

**Draft Risk Management Strategy and Policy**

**AGENDA ITEM: 7.4**

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**Reason for Report**

1. The Council has in place a Risk Management Policy, Strategy and Methodology which was approved in 2014. The approach to Risk Management has been reviewed during 2017 and a revised Draft Strategy and Policy has been produced with a view to implementation in April 2018.
2. The Audit Committee's Terms of Reference is to review the adequacy and effectiveness of the Council's framework of risk management and therefore needs to consider the Draft Risk Management Strategy and Policy.

**Background**

3. Risk Management is a key component of corporate governance in maintaining a strong control environment. Risk management can help to prioritise attention and ensure considered decision making (e.g. investment, divestment, insurance, methods of delivery) in times of continued resource constraints.
4. The Council's rejuvenated approach to Risk Management has been a collaborative and engaging process. The approach takes into account the requirements of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework as well as the views of the Council's Risk Management Champions, Senior Management Team, and the Cabinet Member for Finance, Modernisation and Performance, as well as feedback from AON Risk Solutions (the Council's Insurance Brokers).
5. The Audit Committee has received a number of updates in relation to the piloting of new risk management processes designed to improve understanding of how to identify, manage and report risk, which now feature within the Draft Strategy and Policy.

**Issues**

6. The revised approach seeks to set out a sustainable approach to risk management by moving towards an 'enterprise-wide risk appetite' designed to enable the delivery of innovation and change with effective governance and stewardship. The policy framework will support the delivery of organisational change over the medium and longer term whilst embedding the Council's risk aware philosophy into actions, activities and thinking. This has been achieved through the development of a document that contains two elements – our strategy, and our policy

7. The Draft Risk Management Strategy sets out the Council's aims relating to the management of risk for the following benefits:
- Support delivery of the corporate vision, priorities, objectives and values
  - Ensure that statutory obligations and policy objectives are met
  - Safeguard all stakeholders to whom the Council has a duty of care
  - Protect physical and information assets and identify and management potential liabilities
  - Ensure effective stewardship of public funds, efficient deployment and use of resources and achievement of value for money
  - Learn from previous threats opportunities, successes and failures
  - Preserve and promote the reputation of the Council
8. The Draft Risk Management Policy sets out:-
- A statement setting out the Council's Risk Appetite at an upper limit of 'Open' for strategic, service delivery and financial risk perspectives; and 'Cautious' at an upper limit for legal and regulatory, and reputational risk perspectives
  - Key principles of Risk Appetite to help clarify options available, the risks that can be accepted and those which need to be reduced or avoided
  - Improved guidance of risk identification
  - Improved risk analysis through the introduction of a 4 x 5 likelihood and impact matrix
  - Improved risk reporting and escalation processes the detail of which has been discussed previously at Audit Committee
  - Improved risk response for 'threat' (negative) and 'opportunity' (positive) risk
  - Improved monitoring and review linking to improved accountability the detail of which has been discussed previously at Audit Committee

### **Legal Implications**

9. There are no legal implications arising directly from the contents of this report.

### **Financial Implications**

10. There are no direct financial implications arising from this report.

### **Recommendation**

11. The Audit Committee considers the draft Risk Management Strategy and Policy and provides comments, if appropriate in advance of the final version being approved for implementation by Cabinet.

**CHRISTINE SALTER**  
**CORPORATE DIRECTOR RESOURCES**

The following Appendix is attached:

**Appendix A – DRAFT Risk Management Strategy and Policy**