	Cabinet		**Item**
			8(ii)
	12 October 2016		

Report of	**Assistant Chief Executive**	**Author**	**Hayley McGrath** ☎ **508902**
Title	**2015/16 Year End Review of Risk Management**		
Wards affected	Not applicable		

> ## This report concerns the Risk Management work undertaken for the period 1 April 2015 to 31 March 2016.

1. Decisions Required

1.1 Note the risk management work undertaken during 2015/16.
1.2 Note the current strategic risk register.
1.3 Approve the proposed risk management strategy for 2016/17 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 & Audit Committee detailing work undertaken and current issues. This report was presented to the Governance & Audit Committee on 26 July 2016, 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 main risks on the register - the potential impact of future central government decisions to reduce public funding, failure or inappropriate management of a strategic partner and the potential impact of the European Union referendum result - are all outside of the direct control of the Council. However the impact of these risks can be mitigated, and the reduction of risk 6c – inability to deliver the budget strategy – is a reflection of the work that has been undertaken to ensure that the organisation can respond to these challenges.

> ➢ Risk Management principles continue to be reinforced and embedded in the organisation. The 2015 Audit Results Report, issued by the Council's external auditors, Ernst & Young, in August 2015, did not include any findings of anticipated risks occurring. This is further demonstrated by the 2015/16 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 welfare processes. 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 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 2015/16

5.1   A significant proportion of the work undertaken this year has been to support the review of the Council's Health and Safety framework. Health and Safety is the subject of a separate report to this committee later in the year, however it forms part of the governance framework and is essential for managing the Council's physical risks.

5.2   Work has been undertaken supporting the Community Stadium and football club with their Safety Advisory Group (SAG). This meets on a regular basis to review arrangements for general events as well as football matches. Previously this operated in isolation to the overall Colchester SAG (which is chaired by the Council but is attended by partner organisations including Police, Fire and Essex County) however it now works alongside it.

5.3   A specific SAG has been set up in respect of Garrison related events, which include the Royal Salute, anniversaries of significant battles and Remembrance Sunday. The group reviews the risks relating to these events including public order and, crowd / traffic management.

5.4   The Change and Performance team have been refining the processes for managing project risks and there is guidance and documentation available online for all staff to access, to be able to complete a risk log for their projects. These are then used to monitor risks across all projects and any significant issues are raised at project board level.

5.5   There were no fundamental changes to the processes used to identify and control risk, during 2015/16.

5.6   An audit of the risk management function was carried out in January 2016. This produced two level two recommendations. These related to refreshing the information available to staff on-line and to the formal review of operational risks registers.

5.7   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 2015/16 the strategic risk register was reviewed by the senior management team every quarter and reported to the Governance & Audit 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 2016, and in June the Performance Management Board (PMB) comprehensively reviewed the register to ensure that the identified risks were still appropriate.

6.3   The review by PMB reduced the probability of risk 6c - Inability to deliver the budget strategy as planned - to 3, resulting in an overall score of 12 (down from 16).

6.4   A new risk has been added at 4.e - relating to the results of the EU referendum. Whilst it is still uncertain what the impacts will be on the organisation, it was felt appropriate that the risk should be included for monitoring.

6.5   A further new risk has been added at 5d – relating to the management of the Garden Communities project – recognising this is a fundamental project to deliver significant investment in not just Colchester but the surrounding areas as well.

7.   Risk Management Strategy for 2016/17

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 2016/17. 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 Councils progress and performance in managing risk during 2015/16, and
    ➢   the current strategic risk register.

8.2   To endorse the submission of the revised Risk Management Strategy for 2016/17 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.