

SURREY COUNTY COUNCIL

CABINET

DATE: 29 JULY 2015

REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: LEADERSHIP RISK REGISTER



SUMMARY OF ISSUE:

The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report summarises the risk governance arrangements and presents the Leadership risk register as at 30 June 2015.

RECOMMENDATIONS:

It is recommended that the Cabinet note the content of the Surrey County Council Leadership risk register (Annex 1) and endorse the control actions put in place by the Statutory Responsibilities Network.

REASON FOR RECOMMENDATIONS:

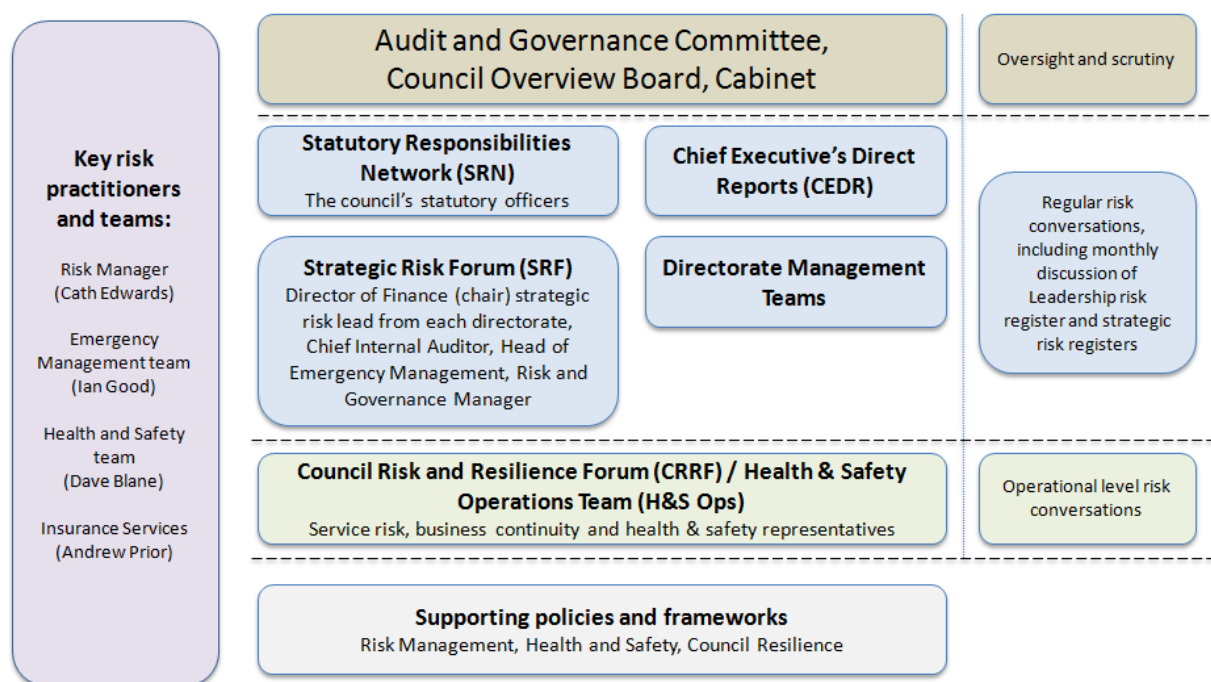
To enable the Cabinet to keep Surrey County Council's strategic risks under review and to ensure that appropriate action is being taken to mitigate risks to a tolerable level in the most effective way.

DETAILS:

Risk governance arrangements

1. The Director of Finance is the council's strategic lead for risk management and provides monthly risk updates to the Statutory Responsibilities Network (SRN) and on an ad hoc basis to the Chief Executive's Direct Reports. The risk updates include proposed changes to the Leadership risk register, emerging risks and other updates such as the risk strategy.
2. The Strategic Risk Forum (SRF), chaired by the Director of Finance, leads on developing the council's risk culture and reviews strategic risks through challenge and moderation and meets bi-monthly. Membership consists of strategic risk leads, Risk and Governance Manager, Chief Internal Auditor and Head of Emergency Management. The Cabinet Member for Environment and Planning attended the SRF meeting on 25 June 2015 to observe the discussion.
3. The SRF has recently been reviewing the council's risk levels through the use of analysis of the risk registers in graphical and visual form.

