



Overview and Budget Scrutiny Committee

14th September 2017

Leadership Risk Register.

Purpose of report:

This report provides members with an overview of the council's risk management arrangements and presents the Leadership risk register as at 31st August 2017.

Introduction:

1. Sound risk management policy and practice should be firmly embedded within the culture of the council, providing a proportionate and effective mechanism for the identification, assessment and, where appropriate, management of risk. This is especially important in the current climate where there remains considerable uncertainty about the future.
2. Robust risk management helps to improve internal control and support better decision-making, through a good understanding of individual risks and an overall risk profile that exists at a particular time. To be truly effective, risk management arrangements should complement, rather than duplicate, other management activities.
3. The Overview & Budget Select Committee recommended at its July 2017 meeting that individual select committees should review and monitor, as appropriate, the directorate risk registers that fall under their remits.

Risk Governance arrangements:

4. 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 (CEDR). These risk updates include proposed changes to the Leadership risk register, emerging risks and other updates such as the risk management strategy.
5. The Strategic Risk Forum (SRF), chaired by the Director of Finance, meets bi-monthly and leads on developing the council's risk culture and reviews strategic risks through challenge and moderation. Membership consists of directorate strategic risk leads, the Risk Manager and representatives from Internal Audit and the Emergency Management team.
6. The council has three levels of risk register:

- Leadership risk register – owned by the Chief Executive, each risk is assessed as ‘high’, ‘medium’ or, ‘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 as ‘high’, ‘medium’ or, ‘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.

7. All risk registers are available to view on the council’s intranet.
8. Clear and transparent risk reporting enables informed and effective decision-making. 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 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 Committees Internal Audit Risk Manager		
Escalation of risk	Cross-directorate Cross-council High impact Significant project or programme	→ Cross-council Corporate Strategy High residual risk level	→

9. 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 necessarily require escalation to the next level of risk register.
10. As part of the Orbis Shared service agreement, the risk management function at Surrey County Council is currently mainly being provided by the Risk manager from East Sussex County Council, while the SCC Risk manager is on temporary secondment.

Risk Management Strategy and Plan:

11. The risk management strategy clearly sets out the council’s risk management approach. 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 the year.

12. The Audit and Governance Committee receive 6-monthly update reports on the council's risk management arrangements and approve the risk management strategy and plan annually. The 2017-20 risk management strategy and the risk management plan for 2017-18 is attached at Annex 1.

Leadership risk register:

13. The Leadership risk register (Annex 2) is owned by the Chief Executive and captures the 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.
14. The risk register currently (August 2017) has seven risks, split into two sections:
 - Strategic risks (L1 to L3) – risks that have the potential to significantly disrupt the organisation; and
 - Cross-cutting risks (L4 to L7) – high level risks that can be mitigated more effectively through cross-working.
15. The leadership risk register is presented to the Audit and Governance Committee at each meeting and to the Cabinet on a quarterly basis.
16. The directorate risk registers continue to be regularly reviewed and updated and are discussed at each SRF. Emerging strategic risks and, if appropriate, escalation of residually high level directorate risks, are taken to SRN for discussion and possible inclusion on the Leadership risk register.
17. The 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.'

Recommendations:

18. The committee are asked to note the risk governance arrangements in place, to scrutinise the risks and mitigation actions detailed on the Leadership risk register and comment as appropriate.

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