

## **CABINET**

**20 NOVEMBER 2018**

### **SIX MONTHLY REVIEW OF THE CORPORATE RISK REGISTER AND ANNUAL REVIEW OF THE RISK MANAGEMENT STRATEGY**

Portfolio Holder: Councillor Rupert Turpin, Business Management

Report from: Phil Watts, Chief Finance Officer and Chair of Strategic Risk Management Group

Author: Katey Durkin, Head of Finance Strategy

#### **Summary**

In accordance with the Council's Risk Management Strategy, this report presents the latest six monthly review of the Corporate Risk Register and the annual review of the Risk Management Strategy.

The Cabinet is invited to consider this report, including the comments of the Business Support Overview and Scrutiny Committee which considered the report on 25 October 2017.

#### **1. Budget and Policy Framework**

1.1 The Risk Management Strategy underpins all aspects of Council work and is fundamental to the Council Plan in terms of "giving value for money".

#### **2. Background**

2.1 Risk management is a process which aims to help the Council understand, evaluate and take action on all their risks. It supports effective decision making, identification of priorities and objectives and increases the probability of success by making the most of opportunities and reducing the likelihood of failure.

2.2 Risk management is an integral part of good governance. The Council recognises that it has a responsibility to identify and manage the barriers to achieve its strategic objectives and enhance the value of services it provides to the community. The Council's Risk Management Strategy incorporates and:

- promotes a common understanding of risk;
- outlines roles and responsibilities across the Council;

- proposes a methodology that identifies and manages risk in accordance with best practice thereby seeking to prevent injury, damage and loss.
- 2.3 The Risk Management Strategy is reviewed annually to ensure that it remains up-to-date and continues to reflect the council's approach to risk management. The 2018 Risk Management Strategy can be found in Appendix 1 of the report.
- 2.4 The Corporate Risk Register, which accompanies the Strategy, ensures that all relevant key risks are recorded and this is reviewed and managed every six months by both management and Members. The July 2018 Corporate Risk Register can be found in Appendix 2 of the report.

### **3. Advice and analysis**

#### **3.1 Risk Management Strategy**

- 3.1.1 The Risk Management Strategy was reviewed by the Strategic Risk Management Group on 26 June 2018. The Strategy is considered to remain fit for purpose and in line with best practice, as such no significant amendments are proposed. The document has been renamed from Risk Management Framework to Risk Management Strategy as it is commonly referred to, and reformatted in line with other corporate finance documents. There are some minor amendments to clarify the wording and to include the Audit & Counter Fraud team in the roles and responsibilities section. The revised Strategy showing these changes tracked is presented at Appendix 1 of the report.

#### **3.2 Corporate Risk Register**

- 3.2.1 On 8 May 2018 Cabinet reviewed the last six monthly update of the Corporate Risk Register which, for the first time, included narrative updates for all actions. Cabinet agreed the recommendation from the Business Support Overview and Scrutiny Committee meeting of 12 April 2018, that;

*With regard to Risk SR09b (Keeping Vulnerable Young People Safe and on Track) and in light of the recent SEND inspection, officers will expand the narrative and look at whether the risk rating is at the right level.*

- 3.2.2 Risk owners have reviewed and updated their risks with the revised register presented at Appendix 2 to this report. No new risks have been proposed at this stage, and no risks are proposed to be removed through this review.
- 3.2.3 The format of the risk register has been revised in response to feedback from officers and Business Support Overview and Scrutiny Committee aiming to:
- provide a clearer 'story' for each risk;
  - capture inherent, residual and target risk scores in line with the Risk Management Strategy;
  - reduce duplication and the length of the document by removing the 'tracked changes' history, instead the expectation is that all text is reviewed each time. This approach was informally endorsed by the Chair and Members of Business Support Overview and Scrutiny Committee at the pre-agenda meeting.

3.3 This report was considered by the Business Support Overview and Scrutiny Committee on 25 October 2018 and its comments are reported in section 4 of the report, below.

#### **4. Business Support Overview and Scrutiny Committee – 25 October 2018**

4.1 Members considered a report which presented the latest six monthly review of the Corporate Risk Register and the annual review of the Risk Management Strategy. The Committee was invited to consider the report and submit any comments to the Cabinet.

4.2 A Member commented that the risk register should include risks relating to Brexit and cybersecurity and also made the point that, with regard to the alternative service delivery models risk, the way in which operational and financial issues should be scrutinised had not yet been adequately resolved.

4.3 The Head of Finance Strategy advised that the governance arrangements of the various models was currently being reviewed. Cyber security was a risk across teams and the Risk Register included risks relating to business continuity and emergency planning. In response a Member proposed this should be a specific risk in the Register.

4.4 The Committee agreed to:

4.4.1 note the amendments proposed to the Risk Management Strategy;

4.4.2 note the amended Corporate Risk Register;

4.4.3 note that the Risk Management Strategy and Corporate Risk Register will be submitted to Cabinet on 20 November 2018, and;

4.4.4 recommend to Cabinet that the risk of cybersecurity be added to the Corporate Risk Register.

#### **5. Chief Finance Officer Comments**

5.1 Subject to Cabinet agreement to the recommendation of Business Support Overview and Scrutiny Committee, officers will prepare a draft entry in the risk register for cybersecurity. Following review by the Strategic Risk Management Group and Corporate Management Team this will be incorporated in the six monthly review of the risk register presented to Cabinet in May 2019.

#### **6. Consultation**

6.1 Updates to the Corporate Risk Register have been provided by risk owners and the revised register and Risk Management Strategy have been discussed with the Strategic Risk Management Group and Corporate Management Team. Members are consulted on both via the Business Support Overview and Scrutiny Committee and Cabinet.

## **7. Financial, legal and risk implications**

- 7.1 There are no direct financial risks or legal implications arising from this report, however the Corporate Risk Register itself addresses any implications.

## **8. Recommendations**

- 8.1 The Cabinet is asked to note the comments of the Business Support Overview and Scrutiny Committee as set in section 4 of the report and decide whether to accept the recommendation from the Committee, as set out in paragraph 4.4.4 of the report.
- 8.2 The Cabinet is asked to approve the amendments to the Risk Management Strategy as detailed in section 3.1 of the report.
- 8.3 The Cabinet is asked to approve the amendments to the Corporate Risk Register as detailed in section 3.2 of the report.

## **9. Suggested reasons for decisions**

- 9.1 The establishment of a corporate framework for risk management is recommended by CIPFA and SOLACE and will complement and support the work already being carried out within each directorate to manage risks.

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### **Appendices**

Appendix 1 – Risk Management Strategy  
Appendix 2 – Corporate Risk Register (July 2018)

### **Background papers**

None