	Governance & Audit Committee		**Item**
			11
	17 January 2017		
Report of	**Assistant Chief Executive**	**Author**	**Hayley McGrath 508902**
Title	**Risk Management Progress Report**		
Wards affected	Not applicable		

> **This is the interim report on Risk Management activity during the period 01 April 2016 to 30 September 2016**

1.   Actions Required

1.1   To note and comment upon:
- ➢ The work undertaken during the period 01 April to 30 September 2016;
- ➢ The current strategic risk register

2.   Reason for Scrutiny

2.1   The Risk Management Strategy, which forms part of the policy framework, identifies the Governance and Audit Committee as being responsible for reviewing the effectiveness of the risk management process and reporting critical items to cabinet as necessary.

2.2   Six monthly progress reports, detailing work undertaken and current issues, are provided to assist with this responsibility.

3.   Key Messages

- ➢ The key risk continues to be 4d - the potential impact of future central government decisions to reduce public funding, including that of partners.
- ➢ This is followed by 5a - failure or inappropriate performance management of one or more strategic partnerships or key contracts.

4.   Supporting Information

4.1   The aim of the Council is to adopt best practice 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 – the delivery risks of 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 change assessment processes. Strategic risks are owned by 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.

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 all project risks are monitored and co-ordinated by the Change and Performance team.

4.6   Identified risks, in all three categories, are judged against levels of probability and impact to give them an overall score. This allows the risks to be shown as 'high, medium or low' which enables a prioritised action plan to be set for managing risks. There are insufficient resources to be able to reduce all risks - and in some cases it would not be cost effective. Therefore resources are more effectively targeted at the high, and in some cases medium, risks. Categorising an issue as 'high risk' indicates that it would have a fundamental effect on the Council, if it occurred, and therefore plans need to be put in place to either stop it happening or reducing the effect if it does. High risk does not mean that it has, or will definitely, occur.

4.7   In many cases the causes of risks are outside of the Council's control, such as general economic issues. The Council cannot stop these risks from occurring (the probability score) but can put plans in place to mitigate against their effect if they occur (the impact score). Likewise there are occasions that risks can be reduced with preventative actions but there is not much that can be done to mitigate their effect if they do occur, such as a failure to protect public resources. Therefore some risks will tend to maintain the same score, regardless of the controls that the Council puts in place.

5.   Work undertaken during the period

5.1   The Council's comprehensive approach to managing risks was one of the factors that influenced the tender for the renewal of the insurance contract, which produced significant annual savings.

5.2   Work has 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. This has included the identification of liability clauses and setting expectations from suppliers.

5.3   The comprehensive review of the Health and Safety processes, which has been previously reported to this committee, has enabled a more integrated approach to managing physical risks. With the Corporate Health and Safety Officer leading on organisation wide projects such as reviewing lone working arrangements.

5.4   Following on from the last report to this panel in July 2016, the revised risk management strategy has been agreed by Cabinet and full Council, without amendment, and the policy framework has been updated accordingly.

5.5   The risk management process is audited on an annual basis. However as the system consistently achieves a satisfactory rating the scope of the audit for 2016/17 has been amended to also review the content of the registers - to ensure that they provide assurance that the risks are being appropriately managed. The results of the audit will be reported to this committee later in the year.

6   Strategic Risk Register

6.1   The current strategic risk register is attached at appendix 1 with the score matrix attached at appendix 2. The register was reviewed by senior management in December 2016.

7.   Proposals

7.1   To note and comment upon the Councils progress and performance in managing risk during the period from April to September 2016.

8.   Strategic Plan Implications

8.1   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.

9.   Risk Management Implications

9.1   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.

10.   Other Standard References

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