



CABINET

11 JUNE 2013

DIRECTOR OF FINANCE: MATT BOWMER

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE, PERFORMANCE AND
LGSS: COUNCILLOR BILL PARKER**

Subject:	Quarterly Risk Management Report
Recommendations:	<ol style="list-style-type: none">1. Cabinet endorses the updates to the Corporate Risk Register2. Cabinet notes the annual review of the Risk Management Policy

1. Purpose of Report

- To provide Cabinet with details of any corporate risks faced by the Council which are either red rated at a residual level or which show a major change from the position reported to Cabinet on 12th March.
- To inform Cabinet of the annual review of the Risk Management Policy

2. Relevant Priority Outcomes

The management of risk is relevant to all Perspectives and Outcomes.

3. Background

3.1 Risk management is a fundamental aspect of the Council's business practices. Cabinet has an executive role in the management of risk across the Council in its role of ensuring the delivery of customer outcomes. The Audit Committee provides independent assurance of the adequacy of the Council's risk management framework and the associated control environment.

3.2 The Council's Risk Management Policy requires that any risk with a residual risk score of more than 15 is required to have clear plans in place to reduce the risk level to 15 or below. Corporate and directorate risks with a residual risk score of more than 15 are formally monitored on a quarterly basis by Corporate Management Team. The Corporate Risk Register was last reviewed by Corporate Management Team on 20th May.

4. Consultation and Scrutiny

The contents of this report have been discussed with representatives of all services.

5. The Corporate Risk Register

5.1 The profile of Corporate Risk against the Council's risk scoring matrix is pictorially presented at Appendix A. This illustrates that the Council currently recognises 17 corporate risks. 14 of these risks are managed in accordance with the Council's Risk Management Policy requirements. Actions have been designed to mitigate the 3 risks

which are currently red rated such that when the actions have been completed the risk score should be within the Council's risk appetite.

5.2 Commentary on the 3 red rated risks is provided in the following table:

Risk No	Risk Commentary
A6	<p>'Insufficient number and range of school places'</p> <p>This risk reflects the pressures on providing sufficient school places as at September 2013</p>
A7	<p>'Failure to ensure and maintain safe and secure environments for children'</p> <p>This risk reflects the significant weaknesses identified by Ofsted in Children's Safeguarding Services and Adoption Services</p>
C5	<p>'Failure to comply with the Data Protection Act'</p> <p>A number of significant actions have been implemented to mitigate this risk, however further actions are ongoing to introduce SharePoint as the Council's data repository system and to introduce software to ensure staff have regard to DP Act requirements at which point the risk should move to an amber or green rating</p>

5.3 An extract from the Corporate Risk Register in respect of the 3 red rated risks is attached at Appendix B.

5.4 A full refresh of the Risk Register is to be undertaken at a CMT/Cabinet risk workshop in June/July. This will give a clear and agreed understanding at both member and officer level of the main risks faced by the Council.

5.5 Zurich Municipal Presentation

In autumn 2012, The Head of Internal Audit and Risk Management attended a talk given by Zurich Municipal (ZM) on 'The emerging dynamics of major incidents in public services and civil society'. This data was based upon a mixture of research (MORI and CIPFA) and interviews

The ZM research identified a number of 'drivers of increased risk', the 10 biggest risks faced by Public Sector and 5 'key areas of vulnerability'. Each area of vulnerability was supported by a series of questions. The ZM presentation concluded by highlighting that its research indicated that Local Government faces 3 key risks:

- Supplier failure
- Data loss
- Major financial crisis

A review has been taken within the Council to benchmark itself against the issues identified in the ZM presentation. This illustrated that the Council recognises the risk

environment suggested by the ZM research and that it is being mitigated to an appropriate degree. In terms of the 3 key risk areas for Local Government:

- Supplier failure – it has been recognised for a number of years that in the current economic climate the resilience of suppliers has been under considerable pressure. The Council's business continuity planning process requires the identification of supplies which are critical to the maintenance of key services and the identification of contingency measures. The Council is currently reviewing these supplies to gain assurance that appropriate business continuity plans are in place either at the supplier and/or the Council. LGSS Procurement has also issued guidance on identifying at the earliest point when a supplier is exhibiting signs of economic stress in order that the Council can be prepared for disruption or discontinuation of the supply.
- Data loss – it has been established that the Council has sound mitigation for preventing the loss of critical data or from its rapid recovery if loss should occur
- Major financial crisis – over the last few years, the Council has illustrated it has the control framework and the ability at both officer and member level to manage service delivery within the context of continually reducing Government support.

6. Risk Management Policy

6.1 The Risk Management Statement of Required Practice requires that Cabinet reviews the Risk Management Policy on an annual basis. The Policy was significantly updated in 2012 as an outcome of the alignment of risk management practice with Cambridgeshire County Council. Review of the Policy identifies that the Policy is still appropriate to the Council's needs and therefore requires no material update. The Policy is attached at Appendix C.

7. Alternative Options Considered

7.1 Cabinet is not briefed on the Council's risk management position and therefore not informed for future decision making. This option has been rejected.

8. Financial Implications

8.1 Whilst the Council's risk management process will assist the Council in the effective management of its financial resources, there are no direct financial implications of this report.

9. Risk and Business Continuity Management

If the Council does not manage its risks in a formal, objective manner, there is a significant likelihood that a major risk will materialise resulting in the possibility of:

- Legal action against the Council;
- Severe financial issues;
- The Council being subject to intervention;
- Death or serious injury to an individual for whom the Council has a responsibility.

If any of these impacts did occur, it is likely that the Council's reputation would be damaged.

Risk	Mitigation	Residual Risk
The Council does not manage its risks in a formal, objective manner	Compliance with the Council's Risk Management approach	AMBER

10. List of Appendices

- Appendix A - Corporate Residual Risk Map
- Appendix B - Corporate Risk Register Extract
- Appendix C - Risk Management Policy

Author:	Name: John Davies Team: Internal Audit and Risk Management:
Contact details:	Tel: 01604 367049 Email: jfdavies@northamptonshire.gov.uk:
Background Papers:	Corporate risk register
Does the report propose a key decision is taken?	NO
If yes, is the decision in the Forward Plan?	N/A
Will further decisions be required? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)?	N/A
Have any capital spend implications been cleared by the Capital Asset Investment Group (CAIG)	N/A
Has the report been cleared by the relevant Corporate Director or ACE?	YES Name of Director: Matt Bowmer, Director of Finance
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Bill Parker
Has the relevant scrutiny committee been consulted?	N/A
Has the report been cleared by Legal Services?	Yes Name of Officer: Laurie Gould, Monitoring Officer
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Simon Deacon, Communications Manager
Has an Equalities Impact Assessment been carried out in relation to this report?	Not directly applicable
Are there any community safety implications?	Not directly applicable
Are there any environmental implications:	Not directly applicable
Are there any Health & Safety Implications:	Not directly applicable

Are there any Human Resources Implications:	Not directly applicable
Are there any human rights implications:	Not directly applicable
Constituency Interest:	N/A

