

# **CHESHIRE EAST COUNCIL**

## **Audit and Governance Committee**

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**Date of meeting:** 29 September 2011  
**Report of:** Strategic Director Places and Organisational Capacity  
**Title:** Risk Management Update Report  
**Portfolio Holder:** Councillor David Brown (Performance and Capacity)

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### **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 Recommendation**

- 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 including Carbon Reduction/Health**

- 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; the Audit and Governance Committee should know about the most significant risks facing the Council and be assured that the risk management process is working effectively.

## 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. A summary of the Council's Key Corporate Risks is provided below:

Risk Ref	Risk Title	Risk Owner	Strategic Lead	Net Risk Rating	Direction of Travel
KCR1	Service Delivery Prioritisation	Erika Wenzel	Cllr Wesley Fitzgerald	6 Medium	↓
KCR2	Financial Control	Lisa Quinn	Cllr Wesley Fitzgerald	12 High	↔
KCR3	Community Safety	John Nicholson	Cllr Rachel Bailey	4 Low	↓
KCR4	Vulnerable Children	Lorraine Butcher	Cllr Hilda Gaddum	12 High	↔
KCR5	Vulnerable Adults	Lorraine Butcher	Cllr Roland Domleo	12 High	↔
KCR6	Equality Gap	Lorraine Butcher	Cllr R Domleo/Cllr H Gaddum/Cllr D Brown	9 Medium	↔
KCR7	Partnerships	Vivienne Quayle	Cllr David Brown	6 Medium	↔
KCR8	Health Partnerships	Lorraine Butcher	Cllr Roland Domleo	12 High	↔
KCR9	Education	Lorraine Butcher	Cllr Hilda Gaddum	4 Low	↔
KCR10	Workforce	Paul Bradshaw	Cllr Peter Mason	12 High	↑
KCR11	Opportunities	Erika Wenzel	Cllr Wesley Fitzgerald	4 Low	↓
KCR12	Long-Term Planning	Vivienne Quayle	Cllr David Brown	6 Medium	↓
KCR13	Transformation	John Nicholson	Cllr Wesley Fitzgerald	12 High	↔
KCR14	Information, Research Business Intelligence	Vivienne Quayle	Cllr David Brown	12 High	↔
KCR15	Reputation	Vivienne Quayle	Cllr David Brown	12 High	↔
KCR16	External Environment	Erika Wenzel	Cllr Wesley Fitzgerald	12 High	↔
KCR17	Industrial Action	Paul Bradshaw	Cllr Peter Mason	12 High	↔

10.2 Since the previous risk management update report to the Audit and Governance Committee changes have been made to the ratings for the following key corporate risks:

- KCR1 Service Delivery Prioritisation

The overall net risk rating has decreased from 12 high to 6 medium. The likelihood has decreased from a 3 (likely) to a 2 (unlikely) as the Council's service delivery planning and performance management arrangements are now further embedded and, because of this, the impact has also been spread, such that it has reduced from a 4 (critical impact) to a 3 which is a major impact on the corporate objectives.

- KCR11 Opportunities

The overall net risk rating has decreased from 9 medium to 4 low. The likelihood has decreased from a 3 (likely) to a 2 (unlikely) because the Council's business planning, performance management and reporting arrangements are further embedded such that we are more able to recognise and take opportunities. As a result, the impact has also been spread such that it has reduced from a 3 (major impact) to a 2 which is a significant impact on the corporate objectives.

- KCR12 Long-Term Planning

The overall net risk score has decreased from a 9 to a 6 and remains medium risk. Similarly to KCR1 and KCR11 above, the likelihood of the risk occurring has decreased from a 3 (likely) to a 2 (unlikely) because the Council's service delivery planning processes and performance management arrangements are further embedded making it easier to plan for the longer term.

10.3 An emerging risk entitled Industrial Action has also been added to the key corporate risk register as KCR17. This risk is articulated as follows:-

"The risk that due to changes in work and pension terms and conditions, industrial action is taken by key staff, or action has a knock-on effect on the availability of key staff in priority areas, which may affect critical services delivered by the Council, curtail operations and affect the Council's ability to deliver its corporate objectives. This may also have adverse financial and reputational impact on the Council."

10.4 This risk has to be tolerated by the Council and as such has a net risk rating of 12 which is high risk. There are contingency arrangements and business continuity plans in place to mitigate the impact should the risk actually occur.

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

## 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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