Audit & Governance Committee
29 May 2014

RISK MANAGEMENT ANNUAL REPORT

Purpose of the report:

This annual risk management report enables the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. It also presents the latest Leadership risk register.

Recommendations:

It is recommended that Members:

1. Consider the contents of the report and confirm they are satisfied with the risk management arrangements;

2. Approve the Risk Management Policy Statement and Strategy for inclusion in the Constitution (Annex D); and

3. Review the Leadership risk register (Annex E) and determine whether there are any matters that they wish to draw to the attention of the Chief Executive, Cabinet, specific Cabinet Member or relevant Select Committee.

Introduction:

4. The terms of reference of the Audit and Governance Committee include the requirement to monitor the effective development and operation of the council's risk management arrangements.

5. This report summarises the risk management activity from April 2013 to date and Annexes A and B show more detailed activity that has taken place.
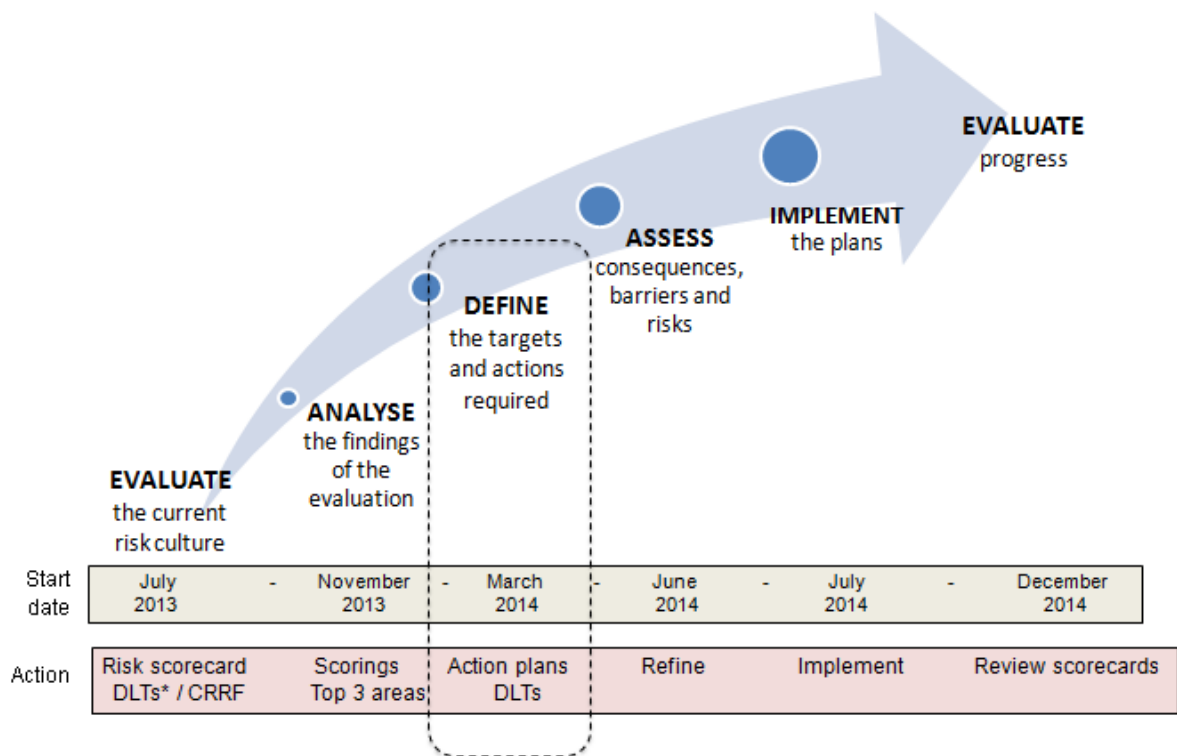
Update on 2012/13 action plan:

6. The 2013/14 internal audit position statement management action plan has been completed (see Annex A). Key actions included:
   - Maintenance and communication of risk documents and guidance, such as the risk framework;

- Maintenance of the risk management snet pages; and
- Consideration of the risk culture across the organisation.

2013/14 key activity summary:

Strategic risk arrangements

7. The Strategic Risk Forum (SRF) is now well established and has met nine times since April 2013. The SRF is chaired by the Chief Finance Officer and membership consists of directorate risk leads, Risk and Governance Manager, Chief Internal Auditor, Deputy Head of HR and Organisational Development and Head of Emergency Management. The meetings are focused on challenge and scrutiny of strategic risk (directorate and leadership risks), common themes and emerging risks.

