

Meeting:	Audit and Governance Committee	Date:	23 rd January 2017
	Cabinet		8 th February 2017
Subject:	Risk Management Policy Statement and Strategy 2017-2020.		
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1: Risk Management Policy Statement and Strategy 2017-2020.		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 3.1 To propose an updated Risk Management Policy Statement and Strategy to be effective from 1st April 2017.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that:

- (1) The Risk Management Policy Statement and Strategy 2017 - 2020 be adopted and recommend its endorsement to Cabinet; and
- (2) The Strategy, once endorsed by Cabinet, be disseminated to managers in accordance with a Communications Plan, to reaffirm the Council's risk management objectives.

- 2.2 Cabinet is asked to **RESOLVE** that:

- (1) The Risk Management Policy Statement and Strategy 2017 – 2020 be endorsed; and
- (2) The Strategy, be disseminated to managers in accordance with a Communications Plan, to reaffirm the Council's risk management objectives.

3.0 Background and Key Issues

Risk Management - Maximising Opportunities by taking Managed Risks

- 3.1 It has always been important for organisations to identify and manage their risks. This view has been reinforced by public sector legislation i.e. the Accounts and Audit Regulations 2015 where it states *‘A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.’*
- a. In addition, the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016) notes seven key principles to enable the development of good governance within public services, one of which states that good governance is ‘managing risks and performance through robust internal control and strong public financial management.’
 - b. Risk Management is about managing our threats and opportunities and striving to create an environment of ‘no surprises’. By managing our threats effectively we will be in a stronger position to deliver our business objectives. By managing our opportunities we will be in a better position to improve services and better value for money.
 - c. Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally, or to our service delivery. It cannot therefore be ignored or avoided, but instead, it must be managed.
 - d. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a Council reflect a consideration of the potential implications for all our stakeholders. We must decide whether the benefits of taking our actions outweigh the risks.

4.0 Asset Based Community Development (ABCD) Considerations

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

5.0 Alternative Options Considered

The Emerging Risk Landscape

National Context

- 5.1 Unprecedented challenges for those tasked with delivering public services continue. Significant budgetary pressures continue to have an effect on all major services, at the same time demographic changes and an increased demand for services compound these pressures. Allied to this, is the increasing focus on alternative service delivery models which has seen more public services being delivered by, or in partnership with, other

public sector bodies, charities, communities or private sector organisations. The continuing shift in the structure of service provision creates real challenges and an increasingly complex matrix of competing risks and opportunities.

Local Context

- 5.2 With reference to the above and taking into account the overall future strategic direction of the Council, its structure and its services, it is deemed an appropriate time to refresh and reaffirm our Risk Management Policy Statement and Strategy, to ensure that the Council's risk and assurance framework continues to build on our existing successes which reflects national good practice and standards. This should enable the Council to effectively manage the potential opportunities and threats, thus improving service delivery to our communities and enabling individuals to play a more active role in improving their lives. Therefore, no other options were considered.

6.0 Reasons for Recommendations

Risk Governance

- 6.1 In addition to the statutory requirements and codes of good practice as noted within paragraphs 3.1 and 3.2, the Council has responded to the above by incorporating these requirements into the Council's Constitution, specifically within Part 3 which defines the members / officers responsibilities in relation to risk management and also within Financial Regulations - Audit and the Control of Resources.

Audit and Governance Committee

- 6.2 The Audit and Governance Committee has a specific role in relation to risk management which is to:
- 3 Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
 - 4 Receive an annual report on risk management activity.

7.0 Future Work and Conclusions

- 7.1 Risk Management therefore needs to be taken into the heart of the Council and continue to build on the positive outcomes already achieved. For this to be done successfully, it needs to be structured and developed in a way that fits the culture of our organisation. We need to have the structures and processes in place to ensure the risks and opportunities of daily council activity are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to pro-actively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.
- 7.2 Attachment A to this report sets out the refreshed Risk Management Policy Statement and Strategy for 2017 - 2020, which aligns with the Council's Medium Term Financial Plan (MTFP).

The aims of this strategy are to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes.

8.0 Financial Implications

8.1 There are no direct financial costs arising out of this report.

(Financial Services have been consulted in the preparation this report).

9.0 Legal Implications

9.1 Nothing specific arising from the report recommendations. In general terms, the existence and application of an effective risk management regime assists prudent decision making which is less susceptible to legal challenge.

(One Legal have been consulted in the preparation this report).

10.0 Risk and Opportunity Management Implications

10.1 Failure to deliver on effective risk management, particularly during periods of significant change, may have a detrimental effect on the achievement of the potential opportunities and adverse effects that challenge the assets, reputation and objectives of the Council, strategic decision making and the wellbeing of our stakeholders.

11.0 People Impact Assessment (PIA):

11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*

The risk management policy statement, strategy and associated framework ensure compliance with the Councils' equality policies.

11.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

12.0 Other Corporate Implications

Community Safety

12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

Sustainability

12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

Staffing & Trade Union

12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

Background Documents:

- Accounts and Audit Regulations 2015;
- Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE)
- Gloucester City Council's Constitution; and
- ISO31000 *Risk management – Principles and guidelines*.