

<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>12 February 2020</b>
<b>Subject:</b>	<b>Risk Management Policy Statement and Strategy 2020-2023</b>		
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (ARA): Chief Internal Auditor</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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<b>Appendices:</b>	<b>1. Risk Management Policy Statement and Strategy 2020-2023</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To propose an updated Risk Management Policy Statement and Strategy to be effective from 1<sup>st</sup> April 2020.

### 2.0 Recommendations

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

- (1) The Risk Management Policy Statement and Strategy 2020-2023 be adopted and endorsed; and
- (2) Following endorsement, the Strategy be disseminated to Members and officers 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.*'

- 3.2 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.'*

### **Adoption of the Risk Management Policy Statement and Strategy 2020-2023**

- 3.3 The council's Risk Management Policy Statement and Strategy is reviewed on an annual basis by officers to ensure compliance with regulatory and good practice guidance. It is then reported to Audit and Governance Committee and Cabinet as a minimum every three years and/or when significant change is required. The document sets out the council's agreed risk management approach and acts as an agreed reference for good practice and regulatory requirements.
- 3.4 The current document (2017-2020) has been reviewed and revised, as appropriate, being presented to the Senior Management Team, for agreement, prior to presentation to Members.
- 3.5 To assist with the review and revision of the above document and the identification of any improvement areas to the council's current risk management arrangements, a self assessment was undertaken against the International Standards Organisation ISO31000 (revised in 2018), Risk management – Principles and Guidelines (an internationally recognised benchmark). The ISO31000 provides principles, framework and a process for managing risk. It can be used by any organisation regardless of its size, activity or sector. Working to the principles of ISO31000 can help organisations increase the likelihood of achieving objectives, improve the identification of opportunities and threats, and effectively allocate and use resources for risk treatment.
- 3.6 Review of the Risk Management Policy Statement and Strategy to the ISO31000 (2018) did not prompt significant change to the council's document.

### **4.0 Social Value Considerations**

- 4.1 There are no 'Social Value' considerations arising out of the recommendations in this report.

### **5.0 Environmental Implications**

- 5.1 There are no 'Environmental' implications arising out of the recommendations in this report.

### **6.0 Alternative Options Considered**

- 6.1 This is a strategic policy document which is presented to Members as a minimum every three years. The last document was endorsed by Members in January 2017. No alternative options have been considered.

## **7.0 Reasons for Recommendations**

### **Risk Governance**

- 7.1 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 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**

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

## **8.0 Future Work and Conclusions**

- 8.1 An embedded risk management approach helps 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.
- 8.2 A Risk Management Policy Statement and Strategy communications action plan is embedded into the council Risk Management Action Plan – to ensure dissemination of requirements to Members and officers through the City intranet and other agreed approaches (all staff communications etc).

## **9.0 Financial 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 and cost-effective decision making.

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

## **10.0 Legal Implications**

- 10.1 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 of this report).

## **11.0 Risk & Opportunity Management Implications**

11.1 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.

## **12.0 People Impact Assessment (PIA) and Safeguarding:**

12.1 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.'*

Adoption of the Risk Management Policy Statement and Strategy 2020-2023 and the associated framework support and ensure compliance with the Council's equality policies.

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

## **13.0 Community Safety Implications**

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

## **14.0 Staffing & Trade Union Implications**

14.1 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 Constitution;
- Gloucester City Council Risk Management Policy Statement and Strategy 2017-2020; and
- ISO31000 (2018) Risk management – Principles and guidelines.