8. The SRF has also led a wider review of risk culture to ensure risk supports innovation and transformation across the organisation. The work uses the risk culture leadership guidance produced by the Institute of Risk Management (IRM), which has provided a structured approach to implementing risk culture change as per the diagram below:

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Start date	July 2013	-	November 2013	-	March 2014	-	June 2014	-	July 2014	-	December 2014
Action	Risk scorecard DLTs* / CRRF	Scorings Top 3 areas	Action plans DLTs	Refine	Implement	Review scorecards

* DLT = Directorate Leadership Team

9. The council's current risk culture has been evaluated using a scorecard, which has been discussed with each directorate management team and a session was also held with the Council Risk and Resilience Forum (CRRF). SRF analysed the findings of the evaluation using a scoring/weighting mechanism, which provided a focus on three specific areas for the work going forward:
   - informed decision making;
   - rewarding appropriate risk taking; and
   - risk transparency.

   SRF are currently working on defining the improvement actions that will be implemented during the rest of 2014.

10. A monthly risk update continues to be presented to the Continual Improvement Board (CIB)[1]. This includes an update on the risk culture work, proposed changes to the Leadership risk register and any emerging risks. Significant issues are then reported to the Corporate Leadership Team by the Strategic Director for Environment and Infrastructure.

11. The directorate risk registers are regularly reviewed by directorate leadership teams and moderation by the SRF identifies common themes and ensures consistency. The Leadership risk register is now being presented to Cabinet on a quarterly basis to give them oversight of the council's strategic risks and controls.

Operational risk arrangements

12. The Risk and Governance Manager ensures that risk registers received from risk representatives are uploaded onto the snet in a timely manner. A report on the status of risk registers on the snet is provided to the SRF at each meeting, which highlights risk registers that are more than three months old. Although this does not indicate that the risk register has not been reviewed, only that the risk register has not been received by the Risk and Governance Manager.

13. The Risk and Governance Manager has been working with colleagues from Procurement on improving supplier risk management arrangements. A number of workshops have taken place in May to take contract managers (both internal and external) through the importance of risk management and good practice guidance to enable effective risk arrangements as part of the contract management framework.

Council Risk and Resilience Forum

14. There have been three formal meetings of the CRRF during the year, which are attended by risk and resilience representatives. The formal meetings have been effective in sharing knowledge and good practice between services in relation to identifying and managing current and emerging risks and supporting the ongoing development of business continuity arrangements.

15. There have also been three interactive workshops that are targeted at CRRF representatives and members of their service recovery teams, as identified in their business continuity plans. The workshops are themed in order to facilitate services in validating their business continuity planning arrangements. The three workshops have focused on property and workplace recovery, provider resilience and risk culture.

16. Attendance at the CRRF formal meetings and workshops has improved on the previous year but there continues to be inconsistent or poor attendance in some areas. This is being addressed in a number of ways:
   - discussions are taking place with risk and resilience representatives to ensure appropriate attendance and representation at future meetings and workshops;
   - SRF will review CRRF attendance figures at the next meeting in June and propose appropriate action to the CIB; and

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[1] Continual Improvement Board membership: Strategic Director for Environment and Infrastructure (Chair), Chief Finance Officer, Head of HR, Head of Policy and Performance, Heads of Service/Assistant Directors from Adult Social Care; Children, Schools and Families; Environment and Infrastructure; Customers and Communities.

- the Assistant Chief Executive will be re-promoting the role of the CRRF and the importance of service representation, especially from high priority services.

Business Continuity

17. A top management review meeting was held in April to review the business continuity management system, which included the effectiveness of the current arrangements, the incident management process and learning from incidents. The meeting was chaired by the Assistant Chief Executive and was attended by senior managers from across the directorates. One of the actions agreed at the meeting was that service attendance at CRRF is encouraged and supported by management.

18. Services continue to update their Business Impact Analyses and Business Continuity Plans using the new templates and the Emergency Management Team have passed on information to Property Services and IMT to inform their workplace recovery plans and critical dependency planning.

19. The business continuity e-learning module provides an overview of arrangements and expectations and as at the end of March 2014, 80 members of staff have completed the training.

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Insurance

20. The insurance team continue to monitor the effective control of risk through ongoing claims experience from services, as well as feeding back to relevant services on emerging issues within the market and in networking with other authorities. For example, the team has worked with Legal Services and Children's Schools and Families in ensuring that insurance and indemnities are in place when delegating responsibilities to contractors.

21. Working with Highways, the insurance team has been prominent in the development of the new five day response time for repairing defects other than emergency defects, ensuring that so far as is possible, risk of exposure to claims is controlled. The team also meets regularly with its insurance broker to ensure that effective insurance cover is in place for all known and emerging risks that the Council faces in its day to day tasks.

Internal audit review:

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22. Internal audit provide an annual independent assessment of the risk management arrangements. The outcome of the 13/14 review is an overall audit opinion of 'Some Improvement Needed.' A summary of the audit is attached at Annex C. Key findings include:
    - Acknowledgement of the progress made on the implementation of previous audit recommendations;
    - An improvement in the updating of risk registers during the year but there is not always a clear matching of service priorities to risks identified; and
    - Acknowledgement of the roles played by the risk groups, including the SRF and the CRRF in developing and enhancing the risk management arrangements.

