

**Report to:** Corporate Governance Committee

**Date of Meeting:** 3 July 2013

**Lead Member/Officer:** Lead Member for Modernising and Performance /  
Head of Business Planning and Performance

**Report Author:** Tony ward, Corporate Improvement Team Manager

**Title:** Strategic Risk Management Framework

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**1. What is the report about?**

1.1 This report is about the Strategic Risk Management Framework used in Denbighshire County Council. The framework governs how we manage risk at the corporate and service level.

**2. What is the reason for making this report?**

2.1 It is the role of the Corporate Governance Committee to ensure that the Council has an effective system in place to manage risk effectively. When the Risk Management Framework was revised following the review of strategic risk management in 2011-12, it was agreed that a report would be brought to this committee each year to provide assurance that the framework is robust and working effectively. This report is timely as it coincides with the publication of an Internal Audit report on the risk management process, which is also included in the papers for this meeting.

**3. What are the Recommendations?**

3.1 It is recommended that Members discuss the report and consider whether any further actions are required to provide assurance about the risk management framework.

**4. Report details**

4.1. The Corporate Risk Register enables the council to manage the likelihood and impact of risks by evaluating the effect of any existing controls, and by recording deadlines and responsibilities for further mitigating action to enable tighter control.

4.2. The Corporate Risk Register is developed and owned by the Corporate Executive Team (CET). It is formally reviewed twice a year, and the process for review is as follows:

- Service risk registers are reviewed prior to each Corporate Risk Register review. The Corporate Improvement Team analyse service risk registers to identify risks of corporate significance or any themes emerging across services.
  - Updates on current corporate risks are collected from risk owners, and updates on mitigating actions are collected from action owners.
  - Individual meetings are held with the Chief Executive and each Corporate Director to discuss the risks for which they lead on. Consideration is given to whether the risk remains, whether the scores are accurate, whether further actions may be required, and whether any new risks within their portfolios need to be included.
  - A risk workshop is held with CET to review existing risks; discuss progress on agreed mitigation actions; discuss and agree new corporate risks; review and update residual risk scores; update existing controls (in light of completed actions); and agree any new actions required to mitigate risks. In future, this workshop will be held in Cabinet Briefing to ensure that Lead Members (with political ownership of corporate risks) are fully engaged in the process.
- 4.3 Although the Corporate Risk Register is only formally reviewed by CET twice a year, any significant new or escalating risks are brought to the attention of CET (through the Corporate Improvement Team) as and when they are identified. CET then takes a view as to whether those risks should be included in the Corporate Risk Register.
- 4.4 Following each formal review of the Corporate Risk Register (twice a year), the revised document is presented to, and scrutinised by the Performance Scrutiny Committee. There has been some discussion recently (following the Internal Audit report on risk management) about whether Performance Scrutiny or the Corporate Governance Committee is the correct forum for scrutinising the detail of the Corporate Risk Register. This issue will be discussed by the Scrutiny Chairs and Vice-Chairs Group on 27<sup>th</sup> June 2013. The latest version of the Corporate Risk Register, which was presented to the Performance Scrutiny Committee on 20<sup>th</sup> June 2013, is attached at Appendix I for information.
- 4.5 Actions identified to address corporate risks are included in Service Plans, where appropriate, which enables the Performance Scrutiny Committee to monitor progress. Any performance issues in relation to the delivery of these activities can then be challenged by the nominated Performance Scrutiny Member for that Service.
- 4.6 The council's Internal Audit function provides independent assurance on the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the council. It also offers independent challenge to ensure the principles and requirements of managing risk are consistently adopted throughout the council. Internal Audit uses information from the service and corporate risk registers to inform its forward work programme. The

recent Internal Audit report on risk management (included within the papers for this meeting) concludes that:

“The risk management framework is well structured and transition to the revised processes over the last 12 months has been smoothly executed. At a corporate level, risks are well managed but further improvements are required to better engage elected members into the process and for some services to consider how to embed risk management more within their ‘business as usual’ activities”.

4.7 There are four issues identified in the Internal Audit report. However, these issues are relatively easy to address, and the actions identified in the action plan will all be completed by October 2013. As stated earlier, the Internal Audit report, including the action plan, are included in the papers for this committee meeting.

4.8 In May 2012, the Corporate Improvement Team produced a Project Closure Report for the review of strategic risk management that evaluated the benefits realised from the 2011-12 project. This report (attached at Appendix II) clearly shows that the new risk management framework had delivered benefits even at that early stage. The risk management process has become more embedded since that review, as evidenced by the improved quality of the registers themselves. The links between service and corporate risk are also much stronger than they were back in May 2012.

## **5. How does the decision contribute to the Corporate Priorities?**

5.1. The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the council’s ability to deliver its objectives, including its corporate priorities. The identified controls and actions are therefore crucial to the delivery of the corporate priorities.

## **6. What will it cost and how will it affect other services?**

6.1 The cost of developing, monitoring and reviewing the corporate and service risk registers is absorbed within existing budgets.

## **7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.**

7.1. This Corporate Risk Register documents identified risks, current controls and proposed mitigating actions. The process of developing and reviewing the document does not impact adversely on people with protected characteristics. However, any new process, strategy or policy arising as a result of a mitigating action should be equality impact assessed at service delivery level.

## **8. What consultations have been carried out with Scrutiny and others?**

8.1 Details of the consultation process to review the Corporate Risk Register are contained in paragraphs 4.2 – 4.5.

## **9 Chief Finance Officer Statement**

9.1 There are no financial implications arising from the process outlined in this report for developing, monitoring and reviewing the Corporate Risk Register.

## **10. What risks are there and is there anything we can do to reduce them?**

10.1 The main risk associated with the risk management process is that the registers are not regularly reviewed and do not therefore become a dynamic and meaningful management tool. However, the new process is fully integrated into the council's performance management framework, which should ensure that this does not happen. The actions identified to address the issues within the Internal Audit report on risk management will improve this further.

## **11. Power to make the Decision**

- Local Government Act 2000.
- Article 6 of the Council's Constitution
- Code of Corporate Governance

### **Contact Officer:**

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