

**CHESHIRE EAST COUNCIL
REPORT TO AUDIT & GOVERNANCE COMMITTEE**

Date of meeting: 29 March 2011
Report of: Head of Policy & Performance
Title: Risk Management Update Report

1.0 Report Summary

1.1 The Audit and Governance Committee has a key role in providing an oversight of the effectiveness and 'embedding' of risk management processes, and in testing and seeking assurance about the effectiveness of control and governance arrangements. In order to form an opinion on these arrangements, it needs to establish how key risks are identified, evaluated and managed, and the rigour and comprehensiveness of the review process. The purpose of this paper is to provide the Audit and Governance Committee with a summary of the key corporate risks and risk management work undertaken since the last report so that it may undertake this oversight.

2.0 Decision Requested

2.1 The Audit and Governance Committee is requested to consider and review the update report on risk management which is for information.

3.0 Reasons for Recommendations

3.1 In order to form an opinion on the effectiveness of the Council's risk management arrangements, the Audit and Governance Committee needs to establish how key risks are identified, what the key risks are and how they are evaluated, managed and reviewed.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 N/A

6.0 Policy Implications

6.1 Risk Management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 As well as the need to protect the Council's ability to achieve its strategic aims, and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

9.0 Risk Management

9.1 This report relates to overall risk management.

10.0 Background

10.1 It is considered good practice to include an update to Audit and Governance Committee at every meeting on progress against key risks. This monitoring should summarise general direction of travel in order to clearly demonstrate progress being made on specific risk items. If all is well then no discussion may be required; if all is not well then it is easy to identify the issues to pursue.

10.2 Attached at **Appendix A** is a summary of the Council's Key Corporate Risks and the net risk rating for each risk. The summary provides a tracking of the direction of travel of risks, with a commentary for any risks that change. This can then be utilised as a tool to ensure that any risks not being managed to an acceptable level are monitored, reported on and escalated as required.

10.3 At its meeting on 3 February 2011, the Corporate Risk Management Group discussed, considered and endorsed the risk ratings for the following key risks:-

Key Corporate Risk 1 – Service Delivery Prioritisation

Key Corporate Risk 11 – Opportunities

Key Corporate Risk 12 – Long-Term Planning

Key Corporate Risk 14 - Information, research & Business Intelligence

Key Corporate Risk 15 – Reputation

Key Corporate Risk 16 – External Environment

10.4 As detailed on **Appendix A**, two of the key corporate risks, KCR3 Community Safety and KCR9 Education, have been recently assessed as having a 'Low' net risk rating. These two risks will be reviewed at the next meeting of the Corporate Risk Management Group and if the Group is happy with the ratings, these two risks may be removed from the Corporate Risk Register and monitored at Directorate Risk Register level.

10.4 The assessment methodology used to score the risks is attached at **Appendix B** to this report for information.

11.0 Other Work undertaken on Risk Management

11.1 Risk Appetite

The Corporate Risk Management Group (CRMG) received a report outlining a number of options as to how the Council may define and articulate its risk appetite to strengthen and further develop its existing risk management framework. The Group discussed the different options and agreed that a statement or statements defining the risk appetite should be included within the risk management strategy. As agreed by the Group, a similar report is being forwarded to the Corporate Management Team (CMT) for consideration.

11.2 Partnership Risks

Members of the Corporate Risk Management Group were requested to share a paper, detailing typical risk areas in relation to partnerships with colleagues working on partnerships within their respective Directorate. The risk areas highlighted included:-

- *Co-operation on shared key risks and joint risk registers*
- *Identifying risks from the perspective of the Council and from the perspective of the Partnership*
- *Imposition of targets – rather than negotiation of manageable targets*
- *Loss of control over staff and the service-but with retention of accountability*
- *Changing organisational priorities*
- *Contract requirements are not delivered*
- *Partnership standards not met*
- *Incompatible cultures*

At stake for all of the partners are:-

- *Service delivery*
- *Reputation*
- *Organisational objectives*
- *Investments of time, money, resources & expertise*

11.3 National Fraud Initiative (NFI)

The National Fraud Initiative (NFI) matches electronic data within and between participating bodies to prevent and detect fraud. At the last meeting of the CRMG, it was agreed that, in relation to the NFI, the Group will oversee:-

- the process for managing the data matching output, including how it is being considered and investigated
- the implementation of the actions necessary to reduce the Council's exposure to losses in the future

11.4 Service Planning and Risk Management

This year we have more closely integrated risk management into the objective-setting process, enabling the Council to manage its risks in a more consistent, uniform way. The Service Planning Template requests an accompanying risk review to support each service objective. Comprehensive risk management guidance and templates have been made available as part of the Service Planning Guidance. By integrating risk management with the Council's strategic planning process and individual service delivery plans we are able to monitor risks to achieving the Council's objectives, determine

which risks have the most significant impact, and prioritise resource accordingly.

11.5 Risk Management Training and Workshops

The Risk and Business Continuity Team recently held risk management training sessions and workshops with the Places Directorate Senior Management Team, the Local Area Partnership Managers, and the ICT Strategy Senior Management Team. Further training sessions and workshops are planned with the Legal and Democratic Services Management Team, Senior Managers in the Adult, Community Health and Wellbeing Directorate and in the Children and Families Directorate. A point to note, from the workshops held to date, is that risks need to be properly articulated in order to clearly understand the cause of the risks and the impact on the achievement of the objectives. We need to be able to understand both the cause and the impact to be able to consider what action we can take to prevent the risk from occurring and what controls we can implement to reduce the likelihood of the risk happening and, possibly, reduce the impact on the objectives.

11.6 Centranet – Risk Management

A copy of the Corporate Risk Register and links to other useful risk management documents have now been added to the Centranet so that staff and Members are able to easily access risk documentation and contact details for assistance with any risk management issues.

12.0 Access to Information

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

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