23. The 12 recommendations within the management action plan will be implemented during 2014/15.

Focus for 2014/15:

Risk culture

24. The SRF will continue to lead on the risk culture work, including implementing action plans and revisiting the scorecard to assess progress during the year as shown in the diagram at paragraph 8. Discussions that link risk to priorities will be encouraged via the SRF, CRRF and other risk groups.

Risk registers

25. Directorate and service risk registers will continue to be monitored by the Risk Manager and escalated through the SRF regarding the timeliness of review, updating and availability on the snet.

26. The Risk Manager will work with the Emergency Management Team to ensure key risks identified against critical activities within business impact analyses are captured and monitored through risk registers.

27. The Leadership risk register was presented to the Cabinet in March 2014 and will continue to be reported on a quarterly basis throughout the year.

Risk management policy statement and strategy:

28. The risk management policy statement and strategy provide an overarching vision and direction for risk management. They have been updated and reviewed by the SRF and are attached at Annex D.

Leadership risk register:

29. The Leadership risk register (Annex E) is owned by the Chief Executive and shows the council's key strategic risks. The register is reviewed by the SRF and then changes are proposed to the Continual Improvement Board.

30. Since the last meeting of the committee, the following risks have been updated:
    - Waste (L7) – controls updated;
    - Central Government policy development (L15) – risk description updated, was previously 'Welfare Reform' and controls updated;
    - IT risk (L4) – risk description and controls updated.

Implications:

Financial and value for money implications

31. Integrated risk management arrangements, including effective controls and timely action, supports the achievement of value for money.

Equalities and Diversity Implications

32. There are no direct equalities implications in this report.

Risk Management Implications

33.   Embedded risk management arrangements leads to improved governance and effective decision-making.

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Sources/background papers:
  •   Risk management half year report, SRF and CRRF agendas and minutes,

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Ref	Recommendation	Priority	Management Action	Timescale	Office responsible	Progress as at 16 May 2014
5.4	The up to date Policy Statement, framework and strategy for risk management should be maintained on the S:net and publicised to enable all staff in the Council to be aware and fulfil their responsibilities and in turn allow the Council to fully meet its objectives. Any changes to the decisions made by the A&GC should be reported to the Committee for their approval before they take place.	High	The up to date Policy Statement and Strategy was approved by A&GC on 24 June 2013 and commended to Council for inclusion into the Constitution.	17 July 2013	R&GM	Completed.
			The Risk Framework will be updated and reviewed by the Strategic Risk Forum (for challenge and moderation) before all documents are loaded onto snet.	31 July 2013	R&GM	Completed: Risk policy and strategy are on the snet. Risk Framework has been updated, reviewed by the SRF and put on the snet.
			Communication of the updated documents will form part of the regular risk updates provided to Corporate Board, Strategic Risk Forum and Council Risk and Resilience Forum.	30 September 2013	R&GM	Completed: Update on the risk policy statement and strategy provided to SRF on 8 July, Corporate Board on 22 July and email sent to service risk reps on 5 July. Update on risk framework communicated via email to risk reps on 9 August. CRRF was updated at their workshop on 18 September.
			The link to snet will also be sent to all risk reps.	6 July 2013	R&GM	Completed: Link sent to Audit & Governance Committee on 4 July and to risk reps on 5 July.
			A risk update will be presented to the A&GC at the meeting in September.	2 September 2013	R&GM	Completed.

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			In the longer term, the Strategic Risk Forum will consider: a) how to assess the culture of risk management in service areas and propose an action plan to Corporate Board; b) the adequacy of risk management arrangements in light of Internal Audit shift to a risk based approach and propose an action plan to Corporate Board.	31 March 2014	Strategic Risk Forum	Completed: The SRF reported their progress and findings to date to the Continual Improvement Board (through Sheila Little) on the 24th March.
5.8	The risk management guidance on S:net should be comprehensive and up to date with all the links working for staff in services to comply with the Council's requirements for risk management arrangements.	High	Appropriate and up to date guidance will be put on the snet and communicated as above (see 5.4).	31 July 2013	R&GM	Completed: Risk guidance page updated on snet to include risk induction pack and information on risk workshops. Communicated via email to risk reps on 9 August.
5.11	The R&G Manager should consider incorporating the additional useful information available from CIPFA's TIS Online facility to enable the Council to follow best practice.	Medium	All risk management documentation is currently based on best practice from CIPFA, ALARM and IRM. The current documentation will be reviewed through the Strategic Risk Forum (including TIS online) and the risk documentation updated accordingly.	31 December 2013	R&GM / Strategic Risk Forum	Completed: Best practice information was considered as part of the annual review of the risk policy statement and strategy, which the SRF approved at their meeting on 30 April.
5.16	The procedures for compiling the various risk registers	Medium	This will be incorporated into the risk framework as above (see 5.4).	31 July 2013	R&GM	Completed: Risk framework updated to

