

Appendix 1 – Corporate Risk Management Report – January 2019

Background

1. Risk management is a key element of East Cambridgeshire District Council's Code of Governance. The Council has experience in Risk Management and has prepared Risk Registers which have been reviewed and approved by the senior management, the former Corporate Governance & Finance Committee, and full Council.
2. The Resources and Finance Committee oversee the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Strategy.
3. The format of the Corporate Risk Register and revised approach to Risk Management was approved by the Resources and Finance Committee on 20th July 2017. At this meeting the committee also recommended to Council that the proposed amendments to the Corporate Risk Register and Risk Management Policy were adopted. Full Council approved the amendments on 5th October 2017 and six monthly updates on the Corporate Risk Register have since been presented to the Resources and Finance Committee.

Corporate Risk Management updates

4. The Code of Governance is published on the Council's website. A key element of the Code, which is based on a prescribed best practice format, is to establish and maintain a systematic strategy, framework and process for managing risk.
5. The Council has a Risk Management Framework which sets out the procedures for risk management, and a Risk Management Policy which sets out the strategic direction for risk management at the Council.
6. In addition the Council has a Risk Management Group, with a mix of professional expertise from across the Council. The group works together to:
 - Provide support for the delivery of the Risk Management Policy across the Council.
 - Promote and advise upon risk management practices and procedures
 - Identify topical and emerging risks, based on their areas of expertise, and consider appropriate controls and actions.
7. This collaborative approach provides more assurance that all risks are being identified, and resources are being spent managing the important risks.
8. Furthermore, training delivered to Service Leads during 2017/18 and engagement with the service delivery planning process has enabled service managers to highlight and escalate risks for consideration by the group.
9. The group has been developing good risk management practice across the Council. Recent developments include:

- a) an intranet page on risk management, to promote good practice and signpost to key documents
- b) incorporating risk management into the service planning framework, to help identify operational risks which may need to be included in the Corporate Risk Register.

Corporate risk register updates

10. The Corporate Risk Register has been updated, and is attached at **appendix 2**.
11. The register includes scores for **inherent** risks (before any mitigating controls are considered) and **residual** risk (after taking account of key controls, which are listed). Any planned actions to further mitigate risks are also shown.
12. Risks are grouped into categories, to help monitor them. The use of the “right” category is not critical, it is simply an aid to assist the identification of a risk. The critical factor is that all key risks are identified and then managed effectively.
13. The Policy establishes the Council’s appetite to risk. As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.
14. The risk appetite communicates the level of risk the Council is willing to take. In exceptional circumstances it may not be possible, or proportionate, to implement controls that reduce the residual risk score within this appetite. In this instance the risk would be managed, and the aim would be to reduce this below the risk appetite at the earliest opportunity.
15. The maximum risk appetite score is set at 15, as a multiple of residual likelihood and residual impact. The Risk Management Policy states that “In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Resources and Finance Committee and Council”.
16. The risk appetite is illustrated in the scoring matrix, which is also used to highlight the significance of the residual risks in a “heat map”, which accompanies the Corporate Risk Register.
17. The Corporate Risk Register will be reported to the Committee at least twice per year. Changes to the risk register, and relevant updates, are reported to the Committee for awareness. Current developments are detailed below:

Risk	Description
A4 Homelessness	This has been recognised and recorded as a separate risk from A3 (Housing Strategy), as agreed at the July 2018 Finance and Resources Committee.

Risk	Description
B3 Failure to plan for and accommodate the impact of Brexit.	This has been recognised as a risk on the Corporate Risk Register and will remain under review as to any additional actions required to manage the associated risks.
C1 Emergency Planning and Business Continuity	The Council has now completed the review of the Business Continuity Plan and has rolled out officer training sessions to embed awareness of roles and responsibilities.
D1 Workforce Development	It has been acknowledged that following some targeted investment in training and development, this now moves to business as usual. The risk has been removed from the Risk Register but has been reflected in risk D8 in relation to ongoing staff retention and investment.
D8 Difficulties with staff recruitment and retention – leading to lack of resources	This entry has been extended to include risk around staff absence and reviewing mitigating controls in relation to absence management.

Corporate residual risk heat map

18. An updated risk heat map is included at **appendix 3** which shows the residual risk level for each of the risks. This gives a quick view of where each risk sits in relation to the Council's risk appetite, i.e. there should be no risks with a residual score greater than 15, unless it is exceptional circumstances.

Conclusion

19. Risk Management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting Framework.
20. The Risk Management Group has been established to embed good practice in the Council.
21. The Council has a Corporate Risk Register and each risk shows the owner and the key controls, both in place or planned, designed to minimise any impact on the Council and its provision of services to stakeholders.

22. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.