4. The council's risk governance arrangements are shown below:



5. The council has three levels of risk register:

- Leadership risk register – owned by the Chief Executive, each risk is assessed by high, medium, low for both inherent and residual risk levels using strategic risk assessment criteria.
- Strategic risk registers – each directorate has a risk register owned by the Strategic Director, each risk is assessed by high, medium, low for both inherent and residual risk levels using strategic risk assessment criteria.
- Operational risk registers – each service has a risk register, owned by the Head of Service, each risk is assessed by impact (financial, service and reputation) and likelihood to create a total risk score shown as red, amber or green.

6. Clear and transparent reporting enables informed decision-making and actions are driving improvement. The table below provides an overview of the monitoring and reporting of risk across the council:

	Service risk register	Directorate risk register	Leadership risk register
Risk co-ordinator	Service risk representative	Strategic risk lead	Risk and Governance Manager
Frequency of risk register review	Monthly where necessary but at least quarterly	Monthly	Monthly
Monitoring, assurance and accountability	Head of Service / Director 1-2-1 Service management team CRRF meetings	Director / Chief Executive 1-2-1 Directorate management team SRF meetings	SRN Leadership Team SRF meetings Director / Chief Executive 1-2-1
	Cabinet / Audit and Governance Committee / Scrutiny Boards Internal Audit Risk and Governance Manager		
Escalation of risk	Cross-directorate Cross-council High impact Significant project or programme	→ Cross-council Corporate Strategy High residual risk level	→

7. Risk owners and co-ordinators are responsible for ensuring that risks are escalated as appropriate through the risk governance arrangements outlined above. Some risks may be more appropriately managed at a service or directorate level and therefore may not require escalation to the next level of risk register.

Risk management strategy and plan

8. The risk management strategy 2015–20 (attached at Annex 1) has undergone a refresh and clearly sets out the council’s risk management approach on one page, in alignment with the Corporate Strategy.
9. The risk management strategy is supplemented by the risk management plan, which outlines the risk governance arrangements, specific roles and responsibilities and the key risk actions for 2015/16.
10. The risk management strategy and plan have been reviewed by SRF and SRN and were approved by the Audit and Governance Committee on 28 May 2015.

Internal audit of risk management

11. The recent annual internal audit of risk management has received an overall audit opinion of some improvement needed. Key findings include the clear risk strategy and framework, the high profile of the Leadership risk register and that SRF is effective and well attended.

Leadership risk register

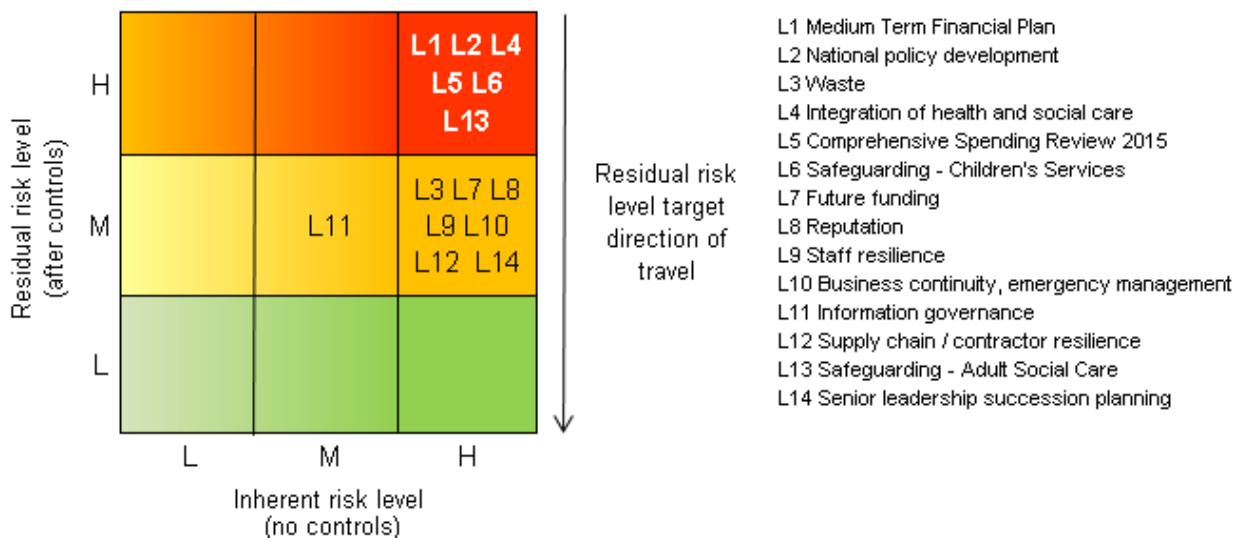
12. The Surrey County Council Leadership risk register (Annex 2) is owned by the Chief Executive and captures Surrey County Council’s key strategic risks. The risk register focuses specifically on the strategic risks facing the council