	should be streamlined and documented.					include more detailed guidance (ref 5.4).
5.17	Services and directorates should maintain their risk registers and correctly cross reference them to each other. This should also separately show the risks that have been removed as part of the review so that the management trail is clear and any omissions of risks can be detected and rectified.	High	This will be incorporated into the risk framework as above (see 5.16 and 5.4). A movement of risks section will be added to risk registers and communicated to risk reps. The Strategic Risk Forum Terms of Reference include regular review of emerging risks within each Directorate and escalation to Corporate Board as relevant. Minutes of Strategic Risk Forum and Corporate Board will ensure any changes discussed and agreed are recorded.	31 July 2013 31 July 2013 Ongoing	R&GM R&GM R&GM	Completed: Risk referencing incorporated into the risk framework (ref 5.4). Completed: Movement of risks incorporated into the risk framework and communicated (ref 5.4). Strategic Risk Forum notes and actions are available on snet.
5.23	While clear guidelines on risk management should resolve many of the issues above in the short term, management should consider the purchase of an information technology based system in the medium to long term, for managing risks in an integrated manner.	Medium	An options paper evaluating benefits and costs of purchasing an IT system will be prepared and reviewed by the Strategic Risk Forum.	31 March 2014	Strategic Risk Forum	Completed: An IT system was considered at the SRF on 10 December. It was agreed that an additional system would not significantly enhance the risk arrangements.
5.24	As in 5.17 above, the risk registers on S:net should be	High	Risk registers received by the Risk and Governance Manager will be	Immediate effect.	R&GM	All risk registers received by the R&GM are available on the snet.

	up to date with correct details, for all staff to rely on and use in their work.		posted on snet in a timely manner. Strategic Risk Forum will consider the extent to which services rely on s-net to access risk registers to ensure this method of communication is effective and relied upon.	31 March 2014	Strategic Risk Forum	Completed: The SRF discussed risk registers on snet on 27 February and concluded that risk registers should continue to be put on the snet but services need to be reminded to send them to the R&GM when they have been updated.
5.25	There should be a formal escalation policy to ensure that non-compliance with risk management responsibilities at all levels in the Council are highlighted in a timely manner and dealt with adequately.	Medium	An exception report will be provided to the quarterly Strategic Risk Forum and any issues escalated to Corporate Board as appropriate.	From next SRF meeting (8 July).	R&GM / Strategic Risk Forum	Completed: Monthly exception reports are provided to the SRF.
5.30	The roles, responsibilities and focus of the various risk groups should be clearly defined with the outcomes and actions by the groups widely reported on a regular basis. The links between the business activities of the groups should be established on S:net to increase awareness and improve understanding.	Medium	All risk groups have a terms of reference and the CRRF has an expectation set (available on snet), which include roles and responsibilities. Agendas and minutes are produced and circulated to all risk group members. Each risk group will review its Terms of Reference on a regular basis (at least annually) to ensure they are up to date and relevant.	31 March 2014	R&GM	Completed: SRF reviewed the terms of reference on 30 April and the snet has been updated. The CRRF expectation set has

						been reviewed and will be communicated at the meeting on 14 May.
			Links on snet will be established between the various risk activities.	31 July 2013	R&GM	Completed: Links to all risk activity are on the snet.
5.42	The R&G Manager should report fully, all the work undertaken including changes to existing arrangements to obtain agreement from Members. The information should also be widely communicated on S:net so that officers who require the information can access and use it.	Medium	Continue to present risk updates to the A&GC.

Continue to provide risk updates to risk reps and update snet. | With immediate effect. | R&GM | Risk updates are provided to the A&GC.

Emails sent to risk reps with links to snet and relevant documents. |

Risk activity from April 2013   Annex B

Strategic risk:
- Strategic Risk Forum (April, May, July x 2, October, December, January, February, April)
- Risk updates to Continual Improvement Board, including the Leadership risk register – monthly
- Leadership risk register reported to Cabinet – March 2014
- Risk updates and Leadership risk register reported to each Audit and Governance Committee

Operational risk:
- Council Risk and Resilience Forum meetings (April, October, March)
- Council Risk and Resilience Forum workshops (May, September, November)
- Activities and training during Business Continuity Awareness Week
- Facilitation of internal audit risk workshops
- Risk presentation to Public Health team meeting
- Monthly catch ups between Risk and Governance Manager and Emergency Management Team
- Regular meetings with directorate and service risk and business continuity representatives
- Development of treasury management risk register
- Member induction and training on risk management, including specific Audit and Governance Committee training
- Support to Business Services directorate leadership team with risk register and conversations on risk culture
- Development of guidance and training on supplier risk management
- Risk presentation to Finance service meeting

