

## Risk Management Update

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### 1. Summary / link to the County Plan

- 1.1. This report invites members of the Audit Committee to consider the attached Risk Management Strategy & Policy Framework document which will come into effect from 1<sup>st</sup> April 2023.

Subject to members comments, the document will be presented for sign off to the Executive Committee in February.

- 1.2. The Audit committee have responsibility to give assurance that risk is being managed for the organisation, all strategic risks for Somerset Council will be reported through to committee. Senior Leadership Team (SLT) will continue to receive regular reports on the strategic risks for the council.

### 2. Issues for consideration / recommendations

- 2.1. Members of the Audit Committee are asked to comment on the new Risk Management Policy & Strategy document (Appendix A)

Any changes suggested by the Audit Committee will be reflected in the final version before the February Executive meeting.

### 3. Background

- 3.1. The report before you today outline the approach to risk management for the new Somerset Council. The work has been undertaken with a group of officers from both County Council and District Councils who have responsibilities for risks within their own organisations and is a collaborative piece of work that reflects all Council's work.

The group have researched several sources such as ISO3100:2018, HM Treasury Orange Book, for information to ensure that the approach to risk management in Somerset Council reflects best practice, as well as talking to other councils such as Dorset Council, who went through the Unitary process and how they approached risk during the process. SWAP have also been supportive, and the work done is reflective of past audit recommendations.

- 3.2. **Risk Management Framework.** The framework outlines the purpose, aims,

objectives and the system of assurance for management of risk and opportunity for Somerset Council.

There are several dependencies and challenges remaining in the completion of the overall suite of documents for the framework, for which further detail is set out below.

**Dependencies:**

- Council's aims and objectives to enable identification of strategic risk
- Roles and responsibilities across the new organisation, including structure and resources
- Governance of risk
- Risk Management systems – retain JCAD Core or change to a Microsoft App which is at trial stage in its development.

**Challenges:**

- Creation of the Somerset Council Strategic risks
- Creation of the Somerset Council's operational/service risks
- The transitional risks from the LGR Programme
- Identification of major programme risks, such as Hinkley, Gravity

**3.3. Risk Assessment Matrix (Appendix B).** The risk assessment matrix is used to determine the likelihood of a risk happening and the impact the risk could have, whether that be financial, reputational, or related to health and safety for example. The group have considered all the 5x5 matrices in use across the existing Somerset Councils and whilst they are all broadly the same, the current SCC matrix will be used.

**3.4. Transition Risk Register.** Currently there is a programme risk register for the LGR programme, currently holding 20 risks at strategic programme level. Ongoing review of the programme level register indicates that there are certain risks that are now beyond programme risk and are in fact risks for the new Council. Therefore, the programme will develop a transitional register that will be monitored by the programme, in parallel to the current risks on the programme register, using the current products and milestones to form the basis of mitigation

**3.5. Combined Strategic Risk Register.** Each sovereign Council will have responsibility to manage their risk for their organisation until 31st March 2023. However, for SLT to understand what strategic risks are held at district level in particular, an exercise to combine all the strategic risk registers is taking place. SLT have requested that first sight of this combined register be available in

February.

### **3.6. Roles and responsibilities**

There will be a need to ensure that the roles and responsibilities are clear and that the structure to manage risks across the organisation is in place in readiness for 1<sup>st</sup> April, to provide assurance that risks are being managed.

The Chief Executive of Somerset Council is the overall owner of the risk management framework for Somerset Council with responsibility for implementation delegated to the Section 151 Officer

Executive and Service Directors will be responsible for ensuring that the Risk Management Framework is implemented consistently across the Council. (RM Framework Policy & Strategy)

- Are responsible for the setting of the Councils risk appetite and tolerance levels
- Drive the strategic agenda by discussing those areas that are most at risk
- Provide oversight of the overall risk management effectiveness, including standards and values

## **4. Consultations undertaken**

- 4.1. The new Risk Management Framework, Policy & Strategy was presented to SLT on 13 December 2022

## **5. Implications**

- 5.1. 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.

### **5.2.**

#### **Implications for new unitary council**

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.

## **6. Background papers**

- 6.1. New Somerset Council Strategy & Policy (appendix A)  
SCC Assessment Matrix (Appendix B)

**Note** For sight of individual background papers please contact the report author