as it strives to fulfil its purpose to ensure Surrey residents remain healthy, safe and confident about their future.

13. The role of the Cabinet is to assure itself that Surrey County Council's strategic risks are captured on the risk register and that appropriate actions are being taken to effectively mitigate the risks to a tolerable level.
14. Since it was last presented to the Cabinet in April 2015, the Surrey County Council Leadership risk register has been reviewed by the Audit and Governance Committee, SRF and SRN.
15. A number of wording changes have been made to the risk register (Annex 1) since it was last presented to the Cabinet in April 2015. The changes have been made to the 'processes in place' and 'controls' for risks L1, L2, L3, L4, L8, L9, L11, L13 and L14.

Residual risk level

16. The Surrey County Council Leadership risk register includes both the inherent and residual risk levels for each risk. Inherent risk is the level of risk before any control activities are applied. The residual risk level takes into account the controls that are already in place, detailed on the risk register as both 'processes in place' and 'controls.'
17. There are 14 risks on the Surrey County Council Leadership risk register, of which 13 have a high inherent risk level, as illustrated in the table below. Despite mitigating actions, six of these risks continue to have a high residual risk level (L1,L2,L4,L5,L6,L13) and eight continue to have a medium residual risk level (L3,L7,L8,L9,L10,L11,L12,L14):showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



CONSULTATION:

18. The Surrey County Council Leadership risk register has been reviewed by a number of senior officer groups as detailed in paragraph 14. The Audit and Governance Committee reviewed the risk register on 28 May 2015.

RISK MANAGEMENT AND IMPLICATIONS:

19. Effective management of risks and financial controls supports the council to meet its objectives and enable value for money.

Financial and Value for Money Implications

20. There are no direct financial implications relating to the Surrey County Council Leadership risk register.

Section 151 Officer Commentary

21. The Section 151 Officer is well sighted of current and emerging risks through being chair of the SRF, a member of the SRN and a direct report to the Chief Executive Officer. Her attendance at key strategic meetings provides further insight and ensures an integrated risk approach.

Legal Implications – Monitoring Officer

22. There are no direct legal implications relating to the Surrey County Council Leadership risk register.

Equalities and Diversity

23. There are no direct equalities implications but any actions taken need to be consistent with the council's policies and procedures.

WHAT HAPPENS NEXT:

24. The Surrey County Council Leadership risk register will be presented to the Cabinet on a quarterly basis.

Contact Officer:

Cath Edwards, Risk and Governance Manager
Tel: 020 8541 9193

Consulted:

Strategic Risk Forum, Statutory Responsibilities Network, Chief Executive and direct reports, Audit and Governance Committee, Cabinet

Annexes:

Annex 1 – Risk management strategy and plan
Annex 2 – Leadership risk register

Sources/background papers:

None

This page is intentionally left blank