corporate Risk Register (Appendix 1)

2.   SUMMARY OF END OF YEAR POSITION 2018/19

2.1   The Corporate Risk Register ended the year 2018/19 with 10 risks. No risks were added or removed to the register during the year.

	Green	Amber	Red	Total
Number of risks	0	8	2	10

2.2   Of the 10 scored risks, 9 had the same score at the end of the year as they did at the beginning. 1 risk score worsened, as follows:

Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need – there was an increase in the probability score assigned at the end of the year compared to the beginning of the year (as a result, residual risk moved from 12 to 16). This was agreed due to the issues with ERP Gold.

2.3   Following a review of the Corporate Risk Register at the CRG meeting on 30th April 2019 Risk Champions proposed the following changes which JMT agreed on the 27th June and these will be proposed to GPC:

- Risk 2 The Business Plan (including budget and services) is not delivered – this risk will be split into two risks, (1) In-year Business Plan is not delivered, and (2) 5 year Business Plan is not balanced.

- Risk 9 Inequalities in the county continue – JMT requested engagement with GPC to review and confirm the wording and approach to managing this risk.

- The Service Director for Community and Safety proposed a risk titled Impact of the Brexit Risk Assessment to be added to the Corporate Risk Register. This has been added on Appendix 1, risk 11.

2.4   The full Corporate Risk Register is attached at Appendix 1. Audit and Accounts Committee (A&AC) should review to ensure it describes the appropriate risks the Council will manage at a corporate level in 2019-20.

3   SERVICE RISK

3.1   Public Health's and People and Communities directorate risk registers are up to date in accordance with the Council's Risk Management Procedures document which requires quarterly review as a minimum. The Corporate and Digital Services and Place and Economy directorate risk registers are currently being updated. The Resources Directorate currently have a draft directorate risk register that will be completed in July 2019.

3.2   The following table shows the directorate risk position as at 31/03/19:

DIRECTORATE	Green	Amber	Red	Total
People and Communities (P&C)	0	12	7	19
Place and Economy (P&E)	1	2	0	3
Customer and Digital Services (C&DS)	3	7	0	10
Public Health (PH)	3	13	1	17
TOTAL	7	34	8	49

The Table illustrates that there are 49 risks recorded in service risk registers. 41 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 red risks for P&C and PH.

4. DEVELOPMENTS IN RISK MANAGEMENT FOR 2018/19

4.1 During 2018/19 the LGSS Risk Management Team worked with the Risk Champions to complete the actions from the external risk management health check review by the Council's insurers, Zurich. The team has also delivered risk workshops for Place and Economy to produce a new Directorate Risk Register. Internal Audit undertook a review of Risk Management during 2018/19 and gave good assurance on the adequacy of the risk management system, as the Council has clear risk management policies and procedures and risk is managed appropriately across the majority of the Council. The audit also gave good assurance on compliance with those policies and procedures, particularly at a corporate risk level.

5. DEVELOPMENTS PROPOSED FOR 2019/20

5.1 LGSS Risk Management Team to facilitate a risk workshop and work with the Business Improvement and Development Management Team to produce a directorate risk register.

6. 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:

- A good quality of life for everyone
- Thriving places for people to live
- The best start for Cambridgeshire's children

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