



AUDIT & GOVERNANCE COMMITTEE
1 December 2014

RISK MANAGEMENT HALF YEAR REPORT

SUMMARY AND PURPOSE:

This half-year risk management report has been produced to enable the committee to consider the risk management activity from April 2014 to date. It also presents the latest Leadership Risk Register.

RECOMMENDATIONS:

Members are asked to:

- a) consider the contents of this report and confirm they are satisfied with the risk management arrangements; and
- b) review the Leadership Risk Register (Annex B).

BACKGROUND:

1. 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.
2. This report summarises the risk management activity from April 2014 to date.

ACTIVITY:

3. Annex A shows the separate risk activity that has taken place over the period April – November 2014.

Risk arrangements

4. The Leadership Risk Register (Annex B) is owned by the Chief Executive and shows the council's key strategic risks. The register is reviewed by the Strategic Risk Forum (chaired by the Director of Finance) and then by the Statutory Responsibilities Network (SRN) on a monthly basis. The SRN comprises of the statutory officers for Social Care, Education, Fire, Public Health, Health & Safety (Head of Human Resources), the Chief Internal Auditor, the Directors for Legal and Democratic services, and Finance) and is chaired by Chief Executive.

5. Increased scrutiny and challenge of the Leadership Risk Register and the Directorate risk registers through the Strategic Risk Forum (SRF) is improving referencing and co-ordination of risks, especially between directorate and service levels. Common themes are regularly identified, discussed and escalated as necessary.
6. The SRF is provided with a monthly report on the status of risk registers on the snet, which highlights where directorate risk leads may need to take action. The Risk Manager keeps the risk management snet pages up to date and ensures risk registers received from risk representatives are uploaded in a timely manner.

Business Continuity

7. The Business Impact Analysis and Business Continuity Plan templates developed by the Emergency Management Team are enabling a more co-ordinated approach to analysing recovery from potentially disruptive events. Business resilience reviews are currently being undertaken with priority 1¹ services to identify any gaps and increase resilience in key service areas.
8. Following the submission of Business Impact Analysis documents, a moderation review panel has analysed in detail those activities identified by the services as being their most critical. This is to ensure there is a consistency of approach across the Council and clarity on the corporate priorities when a disruptive incident occurs. The moderated critical activity list is now included in the Corporate Incident Management Plan.
9. The work area recovery plan for County Hall has been completed and Property is leading on producing the plan for the other fully serviced SCC offices.

Insurance

10. The council's insurance is procured every five years through the Official Journal of the European Union (OJEU) process to provide insurance cover for all risks under a five year 'Long Term Agreement'. The current 'long term agreement' will finish in March 2015. The council will enter into another five year agreement through OJEU rules and process. The majority of the council's insurance policies carry a £100k excess per claim with the exception of casualty claims which have an excess of £500,000 and an insurance fund is in place to provide funds from which to pay claims falling within the excess.
11. All public and employers' liability claims falling within the excess are handled in house by the Insurance Services team (within the Financial Strategy and Reporting team, Finance Service). Claims which are valued at or above £75k are notified to the council's insurers, and handled by the in house team in conjunction with the external panel solicitors. The team, in supporting all services also represents the council at Inquest hearings and provides general advice and risk management support to services.
12. The Insurance Services team is audited regularly. This year, there has been the annual audit of its claims handling services by the council's main insurer, Travelers, which led to an 'Excellent' rating of 95%. There has also been an external, actuarial audit of the insurance fund which found the reserves to be set at the right level.

¹ Priority 1 areas are - Emergency Management Team; Communications; Coroner; Customer Services; Registration; Highways; Adult Social Care – Service Delivery, Personal Care and Support, Mental Health; Childrens and Safeguarding; IMT; Property Services; Public Health.

- 13. The Insurance Services team report regularly on claims trends to Highways (90% of claims are highways related), the Head of Risk Management for Children Schools and Learning and the Health and Safety 4,500 claims (2,000 claims more than last year) have been handled by insurance services from January to date, which exceeds the number of claims for the whole of 2012. 85% of the claims received by the Insurance Services team are declined on the basis either of the special defence available in Highway claims, or failure by the claimant to establish any negligence or breach of the council's statutory duties. With claims relating to a breach of contract with services provided by the council's contractors, the council will refer them to the contractor.