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Audit	Background to Review	Key findings	Audit opinion	Recommendations for improvement (Priority)
Risk Management	SCC defines corporate and Service priorities. SCC's Risk Management Strategy, Policy and Framework are its official methodology for managing risk and opportunities in relation to achieving these Service priorities.	Directorate Leadership Teams (DLTs) and Service Senior Management Teams (SMTs) play a key role in discussing risk matters. The extent these discussions can be easily linked to individual risk registers varies from Service to Service. Service risk registers may not have a clear, complete and comprehensive set of risks to the delivery of Service priorities because there is not always a clear matching of Service priorities to risks and opportunities identified. This does not mean that active risk management on specific risks or challenges is not adequate, but it is an important shortcoming in the format of risk management records. Most Directorate and Service Risk registers available on SCC's SNET are usually reasonably current but others are sometimes not updated for several months. There has been an improvement in the situation during the year, largely as a result of reminders via the Strategic Risk Forum. The leadership risk register had not been presented to Cabinet for some time.	Some Improvement Needed	DLTs and SMTs should better link their meeting discussions to their risk register. Most new topics raised should either create a new Risk Register entry or be considered as informing judgement on risks already reflected on the register.(M) Each Service risk register should include clear linkages between entries that relate to the challenges and opportunities in achieving Service objectives and service priorities, as defined in their summary Service plans, or key annual discussions of Service priorities. (H) The monitoring of the frequency that risk registers are being updated should be developed, perhaps integrating performance with other corporate monitoring systems. (M) At least twice each year, the Leadership Risk Register should be presented to the Cabinet for consideration, discussion and amendment as appropriate. (M).

		SCC has yet to develop a finalised, quantified and useful risk appetite statement. Once achieved, managers will be more transparent about which risks they are tolerating and which they can realistically treat.		SCC should utilise one of the methodologies widely used in other sectors to help elucidate a meaningful statement of SCC's risk appetite. (M).

Confident in our Future, Risk Management Policy Statement and Strategy

Risk Management Policy Statement

Introduction

Risk management aims to maximise opportunities and minimise exposure to ensure the residents of Surrey remain healthy, safe and confident about the future.

How successful the council is in dealing with the risks it faces can have a major impact on the achievement of key priorities, goals and service delivery to the community. The Risk Management Policy Statement and Strategy supports and underpins the council's Corporate Strategy: Confident in our Future, and the six key areas of focus - residents, value, partnerships, quality, people and stewardship.

The focus of good risk management is the identification and treatment of risks and opportunities. It increases the probability of success and reduces the likelihood of failure and the uncertainty of achieving objectives. Risk management should be a continuous and evolving process, which runs throughout the council's strategies and service delivery.

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Learning lessons from past activities helps inform current and future decisions by reducing threats and optimising the uptake of opportunities. Celebrating and communicating successful risk management in turn encourages a more bold but calculated approach.

Risk Management principles

The council's approach to risk management is built on the following principles:

- Alignment with objectives
  Enhancing opportunities for success and eliminating or minimising the threat of failure will enable the council to determine risk appetite and tolerance levels to support the achievement of objectives.

- Clear guidance
  Effective management of risk is encouraged through an open and transparent approach that is suitably resourced and consistently applied.

- Informs decision making
  Risk information is used to objectively inform decision-making and the achievability of desired outcomes.

- Achieves measurable value
  Benchmarks and measures are used to monitor and report on how risk management contributes added value to the organisation.

- Facilitates continuous improvement
  Significant events and incidents are reviewed to ensure lessons are learnt and actions for improvement are identified and implemented.

Benefits

The following benefits are realised through the above principles:

- Improved organisational resilience through strengthening our ability to achieve objectives and enhance the value of the services we provide
- Proactive management of risk
- Improved governance enabling informed decision-making
- Stakeholder confidence and trust
- Flexibility to respond to new pressures and external challenges

Realisation

The realisation of the principles and benefits will be achieved through the operation of the council's risk approach and arrangements.

The Risk Framework contains specific information on the council's risk arrangements and the risk process and procedures.

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Compliance with these documents will ensure that the council achieves excellence in its approach to and management of risk.

Risk Management Strategy

Introduction

Risk management is an integral part of good management practice and a key part of corporate governance. This strategy outlines the arrangements put in place to ensure the council identifies and deals with the key risks it faces.

Objectives

The objectives of this strategy are to:
- Fully embed risk management into the culture of the council and ensure staff and members are equipped to work with and support the risk culture;
- Ensure consistency in the management of risk and that the risk management framework is implemented and understood by all staff who have a direct operational responsibility for managing risk;
- Communicate the council's approach to risk management to stakeholders;
- Ensure the benefits of risk management are realised through maximising opportunities and minimising threats;

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Risk Management

The council has adopted proactive risk management arrangements to enable decisions to be based on comprehensively assessed risks, ensuring the right actions are taken at the right time.

The risk management arrangements help to support and underpin the council's corporate strategy, 'Confident in our Future.' How successful the council is in dealing with the risks it faces can have a major impact on the achievement of its key strategies, priorities and service delivery to the community.

The focus of good risk management is the identification and treatment of risks. It increases the probability of success and reduces the likelihood of failure. Risk management should be a continuous and evolving process, which runs throughout the council's strategies and service delivery.

Learning lessons from past activities and events helps inform current and future decisions. Celebrating and communicating successful risk management in turn encourages a more daring but calculated approach.

