

North East Derbyshire District Council

Cabinet

12 March 2020

Risk Management Strategy 2020

Report of Councillor P Parkin, Portfolio Holder for Finance

This report is public

Purpose of the Report

- To seek approval of the Council's new approach to 'Risk Management' and the adoption of the new 'Risk Management Strategy'.

1 Report Details

Background

- 1.1 The risks facing the Council are many and varied and the approach to managing those risks should be applied within decision making processes. Risks will change over time so need continual monitoring, the approach to risk management should also be continuous with a structured review process. A comprehensive review of the Council's risk management framework has now taken place to ensure that the continued effective and systematic management of risk is achieved.
- 1.2 The attached 'draft' of a new 'Risk Management Strategy' – **Appendix 1** - has been produced which includes a revised approach to the following;
 - The nature of 'risk' both the 'threats' and the 'opportunities'
 - The benefits of a robust risk management approach
 - The Council's risk appetite
 - Risk categorisation – *Operational, Governance, Strategic*
 - Project and Partnership risk
 - The Council's risk management approach and arrangements including a new 'Risk Management Group'
 - Roles and responsibilities including *Senior Risk Officer* and *Senior Information Risk Officer* (SRO and SIRO)
- 1.3 This Strategy sets out the mechanisms and processes for both the maintenance and development of Risk Management within the Council's operational framework. Whilst the main focus of the arrangements set out within this Strategy will be in respect of the Council's own activities, it also recognises that key elements of the Council's service delivery may well be delivered by way of Partnership working. Accordingly the Council's own risk management approach

needs to ensure that the risks arising from partnering with others are appropriately addressed as part of this Strategy.

- 1.4 The Strategy details the need for the Council to be risk aware rather than risk averse as the decision whether to accept risk should be taken in light of the potential benefits of a proposed course of action. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for local residents.
- 1.5 Risk management, both in the identification of risks and the action taken to address the risks, needs to be flexible and have the ability to respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities will change and evolve over time. Risk Management focus and arrangements need to adjust in order to ensure that current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.
- 1.6 The Strategy also details the need to establish a 'Risk Management Group'. This shall be elected Member led and will include the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group will provide a comprehensive oversight of risk throughout the organisation and be the conduit to and from the whole organisation in terms of risk management.
- 1.7 The group will 'regularly' and 'consistently' oversee, at least quarterly, all of the risk registers ensuring they are up to date and accurate whilst offering challenge to the assessment process itself. It will be responsible for risk management reporting to stakeholder groups across the Council and support the production of the Annual Governance Statement. The group will lead on the development and review of all risk related policies, plans and strategies across the Council and will oversee and champion the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture.

2 Conclusions and Reasons for Recommendation

- 2.1. The Council is committed to maintaining, developing and actively monitoring the operation of a formal and systemic approach to Risk Management. The key objectives of this Strategy meet that commitment, these are detailed below;
 - To operate in line with best practice and update our approach to reflect evolving best practice
 - To protect service delivery arrangements, the reputation and the financial position of the Council by managing risk effectively
 - To maintain and strengthen robust managerial and governance arrangements within the Council
 - To promote risk awareness, risk intelligence and risk management throughout the Council
 - To ensure programme, project and partnership risk is effectively managed
 - To ensure there are clear roles, responsibility and accountability for risk management within the Council

- To ensure the effective identification of risks relating to service delivery, a new project, new initiative, external origins or circumstance to ensure fully informed decisions are made and measures to mitigate or exploit are in place
- To ensure that the Council has a fully informed level of awareness of its overall risk exposure

3 Consultation and Equality Impact

- 3.1. There are no equalities issues arising from this report. The new Strategy development journey has included consultation with; Cabinet Member for Finance and Resources; SAMT; Audit and Corporate Governance Scrutiny Committee and specific Council Officers including; Head of Finance and Resources and S151 officer, Monitoring Officer and Head of Internal Audit.

4 Alternative Options and Reasons for Rejection

- 4.1. Under relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to have in place a robust risk management framework - the alternative of not providing this is therefore rejected.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 There are no specific financial implications arising out of this report.
- 5.1.2 Risk Management Issues are covered throughout the body of the main report.

5.2 Legal Implications including Data Protection

- 5.2.1 This strategy will help to satisfy the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Framework on Corporate Governance which requires the Council to make public assurance statements to stakeholders on, amongst other areas, the authority's risk management strategy, process and framework.

5.3 Human Resources Implications

- 5.3.1 There are no additional human resource requirements or issues arising directly out of this report.

6 Recommendations

- 6.1. That Cabinet approve the Council's new approach to 'Risk Management' and the adoption of the new 'Risk Management Strategy'.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><i>BDC: Revenue - £75,000</i> <i>Capital - £150,000</i> <input type="checkbox"/></p> <p><i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	None directly
<p>Links to Corporate Plan priorities or Policy Framework</p>	All

8. Document Information

Appendix No	Title
1	Risk Management Strategy 2020
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
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