

AUDIT COMMITTEE

Date of Meeting	Wednesday, 13 July 2016
Report Subject	Risk Management update
Report Author	Chief Executive

EXECUTIVE SUMMARY

This risk management update provides a position statement on the strategic risks contained within the Council's Improvement Plan at the end of 2015/16.

The Improvement Plan 2015/16 was adopted by the Council in June 2015; this report provides an assessment of the strategic risks contained within the Plan at the end of the Plan year (March 2016).

The 45 strategic risks within the Improvement Plan have been successfully managed with the majority being assessed at the end of the year as moderate (30 no. = 67%) or minor / insignificant (12 no. = 27%) which is an improvement on the initial risk assessment undertaken in June 2015 which was moderate (32 no. = 71%) and minor / insignificant (6 no. = 13%). The major (red) risks have reduced from 7 (16%) to 3 (7%) during the year as risk was successfully managed.

RECOMMENDATIONS

1	To note the status of the 2015/16 end of year summary of the strategic risks of the Improvement priorities of the Council; endorsing the successful management of the risks.
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REPORT DETAILS

1.00	STRATEGIC RISKS
1.01	<u>Improvement Priorities – Strategic Risks</u> The Council adopted the Improvement Plan for 2015/16 in June 2015. The adoption of the plan and its priorities provides the opportunity to

monitor the strategic risks aligned to these priorities and sub priorities; this is done on a quarterly basis by each of the Overview and Scrutiny Committees and reported to Audit Committee at the mid-year point. This yearend report is to assure the Committee that the risk levels are moving in a positive direction and have been successfully managed.

1.02 The Audit Committee’s role is to ensure that the process and approach for managing risks is robust. As part of this process the Overview and Scrutiny committees have received quarterly progress reports against the Improvement Plan for 2015/16. These have included a template for each risk capturing:

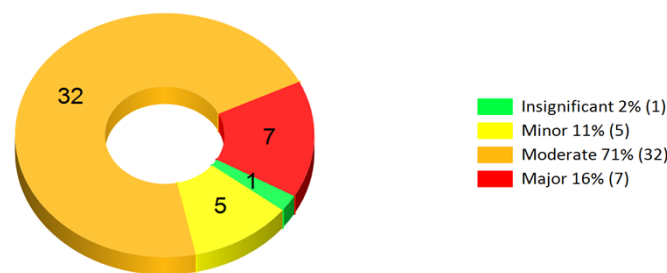
- the nature of each risk
- the gross, net and target RAG status for each risk
- current actions already in place to mitigate the risk
- further activity to mitigate the risk
- risk trend (via arrows)

1.03 A summary of the status of all risks captured in the Improvement Plan is attached at Appendix 1, along with a statement as recorded in September about any major risks which are also reported to Cabinet. An analysis of the current ‘net’ status of the 45 risks measured this quarter of our eight Improvement priorities is shown in Table 1 and shows the positive shift from the initial assessment reported in June 2015 to the end of year position:

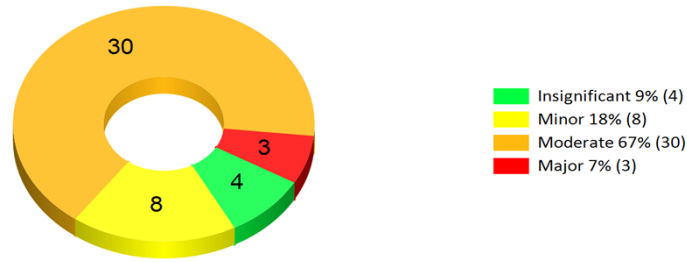
Table 1: Comparative assessment

Net risk status	Q1 (Jun '15)	Q4 (Mar '16)
Insignificant: 1 (green)	1 (2%)	4 (9%)
Minor: 2 (yellow)	5 (11%)	8 (18%)
Moderate: 3 (amber)	32 (71%)	30 (67%)
Major : 4 (red)	7 (16%)	3 (7%)
Severe: 5 (black)	0	0

Initial Risk Assessment



Current Risk Assessment



The three current areas of major (red) risk are:

- Education and Youth: limited funding to address the backlog of known repair and maintenance works in Education and Youth assets; further reduced to meet new pressures on the Education and Youth budget.
Continued programming and prioritisation of works is undertaken to minimise the impact.
- Modern and Efficient: capacity and capability of the organisation to implement necessary changes in relation to the Alternative Delivery Model Programme.
This risk is now reducing as evidenced by the positive progress being made with three of the key Alternative Delivery models during early 2016/17.
- Modern and Efficient: scale of the financial challenge.
The scale of the financial challenge still continues to be high risk. The quality and integrity of the Council's Medium Term Financial Strategy provides robust evidence for the future funding situation.

1.04

In addition the following table provides an analysis of how our risk trends have changed from the initial risk assessment period in June 2015 to the end of year position in March 2016.

Table 2: Risk trend positions

Trend positions	Q1 (Jun '15) to Q4 (Mar '16)
Increase	1 (2%)
Decrease	13 (29%)
Stable	31 (69%)

Four major risks have reduced in significance during 2015/16:

- Supply of affordable housing insufficient to meet housing need
- School places not sufficient to meet future demands of changing demographics
- Limitations on public funding to subsidise alternative models
- Willingness of workforce and trade unions to embrace change.

One risk has slightly increased in significance during 2015/16:

- Living Well: Funding between Health and Council does not transfer smoothly eg. Continuing Health Care, Integrated Care Fund, Primary Care funds.
The refreshed strategic direction and locality focus for the Betsi Cadwaldr Health Board should improve this risk over time.

1.05	At the Audit Committee in January reassurance was sought about one of the strategic risks in the Economy and Enterprise priority. This was in relation to the maximisation of external funding to support developmental opportunities. This has been reported to the Community and Enterprise Overview and Scrutiny Committee in March (Quarter 3) with management controls to explain what has been undertaken. A further update is contained within the end of year summary to be presented to Cabinet in July.
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2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultations with Chief Officers, senior managers and both Internal and external audit (Wales Audit Office) have been undertaken whilst addressing various aspects of this report.

4.00	RISK MANAGEMENT
4.01	<p>The Council's strategic Improvement priority risks are being effectively managed through the refreshed risk management approach.</p> <p>The risk of non adoption of the risk management approach across all areas of the Council was recently reviewed by Internal Audit; resulting in positive findings.</p>

5.00	APPENDICES
5.01	Appendix 1: Improvement Plan 2015/16 risk register as at March 2016. Appendix 2: Improvement Plan 2015/16 risk report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Improvement Plan 2015/16</p> <p>Contact Officer: Karen Armstrong, Corporate Business and Communications Executive Officer</p> <p>Telephone: 01352 702740</p> <p>E-mail: karen.armstrong@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(1) Improvement Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.</p> <p>(2) Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p>(3) Risk Management - the process of identifying risks, evaluating their potential consequences (<u>impact</u>) and managing them. The aim is to reduce the frequency (<u>likelihood</u>) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (<u>impact</u>) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>