

Risk Management Update

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Lead Member: Member Risk Champion – to be confirmed

1. Summary / link to the County Plan

- 1.1.** The management of risk has a direct link to the Council's Business Plan, the Medium-Term Financial Plan, forms an integral part of the Annual Governance Statement (AGS) and is a major component of the External Auditor's Value for Money Audit. Risk management is an essential component of good corporate governance.
- 1.2.** Audit Committee members need to be assured that the management actions (those work tasks required to mitigate the risk to an acceptable level) and compliance with the review process, are in accordance with the Council's Management of Risk Policy Pathway (**Appendix B**).
- 1.3.** The Account and Audit Regulations 2015 require the Council to have in place effective arrangements for the management of risk. These arrangements are reviewed annually and reported as part of the Annual Governance Statement (AGS).

2. Items for consideration

- 2.1.** Committee members are asked to familiarise themselves with the Management of Risk Pathway documentation as set out in, **Appendix A Strategy, Appendix B Policy, and Appendix C Process.**
- 2.2.** The current strategic risks to Somerset County Council are reported in **Appendix D**

3. Background

- 3.1.** Strategic risk management is a solution that helps organisations understand the full range of risks in a logical and consistent way. The Risk Management Pathway documentation provides the tools and guidance that addresses those risks which could threaten the council's ability to achieve the objectives and outcomes identified in the Business Plan.
- 3.2.** **The Management of Risk Pathway documentation** supports the Council in effective management of risk. The Pathway suite of documents include:

1. Management of Risk Strategy Pathway (**Appendix A**)
2. Management of Risk Policy Pathway (**Appendix B**)
3. Management of Risk Process Pathway (**Appendix C**)

The Chief Executive is responsible for the risk management process but delegates this responsibility to the Director of Finance & Governance/Section 151 officer.

- 3.3. The Management of Risk Strategy (Appendix A)** provides the strategic direction for the management of risk, to secure the objectives and outcomes in the Councils Business Plan which, is delivered by the Medium-Term Financial Plan (MTFP)
- 3.4 The Management of Risk Policy (Appendix B)** The policy is intended to provide a framework for the management of risk and to increase overall awareness of risk throughout the council. The policy is to empower and enable managers and those responsible for risk reporting, to better identify, assess and control risks within their areas.
- 3.5 Management of Risk Process (Appendix C)** explains how we manage risk by following a four-step process.
- 1. Risk identification and assessment;** Looking at SCC objectives to determine and priorities, via assessment, how the risks should be managed, if at all
 - 2. Risk treatment:** the selection, design and implementation of options that support achievement of intended outcomes and manage risks to an acceptable level
 - 3. Risk monitoring:** how often, is progress being made, is the risk reducing or is it increasing
 - 4. Risk reporting:** timely and accurate reporting to enhance the quality of decision-making and to support management in meeting their responsibilities.

The process document further covers the process for escalating risks through the tiers of management and committee's and the use of JCAD Core which, is the Council's risk management system that is used to record strategic, operational and programme/project risks across all service areas.

- 4.0 Strategic Risk.** The strategic risk report is attached as **Appendix D**. This report is drawn from the information recorded in JCAD Core. Each strategic risk is owned by the relevant SLT Director. Each Director is responsible for reviewing their strategic risk(s), in many cases this is in conjunction with the Council's Risk Manager, the purpose being to assure themselves that the actions for mitigation are appropriate and delivering the expected outcome.

5 Appended documents

Appendix A – Management of Risk Strategy Pathway

Appendix B – Management of Risk Policy Pathway

Appendix C – Management of risk Process Pathway

Appendix D – Strategic Risk Report

6 Implications for new unitary council

How successful we are in dealing with the risks we face can also have a major impact on the achievement of our business outcomes and the delivery of services.

There are no financial implications arising from this report, but if the risk management process is not consistent in the run up to and after vesting day, the new authority will be open to additional risks with potential for additional costs.