Integrated Risk Management

In order to create an integrated risk management culture that is embedded into day to day activity, a collaborative approach to risk is undertaken. Service, financial and risk plans are developed using a five-year business planning cycle and are regularly reviewed using an iterative process.

There are a number of levels of risk register:
- Leadership risk register – owned by the Chief Executive
- Directorate risk registers – owned by individual Strategic Directors
- Service risk registers – owned by individual Heads of Service.

Roles and responsibilities

All employees and members involved in managing risk should be aware of their risk management responsibilities, which includes risk and opportunities across the whole organisation, as well as in specific service areas. However, the ultimate responsibility for risk management lies with the Leader of the Council and the Chief Executive.

Specific responsibilities for risk management are shown in the table below.

ROLE	RESPONSIBILITIES
The Cabinet	• Oversee effective risk management across the council. • Ensure that key risks are identified, effectively managed and monitored.
Portfolio Holders	• Ensure that risks within their portfolio are identified and effectively managed through discussions with Strategic Directors and Heads of Service. • Contribute to the Cabinet review of risk and being proactive in raising risks from the wider Surrey area and community.
Members of Select Committees	• Monitor and challenge key risk controls and actions.
Audit & Governance Committee	• Provide independent assurance to the council on the effectiveness of the risk management arrangements. • Annually approve the risk management policy statement and strategy.
Corporate Leadership Team (CLT)	• Ensure effective implementation, monitoring and review of the council's risk management arrangements. • Identify, own and manage the key risks facing the council.
Strategic Directors	• Own their directorate risk register and regularly identify, prioritise and control risks within their area of responsibility as part of wider council performance. • Ensure that risk management within their directorate is consistently implemented in line with the council's Risk Management Strategy. • Challenge heads of service on key risks relating to their services. • Proactively raise risks issues at CLT and with Portfolio Holders
Heads of Service	• Own their service risk register and regularly identify, prioritise and control risks within their area of responsibility as part of wider council performance. • Report to Strategic Directors on any perceived new risks or failures of existing control measures. • Support and have a regular dialogue with their dedicated risk champion to ensure that risk management within their area is implemented in line with the council's risk management strategy. • Challenge risk owners and actions to ensure that controls are being put in place and monitored.
Managers	• Take ownership for actions they are responsible for and report to their head of service. • Co-operate and liaise with the risk champion. • Report any perceived new risks or failure of control measures to their manager.
Staff	• Assess and manage risks effectively in their job and report risks to their manager.
Risk and Governance Manager	• Co-ordinate and facilitate the implementation of the risk management arrangements. • Moderate and challenge risk across the organisation. • Provide training and communication.

	◆ Centrally holding and publishing all council risk registers. ◆ Facilitate the review and challenge of the Leadership risk register.
Strategic Risk Forum	• Review directorate risk registers through challenge and moderation. • Make recommendations to the Corporate Leadership Team on changes to the corporate risk arrangements and strategic risks. • Identify and escalate common themes and risk management issues across the council through sharing learning and best practice. • Lead on the review of risk culture across the organisation.
Risk champions	◆ Key contact for risk within their directorate and/or service. ◆ Support management with the review of risk, including the risk register, as part of performance monitoring. ◆ Promote risk to embed and aid understanding.
Internal Audit Team	◆ Audit the Council's risk management process. ◆ Use risk information to inform the annual internal audit plan. ◆ Ensure that internal controls are robust.

Other officer groups deal with specific areas of risk management and these include the Health & Safety operations team and the Council Risk and Resilience Forum. These groups are represented on the Strategic Risk Forum so that their work can be coordinated with the overall management of the risks facing the council. `10`

Risk Management framework

Effective risk management requires an iterative process of identifying, measuring, managing and monitoring risks.

Risk Identification

Cabinet Members, the CLT, Heads of Service and managers continually undertake risk identification as part of strategic and service planning and delivery. Focus for risk identification should be at a level that is material to strategic / service objectives, targets and service sustainability.

Risk Assessment

Risk assessment ensures that risks are judged on a uniform scale, enabling risks to be objectively scored and compared across the organisation.

The outcome of service level risk assessment is the categorisation of risks according to their impact (financial, service level, reputation) and likelihood. It assesses the relative importance of the identified risks so as to allow risk owners, where necessary, to prioritise action to mitigate them.

The output from the risk assessment is a consolidated risk register. The total risk scores are assigned into bands (red, amber or green) according to the severity of the risk.

Risk Control and reporting

Actions to address significant risks need to be specified and regularly reviewed. These mitigating actions should be focused on reducing the impact or likelihood of risks.

