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**To: Policy & Resources Cabinet Committee – 10<sup>th</sup> July 2014**

**Subject: Risk Management – strategic risk register**

**Classification: Unrestricted**

**Past Pathway of Paper: None**

**Future Pathway of Paper: None**

**Electoral Division: All**

**Summary:** This paper presents the strategic risks of relevance to the Policy & Resources Committee, in addition to the risks featuring on the Corporate Risk Register for which a Strategic and Corporate Services Director is the designated 'risk owner'. The paper also explains the management process for review of key risks.

**Recommendation(s):**

The Policy & Resources Cabinet Committee is asked to consider and comment on the strategic and corporate risks outlined in appendices 1 and 2.

**1. Introduction**

1.1 Directorate business plans (known as Strategic Priorities Statements) were reported to Cabinet Committees in March / April as part of the new business planning process introduced for 2014/15. The Strategic Priorities Statement included a high-level section relating to key directorate risks. These risks are set out in more detail in this paper.

1.2 Risk management is a key element of the Council's Internal Control Framework and the requirement to maintain risk registers ensures that

potential risks that may prevent the Authority from achieving its objectives are identified and controlled. The process of developing the registers is therefore important in underpinning business planning, performance management and service procedures. Risks outlined in risk registers are taken into account in the development of the Internal Audit programme for the year.

- 1.3 Directorate risk registers are reported to Cabinet Committees annually, and contain strategic or cross-cutting risks that potentially affect several functions across the Strategic & Corporate Services directorate, and often have wider potential interdependencies with other services across the Council and external parties.
- 1.4 Strategic and Corporate Services Directors also lead or coordinate mitigating actions in conjunction with other Directors across the organisation to manage risks featuring on the Corporate Risk Register. The Directors in the Strategic & Corporate Services directorate are designated 'Risk Owners' for several corporate risks, which are presented to the Committee for comment in appendix 1.
- 1.5 For information and awareness, the corporate risk profile as at June 2014 is outlined below:

	Low = 1-6	Medium = 8-15	High =16-25		
Risk No. 1*	Risk Title			Current Risk Rating	Target Risk Rating
CRR 1	Data and Information Management			9	9
CRR 2	Safeguarding			15	10
CRR 3	Access to resources to aid economic growth and enabling infrastructure			12	8
CRR 4	Civil Contingencies and Resilience			12	8
CRR 7	Governance & Internal Control			12	8
CRR 9	Health & Social Care integration (Better Care Fund)			12	8
CRR 10(a)	Management of Adult Social Care Demand			20	12
CRR 10(b)	Management of Demand – Specialist Children's Services			20	12
CRR 12	Welfare Reform changes			12	9
CRR 13	Delivery of 2014/15 savings			12	4
CRR 14	Procurement			9	6
CRR 17	Future operating environment for local government			20	10
CRR 18	PSN – Non-compliance with Code of Connection			8	4
CRR 19	Implementation of the Care Act 2014			15	6

<sup>1</sup> \*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore there will be some 'gaps' between risk IDs.

- 1.5 A standard reporting format is used to facilitate the gathering of consistent risk information and a 5x5 matrix is used to rank the scale of risk in terms of likelihood of occurrence and impact. Firstly the current level of risk is assessed, taking into account any controls already in place to mitigate the risk. If the current level of risk is deemed unacceptable, a 'target' risk level is set and further mitigating actions introduced with the aim of reducing the risk to a tolerable and realistic level.
- 1.6 The numeric score in itself is less significant than its importance in enabling categorisation of risks and prioritisation of any management action. Further information on KCC risk management methodologies can be found in the risk management guide on the KNet intranet site.

## **2. Financial Implications**

- 2.1 Many of the strategic risks outlined have financial consequences, which highlight the importance of effective identification, assessment, evaluation and management of risk to ensure optimum value for money.

## **3. Strategic Priorities and Policy Framework**

- 3.1 Risks highlighted in the risk registers relate to strategic priorities of the *Facing the Challenge* KCC transformation agenda, as well as the delivery of statutory responsibilities.
- 3.2 The presentation of risk registers to Cabinet Committees is a requirement of the County Council's Risk Management Policy.

## **4. Risks relating to the Strategic & Corporate Services directorate**

- 4.1 There are currently 5 strategic risks featured on the Strategic & Corporate Services risk register (appendix 2). One, relating to the Contact Centre telephony infrastructure, is rated as 'high' risk with the remaining 4 rated as 'medium' risk. Mitigation is in place to manage them. Members will be familiar with a number of these risks as part of regular items presented to the Committee.
- 4.2 It is likely that the risk profile will continue to evolve during the coming months as KCC's transformation agenda progresses.
- 4.3 Inclusion of risks on this register does not necessarily mean there is a problem. On the contrary, it can give reassurance that they have been properly identified and are being managed proactively.
- 4.4 Monitoring & Review – risk registers should be regarded as 'living' documents to reflect the dynamic nature of risk management. Directorate Management Teams formally review their risks, including progress against mitigating actions, on a quarterly basis as a minimum, although individual risks can be identified and added to the register at any time. Key questions to be asked when reviewing risks are:
  - Are the key risks still relevant?

- Has anything occurred which could impact upon them?
- Have the risk appetite or tolerance levels changed?
- Are any related performance / early warning indicators appropriate?
- Are the controls in place effective?
- Has the current risk level changed and if so is it decreasing or increasing?
- Has the “target” level of risk been achieved?
- If risk profiles are increasing what further actions might be needed?
- If risk profiles are decreasing can controls be relaxed?
- Are there risks that need to be discussed with or communicated to other functions across the Council or with other stakeholders?

## 5. Recommendation

### **Recommendation:**

The Policy & Resources Cabinet Committee is asked to consider and comment on the strategic and corporate risks outlined in appendices 1 and 2.

## 6. Background Documents

6.1 KCC Risk Management Policy on KNet intranet site.

## 7. Contact details

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