

Regulation, Audit and Accounts Committee: Risk Management

Background

- 1 The Regulation, Audit and Accounts Committee has responsibility 'to monitor the effective development and operation of risk management in the County Council'. That role, together with a description of the Council's approach to risk management, is set out in the current Risk Management Procedures in Part 4, Section 4 of the Constitution. It covers the allocation of responsibilities, lists the categories of risks which will be used and describes how decisions of the Council will be dealt with in terms of risk management.

Proposals for a new Risk Management Strategy

- 2 In preparation for the refresh of the Corporate Plan, and as part of the overall financial planning of the County Council, a review of the effectiveness of risk management within the Council was undertaken by the Executive Leadership Team. It concluded that the current arrangements are not adequate for the needs of the organisation and that the systems supporting it are unduly complex and likely to make risk management more difficult and less effective. This led to the development of a proposal for a simplified model of risk identification and evaluation.
- 3 The Corporate Leadership Team (Directors and Executive Directors) undertook an exercise in identifying and then evaluating risks to the organisation and its service aims, both within Directorates and corporately. This resulted in the preparation of a new model of risk management covering a new set of risks judged to be both more relevant and real, using a revised set of categories (**set out at Appendix 1**) that better reflect the current and anticipated risks to the organisation. Whilst current arrangements are adequate, the systems and lines of accountability underpinning them are not sufficiently robust.
- 4 This in turn led to the need to develop a new corporate risk management strategy which describes the new approach and how responsibilities for managing risk and accountability for the effectiveness of risk management are allocated. The product of that exercise is a new Risk Management Strategy which was endorsed by the Regulation, Audit and Accounts Committee at its meeting on 13 March 2017.
- 5 It was also recognised that the current account of responsibility for risk management in Part 4, Section 4 of the Constitution is not adequate and may cause confusion. Section 3 of the new strategy sets out those responsibilities more clearly and more fully. In particular, it confirms the role of the Regulation, Audit and Accounts Committee in monitoring the effectiveness of the systems of risk management, the shared responsibility of Cabinet Members and senior officers for tracking and managing service risks and the accountability of the Chief Executive to the Council for the overall effectiveness of risk management within the Council. It is therefore proposed that the Director of Law and Assurance be authorised to amend the Risk Management Procedures in the Constitution to reflect the clarified roles

and responsibilities set out in the Risk Management Strategy, as set out at **Appendix 2**.

Recommended

- (1) That the approach to the allocation of responsibilities for corporate risk management set out in Section 3 of the Risk Management Strategy, as set out at Appendix 2, be approved; and
- (2) That the Director of Law and Assurance be authorised to amend the Risk Management Procedures in the Constitution to reflect the revised Risk Management Strategy and, in particular, the risk categories and the roles and responsibilities set out at Appendices 1 and 2.

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Background Papers

None

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(see paragraph 3, page 526)

Risk Categories

Categories	Description
Political	What do we know about the political situation facing the Council that gives rise to uncertainty and risk?
Governance	What do we know about the corporate governance and decision-making arrangements of the Council that give rise to uncertainty and risk?
Managerial/ Professional/ Personal	What do we know about the managerial and professional needs and situation of the Council and any risks to individuals acting for the Council that give rise to uncertainty and risk?
Legislative/ Regulatory	What do we know about the legislative and regulatory arrangements of the Council that give rise to uncertainty and risk?
Competitive	What do we know about the market situation and the Council's competitors that give rise to uncertainty and risk?
Reputation	What do we know about the Council's reputation with government, partners, the media and the public that give rise to uncertainty and risk?
Economic	What do we know about the economic situation facing the Council that gives rise to uncertainty and risk?
Social	What do we know about the social situation facing the Council that gives rise to uncertainty and risk?
Environmental	What do we know about the environmental situation facing the Council that gives rise to uncertainty and risk?
Customer/ Citizen	What do we know about the customer/citizen needs facing the Council that give rise to uncertainty and risk?
Partnership/ Contractual/ Supplier	What do we know about the Council's partnerships, contracts and supplies that give rise to uncertainty and risk?

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Categories	Description
Technological	What do we know about the technological situation and environment facing the Council that give rise to uncertainty and risk?
Financial	What do we know about the financial situation and systems facing the Council that give rise to uncertainty and risk?
Legal	What do we know about the legal situation facing the Council that gives rise to uncertainty and risk?
Physical	What do we know about the physical and people assets of the Council that give rise to uncertainty and risk?

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(see paragraph 5, page 527)

Roles and Responsibilities for Corporate Risk Management

Role	Responsibility
Cabinet – Leader and individual Cabinet Members	<ul style="list-style-type: none"> • Oversee the effective operation of risk management • Ensure consideration of risk in setting the organisation’s direction of travel • Be aware of and consider risk relating to their area of responsibility.
Chief Executive	<ul style="list-style-type: none"> • Approve the Risk Management Strategy • Accountable to the County Council for the effectiveness of corporate risk management
Regulation, Audit and Accounts Committee (RAAC)	<ul style="list-style-type: none"> • Review the effectiveness of risk management arrangements on behalf of the County Council • Provide comment and challenge on risk management activity
Members and Scrutiny	<ul style="list-style-type: none"> • Be aware of arrangements for and scrutinise the management of risk relating to their area of scrutiny responsibility
Director of Finance, Performance and Procurement	<ul style="list-style-type: none"> • Overall management of all arrangements for an effective risk management function
Director of Law and Assurance	<ul style="list-style-type: none"> • Ensure the proper governance of risk management
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> • Manage the Corporate Risk Register • Ensure all Directorate risks and action plans are up to date • Ensure compliance with the risk management strategy • Determine the Council’s risk appetite
Corporate Leadership Team (CLT)	<ul style="list-style-type: none"> • Ensure the corporate risk register is a live and up-to-date record of the current risk exposure • Promote the benefits of effective risk management • Establish a control environment and culture where risk can be effectively assessed and managed • Regularly discuss and review the corporate risk register and associated risk reports • Determine actions to manage corporate and directorate risk • Ensure adherence with the risk management strategy • Take ownership of risks within their directorate and ensure risk registers are regularly discussed, reviewed, updated and escalated as appropriate • Appoint a risk champion to drive the implementation of the risk management strategy within their directorate
Managers	<ul style="list-style-type: none"> • Manage risks effectively in their service area, in accordance with the risk management framework • Where necessary escalate risks

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Role	Responsibility
Managers (cont)	<ul style="list-style-type: none"> • Ensure their staff have appropriate understanding and training on risk management • Promote the benefits of risk management across their service and communicate the corporate approach to managing risk
Employees	<ul style="list-style-type: none"> • Manage risk as part of their job and report risks to their managers • Develop understanding of risk management across the council • Maintain awareness of risks, their impact, costs and feed these through the adopted risk management process
Risk Manager	<ul style="list-style-type: none"> • Manage the administration of risk management and review the strategy and process in accordance with best practice • Provide advice and support to the Executive and Corporate Leadership Teams and Service Managers on the identification, analysis and prioritisation of risks • Report on the identification and progress of strategic risks to the Regulation, Audit and Accounts Committee • Co-ordinate and lead the Corporate Risk Management Group in liaison with the Resilience and Emergency Team, the Health and Safety Representative and IT Security Officer
Internal Audit	<ul style="list-style-type: none"> • Provide advice and guidance on the management of risk relating to the design and operation of systems of internal control
Corporate Risk Management Group	<ul style="list-style-type: none"> • Develop guidance, tools and training to support the business to manage risk effectively • Provide support and training on the risk register recording processes • Provide support and challenge to the business on risk management