

For publication

Risk Management Strategy and Annual Review

Meeting:	Council Standards and Audit Committee
Date:	13 th December 2017 22 nd November 2017
Cabinet Portfolio	Cabinet Member for Governance
Report by:	Director of Finance & Resources

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1.0 Purpose of report

- 1.1 To provide a report on the Risk Management developments during 2016/17 and to update the Risk Management Policy, Strategy and the Corporate Risk Registers for 2017/18.

2.0 Recommendations

- 2.1 To note the progress made on developing the Council's approach to risk management during 2016/17.
- 2.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and the Corporate Risk Register for 2017/18.

3.0 Background

- 3.1 The Risk Management Strategy requires an annual review to be reported to the Council at the end of the financial year and the Corporate Risk Register at the start of the year.
- 3.2 The Standards and Audit Committee is required to consider the effectiveness of the Council's risk management arrangements.

4.0 Annual Review 2016/17

- 4.1 The main focus of risk management activities during 2016/17 have focused on updating Service Risk Registers so that they reflect the revised Senior Leadership Team (SLT) and Corporate Management Team (CMT) structures alongside reviewing and updating the Corporate Risk Register.
- 4.2 Risk Management Training Workshops were facilitated by a specialist from our insurers Zurich Municipal (ZM) and were completed for each of the following service areas:-
 - Customers, Commissioning and Change Management
 - Commercial
 - Economic Growth
 - Finance and Resources
 - Health and Wellbeing
 - Housing Services
 - Policy and Communications
- 4.3 These workshops were attended by the respective SLT and CMT officers together with their service managers and concentrated on identifying and discussing risks specific to their services areas (Service Risk Registers) and risks that spanned all services across the Council (Corporate Risk Register).
- 4.4 Following the workshops ZM supplied updated Service Risk Registers and a Corporate Risk Register for approval.
- 4.5 Sitting below the Corporate Risk Register there are seven Service Risk Registers. These contain risks that are linked to the corporate risks but which are managed at the service level and other, operational level, risks. The Service Risk Registers are annually reviewed by the Corporate Risk Management Group to

(a) ensure a consistency of approach and (b) check that links with the Corporate Risk Register were being maintained.

4.6 The key risks for 2016/17 included:

- Data Security and PSN compliance (achieved)
- Health & Safety enforcement
- ICT Network Security
- Budgetary and financial challenges (General Fund balanced for 2016/17)
- SCR uncertainty (we are now a non-constituent member)

5.0 Risk Management Policy and Strategy

5.1 The Policy and Strategy documents are designed to clarify the corporate and operational elements and to further embed Risk Management within the organisation. The documents for 2017/18 are included in Appendix A.

6.0 Corporate Risk Register (CRR)

6.1 The management of corporate risks is an essential component of good governance and helps to ensure the delivery of services. It is therefore important that the CRR is reviewed regularly to take account of any changes in risk levels and to identify any new risks.

6.2 The format and content of the CRR was updated for 2017/18 (para 4.2 to 4.4). Many of the corporate risks will be a permanent feature within the CRR whilst others, which relate to one-off type projects, will appear only for a limited period. The CRR Summary for 2017/18 is shown in Appendix B and the detailed Corporate Risk Register is shown in Appendix C.

6.3 The challenge for 2017/18 will be to implement the further actions highlighted or any other actions subsequently developed to bring the risk ratings to the 'target' level which reflects the Council's risk appetite i.e. the level of risk it is prepared to accept.

7.0 Risks and Uncertainties

- 7.1 The failure to have effective risk management arrangements in place which will identify and manage risk could have serious consequences for the Council. The current key (red) risks to the Council in Appendix B/C are currently:

Description of Risk
CR1- Having a Sustainable Financial Plan - the ability to deliver priority services with the resources available.
CR6 - Protecting the Public & Staff (Health & Safety) - to ensure that we have systems in place to reduce the risk of accidents occurring and their severity.
CR9 - Procurement & Contract Management - to ensure that contracts are procured properly and deliver value for money.
CR4 - Investment & development of the ICT infrastructure - to ensure that a modern, efficient and reliable infrastructure is in place to support service delivery.
CR11 - Key Partnerships (e.g. PPP, Veolia) - to ensure that partnerships are used to support the delivery of the Council's priorities and that they are delivered to the specified standard.
CR12 - The provision of Social Housing - ensuring that the Council is able to support delivery of social housing and that there is a sustainable business plan for the Housing Revenue Account.

- 7.2 An evaluation of each of the Corporate Risks is included in Appendix B and C.

8.0 Financial Implications

- 8.1 The Council transfers £5,000 per annum into a Risk Management Reserve which is managed by the Corporate Risk Management Group. The movements on the reserve during 2016/17 were as follows:

Description	£
Balance b/fwd April 2016	5,000
Add contribution for the year	5,000
<u>Less expenditure/commitments:</u>	
Risk Management Consultancy – ZM	(5,000)
Counter Fraud Services	(669)
Estimated balance c/fwd at 31 st March 2017	4,331

- 8.2 The Council's insurance contract with Zurich included an allowance of £5k in 2016/17 and £5k for 2017/18 which must be used for risk management services provided by the company. The allowance was used in 2016/17, and will be used again in 2017/18, to help develop the corporate risk management arrangements.
- 8.3 The Council also maintains a number of earmarked reserves and provisions to cover the financial risks that it faces. The funds include the General Working Balance, the Budget Risk Reserve and the Insurance Reserve.

9.0 Equalities Consideration

- 9.1 None arising from the contents of this report.

10.0 Recommendations

- 10.1 To note the progress made on developing the Council's approach to risk management during 2016/17.
- 10.2 To recommend to the Full Council the approval of the Risk Management Policy, Strategy and Corporate Risk Register for 2017/18.

11.0 Reason for Recommendation

- 11.1 To ensure that effective risk management monitoring and reporting arrangements are in place.

Decision information

Key decision number	754
Wards affected	All
Links to Council Plan priorities	

Document information

Report author	Contact number/email
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Background documents

These are unpublished works which have been relied on to a material extent when the report was prepared.

Appendices to the report

Appendix A	Risk Management Policy and Strategy
Appendix B	Corporate Risk Register Summary
Appendix C	Corporate Risk Register (Detail)