

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 17 November 2010

Report of: Head of Policy and Performance

Subject/Title: Risk Management Update Report – Key Corporate Risks

1.0 Report Summary

- 1.1 The purpose of this report is to provide an update on the risk management framework of the Council and its Key Corporate Risks.

2.0 Recommendation

- 2.1 The Audit and Governance Committee is requested to consider and comment on the Key Corporate Risks and the approach outlined in the paper to identify the actions in place to mitigate the risks before onward submission of the risks to Cabinet at its meeting on 20 December 2010.

3.0 Reasons for Recommendation

- 3.1 Given the context of developments in the public sector, the current economic climate and the Council's need to deliver local priorities within the limits of available funding, risk management has an increased profile and it is important that the Council is able to demonstrate that it has effective risk management processes in place. Based on the current Corporate Plan 2010-13, a risk workshop was undertaken by the Corporate Risk Management Group on 8 September 2010 to identify the key corporate risks that may adversely or beneficially affect the Council's ability to achieve its corporate objectives.
- 3.2 This paper provides, at **Appendix A**, details of the 14 Key Corporate Risks identified as a result of the workshop. The CMT, at its meeting on 19 October 2010, considered and agreed 14 key corporate risks which could (if unmanaged) prevent the Council from achieving its strategic aims and/or operating its business. As a result of discussion of the risks at the meeting of the Corporate Risk Management Group on 22 October 2010, a new corporate risk (risk 15) in relation to the external environment and government reviews was also suggested.

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

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 Corporate Plan Translation and Risk Management Issues

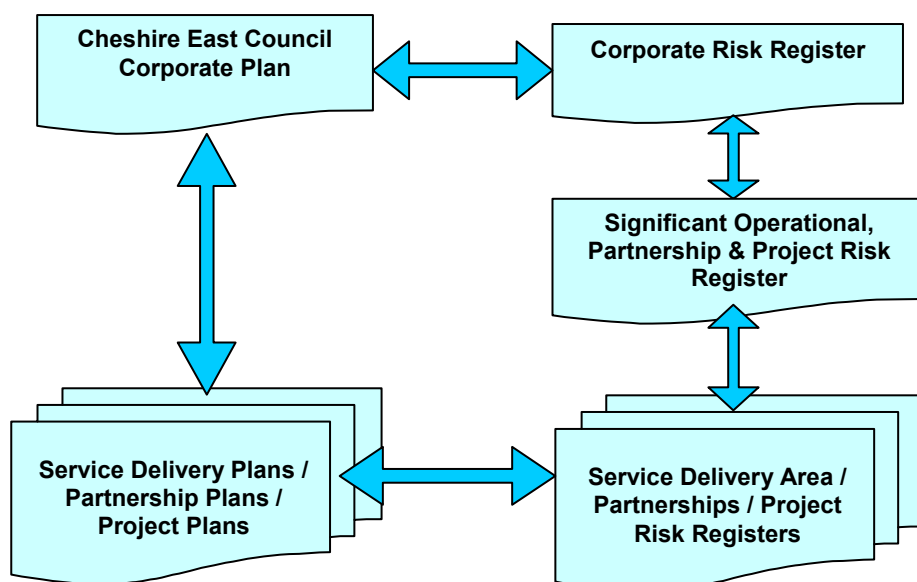
The Business Planning Process aims to develop a 'Golden Thread' for corporate planning within Cheshire East Council. Good risk management informs strategic development and planning, increases the probability of success and reduces both the probability of failure and uncertainty of achieving the Council's overall objectives. The 5 Corporate Objectives for the Council are as follows:-

1. To give the people of Cheshire East more choice and control about services and resources.
2. To grow and develop a sustainable Cheshire East.
3. To improve life opportunities and health for everybody in Cheshire East
4. To enhance the Cheshire East environment
5. Being an excellent Council and working with others – to deliver for Cheshire East

10.2 Detailed in **Appendix A** is a risk description for each of the 15 key corporate risks, including the cause of the risk and any impact on the corporate objective/s which may arise. For each risk there is a proposed

risk owner; given the nature of corporate risks this is a CMT member and at this level is principally a monitoring function.

- 10.3 To ensure there is no disconnect with the overview of Portfolio Holders, and that, when decisions are made, there is a clear understanding of the key risks, it was suggested that some Cabinet Members act as a strategic lead for monitoring each of the corporate risks and this is being considered.
- 10.4 Further to agreeing and receiving comments on the suggested key corporate risks, the next steps are for the risks to be scored, for mitigating actions to be recorded and for any further actions to be identified, in order to ensure risks are reduced to within accepted tolerance levels. The Risk Team are presently taking this action forward with agreed risk owners and will be completing the other columns in the risk register as attached in **Appendix A**.
- 10.5 Whilst the Corporate Risk Register deals with the high level corporate risks, which could (if unmanaged) prevent the Council from achieving its strategic aims and/or operating its business, there are also operational risks associated with the delivery of the Council's Service Delivery Plans. This paper presents proposals about how the operational risks could be identified and managed. It is intended that the risk register hierarchy will mirror the relationship between the Corporate Plan and the Service Delivery Plans. In addition to the Corporate Risk Register we will record significant operational, partnership and project risks, which, if they were to materialise, would impact upon delivery of the corporate objectives. This is demonstrated in the diagram below:-



- 10.6 Operational Planning and Risk Assessment
To support the successful delivery of the Council's Corporate Plan, Service Delivery Plans, Partnership and Project Plans will need to be refined and

updated. It is also necessary to identify risks associated with these plans in consultation with the Senior Management Team lead and their key staff. It is planned that risk management workshops are run in each of these areas. The workshops will vary in format depending upon how advanced each area is in relation to its planning and risk management, but will include an evaluation of risks that may impact on the successful completion of the objectives within the Service Delivery Plan that the area has responsibility for.

- 10.7 A logical conclusion to the workshops and these risk assessments is devolved risk management at an operational level, therefore, leaving the Corporate Risk Management Group, Audit and Governance Committee, Cabinet and Council to focus time and effort on managing and monitoring only the higher level corporate and most significant risks.

10.8 Risk Management Training

The Audit and Governance Committee will receive training in risk management following this meeting. Risk management training has also been given to Cabinet, Corporate Scrutiny Group, the Senior Management Team, and other departmental teams. In addition a workshop was recently undertaken with cross-departmental representatives to consider climate change risks and ensure that the Council considers these risks as part of a climate change adaptation strategy.

10.9 Reporting

Progress on actions to mitigate and manage the strategic risks will continue to be reported quarterly to this Committee, Corporate Management Team and Cabinet, as previously agreed. A review of the Council's Risk Management Policy and Strategy will be undertaken and reported to this Committee in January 2011.

10.12 Performance Management

In order to fully integrate risk management into planning and performance management, discussions have taken and continue to take place with the Performance Management Team and plans are in place to link the risk management process to the performance management system which is being developed. Risk management continues to be an integral part of Service Planning and it will be a key element within the current development of the Corporate Plan.

11.0 Access to Information

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

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