	Governance and Audit Committee	**Item**
		8

04 September 2018

Report of	**Assistant Director of Policy & Corporate**	Author	**Hayley McGrath** ☎ **508902**
Title	**2017/18 Year End Review of Risk Management**		
Wards affected	Not applicable		

1.   Executive Summary

1.1   This report provides members with an overview of the Council's risk management activity undertaken during the financial year from 01 April 2017 to 31 March 2018.

1.2   Effective management of risk is essential to ensuring that the Council's aims and objectives are achieved. The Council has therefore approved a Risk Management Strategy, which has been included in the policy framework. This provides a comprehensive risk management process that is embedded across the organisation and includes a strategic risk register, which is the responsibility of the senior management team, operational risk registers which are produced by each service and specific risk mitigation initiatives.

1.3   The Risk Management strategy and processes are reviewed annually to ensure that they are still appropriate to the Council's needs and continue to be effective in identifying and mitigating risks to its aims and objectives.

1.4   Key Messages:
- The main risks on the strategic risk register are (4.d) the potential impact of future government decisions to reduce public funding, (5.a) failure or inappropriate management of a strategic partner, and (5.d) potential partner delays in delivery of the Garden Communities project. Most of these are outside of the direct control of the Council. However the impact of these risks can be mitigated, and risks identified in section 6 of the register – Assets and Resources – are a reflection of the work that is undertaken to ensure that the organisation can respond to these challenges.

- Risk Management principles continue to be reinforced and embedded in the organisation. The 2016/17 Annual Audit Report, issued by the Council's external auditors, Ernst & Young, in November 2017, did not include any findings of anticipated risks occurring. This is further demonstrated by the decision to change the frequency of Internal Audit reviews from annually to biennially, due to the consistent high level of assurance achieved over the last five years.

2.   Recommended Decision

2.1   Consider and comment on the Council's progress and performance in managing risk during the period from April 17 to March 2018.

2.2   Consider and comment on the current strategic risk register.

2.3   Consider and comment on the proposed risk management strategy for 2018/19.

2.4   Endorse the submission of this report to Cabinet.

3.   Reason for Recommended Decision

3.1   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 progress to Cabinet at least annually.

3.2   As part of the Policy Framework, any changes and reviews of the strategy need to be approved by Cabinet and ratified by Full Council.

4.   Alternative Options

4.1   There are no alternative options to consider

5.   Background Information

5.1   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.

5.2   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.

5.3   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. A high score does not mean that a risk has, or will definitely, occur.

5.4   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.

6   Work undertaken during the period

6.1   Work has continued with Colchester Commercial (Holdings) Ltd to ensure that the insurance and risk frameworks for the new trading companies adequately mitigate commercial risks as well as standard organisational ones.

6.2   There has been further work undertaken to review the security arrangements for public civic events. The Strategic Governance and Corporate Governance Managers have been working with Essex Police and the Garrison to ensure appropriate arrangements for security are in place.

6.3   The Health & Safety Officer has been reviewing physical risks with Colchester Borough Homes to ensure that appropriate fire safety precautions are in place.

6.4   New equipment has been purchased to provide better support for lone workers, outside of the office. This provides a solution for monitoring visits and raising alerts.

6.5   Support continues to be provided, reviewing the risk elements of event plans, to both the Colchester, and the Community Stadium, Safety Advisory Groups.

6.6   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.

7   Strategic Risk Register

7.1   During 2017/18 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.

7.2   The Corporate Governance Manager reviewed the strategic risks with each member of the Senior Management Team in March 2018, and in July 2018 the Performance Management Board (PMB) comprehensively reviewed the register to ensure that the identified risks were still appropriate.

8.   Risk Management Strategy for 2018/19

8.1   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.

8.2   Therefore a review has been undertaken and the strategy has been updated for 2018/19. 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 external guidance references.

9.   Equality, Diversity and Human Rights implications

9.1   There are no equality, diversity or Human Rights implications as a result of this report.

10.   Strategic Plan References

10.1   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.

11.   Risk Management Implications

11.1   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.

12.   Other Standard References

12.1   There are no particular references to consultation or publicity considerations or financial; community safety or health and safety implications.

Appendices
Appendix 1 – The strategic risk register

Appendix 2 – Strategic risk register score matrix
Appendix 3 – Risk Management Strategy for 2018/19