

# CHESHIRE EAST COUNCIL

## REPORT TO: Audit and Governance Committee

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**Date of meeting:** 30 June 2016  
**Report of:** Director of Legal Services  
**Title:** Risk Management Update Report  
**Portfolio Holder:** Leader of the Council / Deputy Leader

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### 1.0 Report Summary

1.1 Audit and Governance Committee has responsibility for monitoring the effectiveness of the Council's risk management arrangements. In order to support the Committee in fulfilling its role this report provides Members with:

- A summary of the progress of the risk management work undertaken against the agreed actions within the strategy.

### 2.0 Recommendation

2.1 That the Committee:

- i) Note and consider the contents of this report;
- ii) Agree that progress on actions from the strategy be placed before future committee meetings to enable effective member monitoring of the risk management process.

### 3.0 Reasons for Recommendations

3.1 The terms of reference for the Audit and Governance Committee include:

- monitoring the effectiveness of the Council's risk management arrangements; and
- advising the Council on the adequacy and effectiveness of these arrangements.

### 4.0 Wards Affected

4.1 All

### 5.0 Local Wards Affected

5.1 Not applicable.

### 6.0 Policy Implications

6.1 Reports to support strategic policy decisions should include a risk assessment and the identification of mitigating actions.

## **7.0 Financial Implications (Authorised by the Chief Operating Officer)**

7.1 Effective risk management helps to maximise opportunities, achieve service objectives and minimise loss events including those with financial consequences.

## **8.0 Legal Implications (Authorised by the Head of Legal Services)**

8.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of internal control which includes effective arrangements for the management of risk.

## **9.0 Risk Management**

9.1 Effective organisational stewardship is based on strong corporate governance, which in turn relies on robust processes for corporate reporting, risk management and internal control. The existence of the Audit and Governance Committee does not remove responsibility from managers, members and leaders to manage the risks that the Council faces. It does, however, provide an opportunity and resource to focus on and improve the effectiveness of the Council's risk management arrangements.

9.2 An effective audit committee can:

- raise awareness of the need for robust risk management arrangements
- support the establishment of effective arrangements to govern and manage risks that help the Council to achieve its goals and objectives
- provide assurance through a process of independent and objective review of actions being taken on risk related issues

## **10.0 Background**

### Risk Management Work

10.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. As part of this the 2015-2017 Risk Management Policy Statement and Strategy were formally approved by Cabinet in February 2016, following recommendation from the Audit and Governance Committee.

10.2 Progress against the key strategy priorities are outlined below;

	Strategy Priority	Progress Update
1	Development of a risk management framework underpinning the policy statement and strategy.	<p>The draft framework has been developed.</p> <p>This was reviewed at the risk sub group. Further work is planned by the group to develop the reporting timetable, roles and responsibilities and the escalation process for corporate risks as essential components of the framework.</p>
2	Set up a risk sub group of the Corporate Assurance Group.	<p>The group has been established, comprising of business managers and representatives; the 'risk champions' from across the organisation.</p> <p>The role of the group needs to be strengthened including development of a formal work plan, terms of reference and roles and responsibilities in order to take the risk management action plan forward.</p> <p>The risk champions have begun to complete service risk registers, and are beginning to highlight risks for the corporate risk register.</p>
3	To critically examine commissioning plans so that risk is being considered appropriately at the business planning stage to ensure that risk is focused on the delivery of the key organisational objectives.	<p>Risk is now a standing agenda item on the quarterly challenge sessions with Directors which include finance, risk and performance.</p> <p>Service risk registers have nearly all been developed as part of the commissioning planning process. Input has been provided by the risk team to make them more consistent and to highlight any risks which may need consideration for the corporate risk register.</p> <p>Work is underway to align the corporate risks to the Corporate Plan priorities.</p>
4	To review the strategic risks facing the Council, examining, challenging and supporting the risk assessment process to ensure consistency and gain assurance that the strategic risks are being actively managed and monitored; including comprehensively revisiting and updating the Corporate risk register.	<p>No individual has the depth and breadth of knowledge to take on the task of identifying risks for the whole organisation. A number of people should be involved across disciplines, so that every aspect of risk and its impacts can be identified.</p> <p>This process involves determining the key objectives of the business through the commissioning plans and the failures to achieve these aims and objectives become the key risks; therefore the following actions</p>

	Strategy Priority	Progress Update
		<p>have been determined in order to move forward the strategic risks;</p> <p>Heads of service have been visited to determine their priorities and review the existing risks, in line with their budget / commissioning plan setting.</p> <p>Management Group Board (MGB) have resolved to complete a risk workshop at a future Cabinet / MGB away day.</p> <p>Work is underway to present a more streamlined approach to reporting on Risk Management in order for risks to be reviewed on a more frequent basis with a view to reporting quarterly to MGB, Informal Cabinet and Audit and Governance Committee.</p> <p>The revised Corporate Risk Register will be brought before the September 2016 Committee.</p>
5	<p>Establish the Councils risk capabilities, the outcome of which will inform a training programme to ensure that everyone involved understands the principles of risk management and their particular responsibilities in this regard, providing them with the necessary skills and knowledge to fulfil their responsibilities.</p>	<p>The risk capabilities have not yet been established and a training programme is to be developed.</p>

## 11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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