Ref	Directorate register ref	Description of the risk	Inherent risk level (no controls)	Controls	Risk owner – Officer	Risk owner – Member	Residual risk level (after existing controls)
L14	ASC5 BUS17,21, 22,23 CAC1 CSF4,16,20, 22 EAI1,13	**Future Funding** - Erosion of the council's main sources of funding: • council tax – through legislative controls on levels of increase • central government grants – through further austerity cuts, policy changes, top slicing and diversion of grants to Local Enterprise Partnerships and failure to generate new income streams as planned e.g. trading lead to lack of financial resilience and failure to deliver statutory and essential services.	High	- Robust quarterly monitoring to Continual Improvement Board, Corporate Leadership Team and Cabinet of actual funding (eg council tax and business rate collection levels) achieved through close working with district and borough colleagues. - Continued horizon scanning of the financial implications of existing and future government policy changes. - Development of alternative / new sources of funding (e.g. bidding for grants). - Review how systems and processes can lead to greater efficiencies. Not withstanding actions above, there is a high risk of central government policy changes /austerity measures impacting on the council's long term financial resilience.	Corporate Leadership Team / Sheila Little	Cabinet / David Hodge	High
L1	ASC2,5, 29 BUS9 CAC8,19 CSF4,16,22 EAI1	**Medium Term Financial Plan (MTFP) 2014-19** - Failure to achieve the MTFP which could be as a result of: • not achieving savings • additional service demand and/or • over optimistic funding levels lead to lack of financial resilience and failure to deliver statutory and essential services.	High	- Monthly reporting to Continual Improvement Board, Corporate Leadership Team (CLT) and Cabinet on the forecast outturn position is clear on the impacts on future years and enable prompt management action (that will be discussed with informal Cabinet / CLT). - As recommended in the Chief Finance Officers statutory budget report (Sec25) to full County Council on 11 February 2014, a mechanism whereby the Chief Executive and Chief Finance Officer will check the robustness of efficiencies delivery plans and report back to Cabinet as necessary. - Clear management action reported promptly detailing alternative savings / income if original plans become non deliverable or funding levels alter in year	Corporate Leadership Team / Sheila Little	Cabinet / David Hodge	High

				- Reduced risk contingency for 2014/15, from £8m (base) to £5m, takes pressure off services to find more efficiencies. - Monthly tracking of actual demand compared to budget reported and reviewed by the Productivity and Efficiency Panel. - Monthly formal budget reports focus on funding levels comparing actuals to forecasts. Finance to sustain pro-active horizon scanning for insight into potential funding change.			
L7	BUS12 EAI2	**Waste** - Failure to deliver key waste targets (including key waste infrastructure) leads to increased cost to residents and tax payers and impacts on the environment.	**High**	- Strong resourcing and project implementation monitored by the Waste Programme Delivery Board with strategic overview provided by the Strategic Waste Board. - Further work with the Districts and Boroughs continue, to review waste plans to achieve the objectives. - Contract variation signed with SITA to deliver the Eco-park. - Notwithstanding the controls above, there is still a risk that delivery could be delayed by external challenge and levels of recycling are strongly influenced by district and borough collection arrangements which are not within SCC's direct control. Although the council continues to work in partnership to achieve the desired outcome.	Trevor Pugh	John Furey	**High**

L15	ASC5, 24 CSF4,16	**Central Government policy development**
		- Central government policy changes, including welfare reform and the Care Bill, are expected to put additional pressure on demand for all public services leading to lack of financial resilience and failure to deliver statutory and essential services.
			High	- Effective horizon scanning to ensure thorough understanding of intended policy changes
				- Implementation of a welfare reform programme including districts and boroughs covering:
				   • Advice and information
				   • Financial resilience
				   • Emergency assistance
				   • Localisation of council tax support
				   • Housing and homelessness
				   • Employment training and support
					Nick Wilson and Dave Sargeant	Cabinet / Mary Angell and Mel Few	**High**

					- Taking opportunities to influence central government e.g. via the Local Government Association. - Care Bill Implementation Board in place and project programme set up to support ongoing discussion. Through ADASS, SCC leading best practice model in relation to financial management and working closely with Department of Health in the development of regulations that underpin the Care Bill.			
L16	ASC9 BUS22,23, 24 CEO13 CSF8,20,23 EAI3	**Partnership working** Failure or breakdown of: (a) a significant partnership (where the council has entered into a formal partnership) or (b) a partner (other public bodies eg NHS) leads to service failure and delivery of savings due to increased reliance on partners to deliver services. (c) A breakdown in partnership working, or the failure of a key partner, results in our inability to co-ordinate and integrate health and social care services, reducing our collective impact on improving health outcomes, failing to develop a sustainable financial model across health and social care, and damaging the reputation of all partners.	**High**		- Health and wellbeing strategy and action plan owned by partners. a) Leadership and managers recognise the importance of building and sustaining good working relationships and having early discussions if these falter. (b) Contracts are managed effectively through strong governance and early warning mechanisms are put in place. - Intelligence on partners is shared and areas of risk identified as a consequence. (c) The council will maintain a regular ongoing dialogue with partners to ensure collective delivery of health outcomes with regular meetings. - Additional support will be provided where possible/appropriate to ensure development of sustainable financial model. - Regular discussions at Health and Wellbeing Board around priorities focusing on resources required to deliver. - Assistant Chief Executive chairing SCC-wide Strategic Health Board.	Corporate Leadership Team / Susie Kemp	Cabinet	**High**

