

Report of	Assistant Chief Executive	Author	Hayley McGrath
Title	2014/15 Year End Review of Risk Management		 508902
Wards affected	Not applicable		

This report concerns the Risk Management work undertaken for the period 1 April 2014 to 31 March 2015.

1. Decisions Required

- 1.1 Note the risk management work undertaken during 2014/15.
- 1.2 Note the current strategic risk register.
- 1.3 Approve the proposed risk management strategy for 2015/16 and recommend to full Council that it be included in the Council's Policy Framework.

2. Reason for Decisions

- 2.1 Cabinet has overall ownership of the risk management process and is responsible for endorsing its strategic direction. Therefore the risk management strategy states that Cabinet should receive an annual report on progress and should formally agree any amendments to the strategy itself.
- 2.2 During the year progress reports are presented to the Governance Committee detailing work undertaken and current issues. This report was presented to the Governance Committee on 08 September 2015 where they approved its referral to this meeting.
- 2.3 The Risk Management Strategy is one of the key corporate governance documents that supports the Constitution of the Council and forms part of the Policy Framework. Accordingly any amendments have to be approved by full Council.

3. Key Messages

- The economy and cuts in public spending continue to have had a significant impact on the key risks during the year. The highest risk on the register remains the potential impact of future central government decisions to reduce public funding, along with the potential effect that could have on the Council's ability to deliver its budget strategy.
- Risk Management principles continue to be reinforced and embedded in the organisation. The 2014 External Audit report confirmed that "Good systems, processes and controls are in place, including effective risk management systems". This is demonstrated by the 2014/15 internal audit review which provided a substantial assurance level.

4. Supporting Information

- 4.1 The aim of the Council is to adopt best practices in the identification, evaluation, cost-effective control and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.

- 4.2 In broad terms risks are split into three categories:
- Strategic – those risks relating to the long term goals of the Council
 - Operational – risks related to the day-to-day operation of each individual service
 - Project – consideration of the risks relating to specific initiatives
- 4.3 Strategic risks are essentially those that threaten the long term goals of the Council and therefore are mainly based around meeting the objectives of the Strategic Plan. They may also represent developing issues that have the potential to fundamentally affect service provision, such as proposals to dramatically change the corporate assessment process. Strategic risks are owned by members of the Senior Management Team.
- 4.4 Operational risks are those that threaten the routine service delivery of the Council. Each service area has their own operational risk register that details the risks associated with providing the service. These registers are reported, in summary format, to the Senior Management Team and Governance Committee on an annual basis. High risks and the success in controlling them are reported to Senior Management Team on a quarterly basis, as these assist in the formulation of the strategic risk register.
- 4.5 Project risks are those that relate solely to the successful delivery of that specific project. They tend to be quantifiable issues, such as resource or time related, and constantly change and develop over the course of the project as each stage is completed. The lead on the project is responsible for ensuring that there is an appropriate risk register and high level issues are reported to the senior management team.

5.0 Summary of 2014/15

- 5.1 The Corporate and Financial Management Service was reorganised in June 2014 as a result of a fundamental service review. The review recognised that previously the functions that related to the governance framework were working in isolation to each other. Therefore the Corporate Governance Team was formed. This has brought together Risk Management, Health & Safety and Insurance, along with other governance processes, to provide a much more comprehensive approach to preventing and mitigating risks.
- 5.2 The main focus during the year has been to review and manage physical risks, from vehicle accidents to violence and aggression incidents. This has included reviewing the types of incidents that have been occurring and working with services to ensure that robust processes are implemented to ensure the safety of our officers and the public.
- 5.3 Work has also been undertaken to embed risk management within procurement processes, with the Corporate Governance Manager working with the procurement team to ensure that the risk processes support the development of a commercial approach.
- 5.4 There were no fundamental changes to the processes used to identify and control risk, during 2014/15.
- 5.5 An audit of the risk management function was carried out in January 2015. This produced one level two recommendation. This related to the formal review of operational risks registers.
- 5.6 The risk registers for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the joint committees.

6. Strategic Risk Register

- 6.1 During 2014/15 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance Committee every six months. The current register is shown at appendix 1. These risks have been mapped onto a risk chart as shown at appendix 2.
- 6.2 The Corporate Governance Manager reviewed the strategic risks with each member of the Senior Management Team in March 2015, and in August the Performance Management Board comprehensively reviewed the register to ensure that the identified risks were still appropriate.
- 6.3 The review identified that risks 1e, relating to the impact of the UCC FSR, could be removed, as implementation of the FSR actions had been completed and the service changes embedded into the organisation.
- 6.4 It was also recognised that Section 3 of the register, People, needed to be reviewed to reflect the move to a more commercial environment. This included removing risks 3b (resources required for training and development) and 3c (visible and effective leadership).
- 6.5 A new risk 2c, impact of Welfare Reform, has been added to reflect the challenges to resources in responding to rising customer need.
- 6.6 Several scores have also been amended and these are detailed on the register.

7. Risk Management Strategy for 2015/16

- 7.1 The Council's current approach to managing risk was introduced in 2006/07. A requirement within the strategy, and also of the annual audit assessment, is to review the approach each year to ensure that it is still appropriate to the Council's needs.
- 7.2 Therefore a review has been undertaken and the strategy has been updated for 2015/16. The revised strategy is attached at appendix 3. There are no fundamental changes proposed to the risk process with amendments only to external review comments and the updating of role titles.

8. Proposals

- 8.1 To note and comment upon:
 - the Council's progress and performance in managing risk during 2014/15, and
 - the current strategic risk register.
- 8.2 To endorse the submission of the revised Risk Management Strategy to full Council for inclusion in the Policy Framework.

9. Strategic Plan References

- 9.1 The strategic risk register reflects the objectives of the strategic plan and the actions have been set with due regard to the identified key strategic risks. Therefore the risk process supports the achievement of the strategic objectives.

10. Risk Management References

- 10.1 The failure to adequately identify and manage risks may have an effect on the ability of the Council to achieve its objectives and operate effectively.

11. Other Standard References

- 11.1 There are no direct Consultation, Publicity, Financial, Human Rights, Equality and Diversity, Community Safety or Health and Safety implications as a result of this report.