



Audit & Governance Committee
4 December 2017

Half year risk management report

Purpose of the report:

This half year 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 the Audit and Governance Committee:

1. Considers the contents of the report and confirms it is satisfied with the risk management arrangements.
2. Reviews the Leadership Risk Register (Annex B) and determines whether there are any matters that it wishes to draw to the attention of the Chief Executive, Cabinet, Cabinet Member or appropriate Select Committee.

Introduction

3. 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. This report summarises the risk management activity from April 2017 to date and provides an update on key changes to the Leadership risk register.

Key activity summary

Strategic risk arrangements

4. The Statutory Responsibilities Network (SRN) is provided with monthly risk updates by the Director of Finance (strategic lead for risk management). The risk updates are focused on the Leadership Risk Register and emerging risks, but can also include the risk management strategy and updates on the risk management plan.
5. The Strategic Risk Forum (SRF), chaired by the Director of Finance, has met four times since April 2017. The SRF challenges and scrutinises strategic risk through reviewing strategic level risk registers, discussing common risk areas, reviewing

directorate and service level risk registers and proposing Leadership Risk Register changes and emerging risks to SRN.

6. The Leadership Risk Register is presented to Cabinet on a quarterly basis to provide oversight of the Council's strategic risks and controls. Cabinet most recently reviewed the Leadership Risk Register on 31st October 2017.
7. The Insurance & Risk Manager from East Sussex County Council has been providing risk management support while the Risk & Governance Manager has been seconded to support the Orbis Finance Integration project.
8. In order to strengthen and further embed a sound risk management culture, the Risk Manager has supported risk workshops for management teams in the Children's, Schools and Families Department (August 2017), Adult Social Care directorate, Environment and Infrastructure directorate (November 2017) and Surrey Fire and Rescue (September 2017). Further advice and guidance has also been provided to Children's, Schools and Families directorate to facilitate a fundamental review of strategic and operational risk registers and a further risk workshop is scheduled for January 2018. It is also anticipated that a risk workshop will be provided for risk owning managers in Legal, Democratic and Cultural Services in early 2018.

Internal audit review

9. Internal audit provide an annual independent assessment of the risk management arrangements. The 2016 / 2017 audit received an overall opinion of 'some improvement needed'.
10. The management action plan has been completed and is attached at Annex A. Appropriate actions have been taken to address the issues raised, including ensuring all new Departmental risk representatives have an introductory 'one to one' meeting with the Risk Manager, and to ensure that risks associated with projects and programmes are included in the risk governance arrangements, facilitating any appropriate escalation.

Leadership risk register

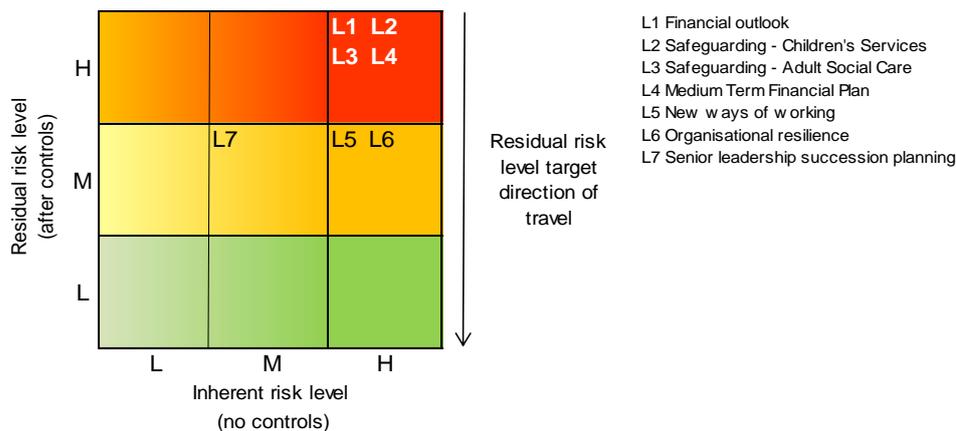
11. The Leadership Risk Register as at 31 October 2017 (Annex B) is owned by the Acting Chief Executive and shows the council's key strategic risks. The risk register is regularly been reviewed by the SRF, SRN and Cabinet.

Changes to the risk register

12. Since it was last presented to the Audit & Governance Committee on 25th September 2017, the following updates have been made.
 - **Risk L2 (Safeguarding – Children's Services)** : Processes and controls have been reviewed and updated.
 - **Risk L3 (Safeguarding – Adult Social Care)** : Processes and controls updated in relation to working with partners to update safeguarding policies, procedures and guidance.

- **Risk L6 (Organisational Resilience)** : Reviewed and enhanced references to cyber resilience and minor rewording relating to Leadership Development programme.
- **Risk L7 (Senior Leadership succession planning)** : Updated control measure relating to Chief Executive appointment process.

13. 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 or are being put in place, detailed on the risk register as both 'processes in place' and 'controls.'
14. There are currently seven risks on the Leadership risk register, six of which have a high inherent risk level, as illustrated in the table below. Despite mitigating actions, four risks continue to have a high residual risk level (L1,L2,L3,L4), three have a medium residual risk level (L5,L6,L7), showing the significant level of risk that the Council is facing despite the processes and controls being put in place to manage the risks.



Implications:

Financial and Value for Money Implications

15. Integrated risk management arrangements, including effective controls and timely action, supports the achievement of the Council's objectives and enables value for money.

Equalities and Diversity Implications

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

Risk Management Implications

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

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Sources/background papers:

- Risk management reports, SRF agendas and minutes.