L11	ASC12 BUS26 CEO7 CSF18	**Information Governance** - Failure to effectively act upon and embed standards and procedures by the council leads to financial penalties, reputational damage and loss of public trust. - Cabinet Office zero tolerance policy in relation to accessing data, will impede progress towards smarter working across the organisation and may limit improvements to service delivery	**High**	- Encrypted laptops - Secure environment through the Egress encrypted email system - Internal Audit Management Action Plans in place that are monitored by Audit & Governance Committee and Select Committees - Twice-yearly communications campaign linked to known peaks for breaches, and a refreshed and re-launched information security e-learning package. - SCC has received GCSx accreditation certificate (while many authorities have so far failed) - introduction of the Information Governance Board and the launch of the data classification project, both of which will start in the first quarter of 2014, will help to manage this risk. Despite the actions above, there is a continued risk of human error that is out of the council's control.	Corporate Leadership Team	Denise Le Gal	**High**
L4	BUS20,26	**IT risk** - Failure of IT systems due to: • Deliberate and unauthorised breaches of security • Unintentional or accidental breaches of security and/or • Operational IT systems integrity leads to financial loss, disruption or damage to reputation.	**High**	- Proactive and effective security controls in place - Robust IT incident response plan - Training and regular communication to staff via email and snet - IT system resilience provided through Primary and Secondary Data Centres	Julie Fisher	Denise Le Gal	**High**
L3	ASC18 CAC8,18,19, 22 CEO3 EAI4,5,7	**Business Continuity, Emergency Planning** - Failure to plan, prepare and effectively respond to a known event or major incident results in an inability to deliver key services	**High**	- The Council Risk and Resilience Forum reviews, moderates, implements and tests operational plans. - Close working between key services and the Emergency Management Team to update plans and share learning - Continued consultation with Unions and regular communication to staff.	Corporate Leadership Team	Denise le Gal / Helyn Clack	**Medium**

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				- External risks are assessed through the Local Resilience Forum.			
L2	ASC9,20 BUS2 CEO8 CSF4,20 EAI2,3,10	**Staff resilience to major change** Preparing for and managing the significant challenges faced over the next 4 years may result in change fatigue and lack of resilience for any future change.	**High**	- Communication, consultation and engagement is a priority for the Council with an emphasis placed on thoroughly addressing the concerns of staff and their representatives - Currently eight training courses available that address various aspects of change. Over 40 trained coaches who are available to support staff. New High Performance Development Programme. - Questions in the Staff Survey provide a measure of the staff satisfaction with the council and its management of change. - The smarter working framework and flexible working policy are in place to support managers and their teams to work differently. - Promotion of support mechanisms for staff. - Staff are encouraged to get involved in finding innovative solutions to redesign services.	Corporate Leadership Team	Cabinet	**Medium**
L5	ASC18 CSF6,16	**Safeguarding** - Avoidable failure in Children's and/or Adults care leads to serious harm or death	**High**	- Appropriate and timely interventions by well recruited, trained, supervised and managed professionals, with robust quality assurance and prompt action to address any identified failings.	Caroline Budden/ Dave Sargeant	Mel Few/ Mary Angell	**Medium**
L17	ASC28 BUS27	**Supply chain / contractor resilience** - Poor understanding, monitoring or management of the councils supply chain leads to service failure.	**High**	- Supply chain business continuity plans for strategic/critical contracts to meet required standards. - Consistent management of supply chain risks across all key suppliers through common reporting. - Regular supplier intelligence reporting in place to track industry and supplier news.	Corporate Leadership Team	Cabinet	**Medium**

Movement of risks

Ref	Risk	Date added	Residual risk level when added	Movement		Current residual risk level
L1	Medium Term Financial Plan	Aug 12	High	-	-	High
L2	Staff resilience to major change	May 10	High	Jan 12	⇩	Medium
L3	Business Continuity, Emergency Management	May 10	Medium	Aug 12	⇩	Medium
L4	IT risk	May 10	Medium	June 13	⇧	High
L5	Safeguarding	May 10	Medium	-	-	Medium
L6	*Resource Allocation System in adults personalisation*	*May 10*	-	*Aug 12*	*	-
L7	Waste	May 10	High	-	-	High
L8	*Integrated Childrens System*	*May 10*	-	*Feb 11*	*	-
L9	*NHS reorganisation*	*Sep 10*	*High*	*May 13*	*	-
L10	*2012 project management*	*Sep 10*	-	*Aug 12*	*	-
L11	Information governance	Dec 10	High	-	-	High
L12	*LLDD budget transfer*	*May 11*	-	*Mar 12*	*	-
L13	*2012 command, control, coordination and communication*	*Dec 11*	-	*Sep 12*	*	-
L14	Future funding	Aug 12	High	-	-	High
L15	Central Government policy development	Feb 13	High	-	-	High
L16	Partnership working	June 13	High	-	-	High
L17	Supply chain / contractor resilience	Jan 14	High	-	-	Medium

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