Risk groups

Strategic Risk Forum

- 14. The SRF² has met four times between April-November 2014. The meetings have been split between:
 - reviewing directorate and leadership risks and proposing changes to the Leadership risk register; and
 - developing a risk culture plan and ways to assess the current risk culture across the organisation.
- 15. The SRF meetings are well attended, involve lively and engaging discussions on risk and provide a forum for sharing best practice and ideas.

Council Risk and Resilience Forum (CRRF)

- 16. There have been two formal meetings of the CRRF³ and three interactive workshops. The objectives of the workshops are to update risk representatives on risk and resilience events and policy changes, and also help services to validate particular areas of their business continuity plans through interactive scenarios. The themes of the workshops have been property and workplace recovery, provider resilience and risk culture.
- 17. Attendance at the CRRF meetings have been well attended, but the CRRF workshops have had mixed attendance with not all Priority 1 services represented. As a result there are currently 2 CRRF workshops scheduled for 2015.

LEADERSHIP RISK REGISTER:

- 18. The Leadership Risk Register (Annex B) is owned by the Chief Executive and shows the council's key strategic risks. The register is reviewed by the Strategic Risk Forum (chaired by the Director of Finance) and then by the Statutory Responsibilities Network (SRN) on a monthly basis.
- 19. Since the last meeting there have been a number of changes. The SRN has amended the layout of the register to enhance clarity and reviewed each of the strategic risks.

² Strategic Risk Forum membership is - Chief Finance Officer (Chair), directorate risk leads, Chief Internal Auditor, Deputy Head of HR, Head of Emergency Management, Risk and Governance Manager.

³ Council Risk and Resilience Forum membership is - Deputy Head of Emergency Management (Chair), Risk and Governance Manager, risk and business continuity representative.

20. The changes to the layout are:
- Added a note to emphasise that the risk register covers a rolling 12 month period.
 - Added a column for “processes in place” to demonstrate how risks are being mitigated
 - Defined the controls column to highlight decisions needed to manage the inherent risk
 - Refined the risk owners to focus on officer responsibilities (in view of Members having overall oversight)
 - Re-ordered the register to show the most significant risks first.
21. The review of the strategic risks led by the SRN have focused on ensuring that the risk is clearly described, the right processes and controls are in place to mitigate the risk and that the level of confidence in those controls is reflected in the residual risk column.
22. All of the existing strategic risks have been reviewed comprehensively with changes to titles, descriptions, risk levels, processes and controls.
23. Two additional strategic risks covering the Comprehensive Spending Review 2015 and Reputation have been added. IT Risk (L4) has been removed.

IMPLICATIONS:

Financial

Ineffective risk management arrangements may lead to increased costs or inefficiencies due to poor controls or lack of timely action.

Equalities

There are no direct equalities implications of this report.

Risk management

Embedded risk management arrangements will lead to improved governance and effective decision-making.

REPORT AUTHOR: Verity Royle, Risk Manager

CONTACT DETAILS: 020 8541 9225 or verity.royle@surreycc.gov.uk

Sources/background papers: Risk Management annual report

Strategic risk:

- Strategic Risk Group meetings
- Risk updates to Continual Improvement Board (until x) and Statutory Responsibilities Network, including the Leadership Risk Register

Operational risk:

- Council Risk and Resilience Forum (CRRF) meetings
- Council Risk and Resilience workshops
- Health & Safety operations team meeting
- Central Joint Safety Committee meetings

Risk reporting:

- Risk updates and Leadership risk register reported to Audit and Governance Committee
- Quarterly reporting of the Leadership risk register to Cabinet

Support and integration:

- Monthly catch ups between Risk and Governance Manager and Emergency Management Team
- Regular meetings with directorate and service risk and business continuity representatives
- Facilitation of internal audit risk workshop
- Monitoring of treasury management risk register by Pension Board
- Business Continuity e-learning package suitable for all staff
- Business Impact Assessment and Business Continuity Plan templates
- Business continuity exercises
- Business continuity exercise worksheets and summary lessons identified where sufficient feedback is received
- Business resilience reviews
- CRRF workshops which include a desktop exercise to help validate arrangements,
- Business continuity validation exercises for Priority 1 services
- 1 to 1 advice to all services in completing their Business continuity documents if requested.
- Member induction and training

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