

Report to the Audit and Governance Committee

Meeting to be held on 30th June 2016

Electoral Division affected: None

Risk and Opportunity Register

(Appendix "A" refers)

Contact for further information:

Ian Young, Director of Governance, Finance and Public Services, 01772 533531

ian.young@lancashire.gov.uk

Paul Bond, Head of Legal and Democratic Services, 01772 534676

Paul.bond@lancashire.gov.uk

Executive Summary

Earlier this year the Audit and Governance Committee agreed a corporate approach to Risk & Opportunity Management as recommended by Management Team. This was subsequently agreed by the Cabinet Committee on Performance Improvement. The key aspects of the approach include:

- The development of a Corporate Risk and Opportunity Register
- A quarterly reporting timetable to Management Team, the Cabinet Committee on Performance Improvement and the Audit and Governance Committee
- The development of a Risk and Opportunity intranet site
- The identification of Risk Champions within service areas
- A training/briefing programme for Risk Champions and Members
- The inclusion of Risks and Opportunities in Quality of Service and Highlight reports.

This report provides an update on the Risk and Opportunity framework and presents at Appendix A an updated Risk and Opportunity Register for the Committee to consider and comment upon.

Recommendation

1. The Committee are asked to comment on the updated Risk and Opportunity Register at Appendix A.

Background and Advice

At its meeting held on 30 June 2015 the Audit and Governance Committee approved the Council's Annual Governance Statement (AGS) for 2014/15. The AGS noted a

number of emerging governance issues including the need to embed a systemic approach to identifying and managing strategic risks and opportunities.

In response to this, a Risk & Opportunity Register has been developed by Management Team and relevant directors/heads of service, providing a brief, high level description of risks and opportunities along with the current controls and further proposed mitigating actions. The Register also includes "risk scores" for both before and after the application of mitigating actions based on a scoring matrix. The first draft of the register was presented to the Audit and Governance Committee on 25th January 2016 and the Cabinet Committee on 7th March 2016.

The corporate approach to reporting on risk and opportunity was also agreed which will involve Risk and Opportunity reports being provided to Management Team on a quarterly basis, following which the reports will then go to the Cabinet Committee for Performance Improvement and then to the Audit and Governance Committee.

An updated Risk and Opportunity Register for quarter 1 is attached at Appendix A and the Committee is asked to comment upon it.

The key highlights in the register include:

- allowing for mitigating actions, the residual risk score for the following entries remains 12 or above so the issue remains on the register:

Risk Identification Number (RIN)	Risk Description
CR1	Failure to implement the Council's MTFS. Further mitigating actions added but residual risk score remains unchanged.
CR2	Risk to the on-going financial viability of the Council. Further mitigating actions added but residual risk score remains unchanged.
CR4	Delivering Organisational Transformation. Residual score reassessed and increased to 12.
CR5	Inability to adequately protect and safeguard children. Further mitigating actions added
CR6	Failure to comply with statutory requirements and duties relating to Children Looked After, children in need and children leaving care. Further mitigating actions added.
CR7	Failure to recruit and retain experienced staff within Children's Services. Further mitigating actions added and risk scores reassessed.
CR8	Reputational damage and risk of direct intervention by DFE. Further mitigating actions added and the risk score reassessed.
CR12	Inability to implement/maintain systems that produce effective management information. Further mitigating actions added but residual score reassessed and increased to 12.
CR15	Delivering new waste management arrangements – Budget Option Proposal (BOP) 046 and Global Renewables Lancashire Operations Ltd transformation. This entry has been re-worded, mitigating actions added and the residual score increased to 12
CR16	Management of the Council's assets. This entry has been reassessed and the residual score increased to 12.
CR20	Transforming care (Winterbourne). Residual score remains at 12.

CR21	Service user/customer risk associated with the inability to influence behaviour change in demand and expectations continue to rise. Residual score remains at 12.
CO1	Developing a new model for public service delivery in Lancashire. Further maximising actions added and scores reassessed.
CO2	Delivering economic growth. Scores reassessed to increase after maximising actions
CO3	Opportunities through delivering the corporate strategy and property strategy. Scores corrected to increase after maximising actions.
CO4	Health & Social Care Integration. Further maximising actions added and scores corrected to increase after maximising actions

- there have been 3 new entries onto the register that focus on:

Risk Identification Number (RIN)	Risk Description
CR24	Failure to achieve targets with National Troubled Families Unit.
CR25	Failure to implement and meet the statutory requirement to children and young people with special educational needs and/or disabilities
CR26	Proposed museums closures

- The following entries have been removed from the corporate risk register because the mitigating actions have reduced the residual risk score to below 12. However, the risks will remain on service risk registers. These are:

Risk Identification Number (RIN)	Risk Description
CR3	Failure to deliver joint service between Lancashire Pension Fund and London Pension Fund Authority, due to inability to agree terms resulting in some abortive costs, and the non-delivery of a flagship project within the Local Government Pension Scheme reform agenda.
CR9	Failure to respond effectively to a major civil emergency and play our part in the strategic coordination.
CR10	Failure to manage debt recovery
CR11	Non-compliance with EU procurement law and the Council's procurement rules.
CR13	The provision of robust Information Governance arrangements.
CR14	The provision of effective Corporate Governance arrangements.
CR17	Failure to provide customer access to all Council services
CR18	Non-compliance with statutory responsibilities of safeguarding, resulting in adults with care and support needs being put at risk of abuse or neglect.
CR19	Failure to manage residential and nursing care market in Lancashire
CR22	The provision of a Coroners Service.
CR23	Failure to maintain adequate financial resources to be able to fund self-insured losses as and when they arise.

At its meeting on the 25th January 2016, members of the Audit and Governance Committee received training on risk management and Cabinet Members have also received a briefing. A programme of training has been delivered to Management Teams, Heads of Service and Risk Champions, where officers have been briefed on the approach and their roles and responsibilities.

A Risk Management intranet site has been developed and a handbook for staff and councillors has been produced setting out the adopted approach. Risks and opportunities have also be incorporated into Quality of Service and Highlight reports.

The Internal Audit Plan for 2016/17 approved by the Audit and Governance Committee noted that the processes supporting the Risk and Opportunity Register are still being developed to ensure that the register is robust and sustainable and to ensure that the register is an adequate reflection of the Council's most significant risks being addressed at a given point in time. In due course this will serve as an active log of the most significant matters requiring management attention because the risks recorded are deemed not to be sufficiently mitigated and therefore not yet under effective control. The Internal Audit Plan itself includes the preparation and use of the Risk and Opportunity Register as a key component of an overall assurance opinion.

The report also noted that the Risk and Opportunity Register is relevant to the Audit Plan in recording areas where the Internal Audit Service should assess the adequacy and effectiveness of the actions proposed to mitigate the Council's most significant risks and the progress being made in their implementation. Where risks have been mitigated, or are believed to have been so, they may not then be recorded in the Risk and Opportunity Register and must then be identified through other means.

Where management understands controls to be in place around significant risks, particularly those over the greatest risks or operating in a large number of individual instances, the Internal Audit Service should provide assurance that these controls are adequately designed and operating effectively.

Implications:

This item has the following implications, as indicated:

Risk management

Good governance enables a local authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. A local authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk. Failure to develop and maintain a Corporate Risk & Opportunity Register means the Council would be failing to adequately discharge in its responsibilities for ensuring accountability and the proper conduct of public business.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
Report to the Audit and Governance Committee on the Risk and Opportunity	25 th January 2016	Cath Rawcliffe 533380

Reason for inclusion in Part II, if appropriate

N/a