

Appendix 1 – Corporate Risk Management Report

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 current 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 the 5th October 2017.

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. 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

9. The Corporate Risk Register has been updated, and is attached at **appendix 2**.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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”.
15. 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.
16. 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
C1 Emergency Planning and Business Continuity	<p>The Council has made good progress with updating the Business Continuity Plan to ensure that it is effective.</p> <p>The Council is now completing a planned review of the supporting Business Continuity Impact Assessments which are on target for completion in January 2018.</p>
C4 General Data Protection Regulations	<p>The General Data Protection Regulations come into force in May 2018, replacing the Data Protection Act. Changes to the legislation need to be reflected in the Councils information governance framework. The Council has commissioned external support to help the Council prepare for the change.</p>

Risk	Description
C5 Payroll and HR system implementation	<p>The Council has invested in a new Payroll and HR management system to improve efficiency and resilience. As this is a significant system it has been recorded as a separate risk on the register while the project is delivered.</p> <p>The Council is working with Midland Itrent, a market leader for payroll services, to deliver the project by April 2018. This has also been recorded as an action to track progress.</p>
D2 Strategic development	<p>The Council has delivered a new Local Plan which was delivered to the Council in October. It is now progressing through a consultation stage with the public. After that process is completed, it will be reviewed by the Planning Inspectorate to ensure it is sound.</p> <p>The Council has a partnership agreement with Peterborough City Council to help manage the process.</p>
D7 Waste collection and cleansing services	<p>Waste and cleansing services and being transferred to a new trading company to achieve savings and service improvement. This is a complex and significant project for the Council and has been recognised in the risk register.</p> <p>There is robust project governance to manage this project, with regular reporting to Shareholder Committee and full Council.</p> <p>The Council prepared a report to Council for the authorisation to set up a second trading company in January, and there is ongoing project management for go live in April 2018.</p>

Corporate residual risk heat map

17. 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

18. Risk Management processes follow good practice, and are proportionate. These are documented in a Risk Management Policy, with a supporting Framework.
19. The Risk management Group has been established to embed good practice in the Council.
20. 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.
21. The Risk Management Policy requires managers to keep all risks under review, and the Corporate Risk Register has been updated accordingly.