

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Review of Risk Management Strategy
Meeting/Date:	Overview & Scrutiny Panel (Economic) – 10 July 2014 Cabinet – 17 July 2014
Executive Portfolio:	Cllr J A Gray
Report by:	Internal Audit & Risk Manager
Ward(s) affected:	All

Executive Summary:

In November 2013 Council approved a change to the Cabinet's terms of reference so that they became responsible (from the Corporate Governance Panel) for the approval of the risk management strategy.

The strategy is reviewed annually and this report details the outcome of that review.

Whilst there have been a number of changes arising from the introduction of the new management structure, the two most significant changes are to the explanation that supports the Council's risk appetite and the disestablishment of the Risk Management Group.

COMT are required to review and consider Council's risk appetite each year. The risk appetite is the amount and type of risk that the Council is prepared to seek, accept or tolerate. COMT have decided that no change is required to either the general (high) or the health & safety (low) risk appetite levels.

The Risk Management Group has been meeting since January 2004. It has successfully overseen the introduction of risk management into all areas of the Council. Whilst there will always remain the need to ensure that risks are identified and managed it is considered that the current responsibilities of the group can be transferred to the Governance Risk Working Group and the Internal Audit Service without any significant reduction in risk management oversight or loss of opportunity to embed and develop risk management initiatives.

Financial and Legal Implications

There are no financial or legal implications arising from this report.

Recommendation(s):

It is recommended that the Cabinet:

1. Note that COMT have reviewed the risk appetite and no changes are required; and
2. Approve the Risk Management Strategy.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report details the outcome of the review of the Risk Management Strategy and requests Cabinet to approve a Strategy that incorporates that changes that have been identified from the review.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Risk Management Strategy is reviewed on an annual basis. The Corporate Governance Panel, when reviewing their own effectiveness in September 2013 considered that with the inclusion of risk appetite into the strategy in 2012, that they were no longer the appropriate forum to approve the strategy. Council in accepting this reasoning gave Cabinet the responsibility for adopting the strategy in November 2013.

3. CHANGES TO THE STRATEGY

RISK APPETITE

- 3.1 The previous strategy included the following sentence with regard to risk appetite.

“The Panel has determined the overall risk appetite to be High. In respect of Health & Safety risks, the overall risk appetite is Low.”

It is proposed that the same risk appetite levels remain, but the narrative within the strategy be amended as follows:

“The Cabinet have set the following risk appetite:

In recognising the boundaries that have been established through the risk assessment model, changes that are taking place in local government, the financial pressures that are being faced and the need to be innovative and explore alternative methods of service delivery, we have determined that the Council’s risk appetite to be high.

However we have no appetite for health and safety risks including safeguarding and similar public safety concerns, which we wish to see mitigated to the lowest practical level.”

- 3.2 Whilst no formal illustrative descriptors have been written, in general ‘layman’s’ terms’ the appetite levels are as follows:

Risk appetite = High

A high risk appetite should be ‘read’ as the Council’s desire that it should *be able to take calculated risks to seize opportunities (innovation) in delivering its Priorities and Outcomes.*

Health & Safety risk appetite = Low

A low risk appetite should be ‘read’ as the Council’s desire that it should *have low degree of residual risk and a preference for safe service delivery options that only contain the potential for limited reward.*

RISK MANAGEMENT GROUP

3.3 With the introduction of the Officer Governance Board and associated Working Groups in November 2013, the opportunity has been taken to review the role of the Risk Working Group (RWG) and the Risk Management Group (RMG) to identify any overlap of responsibilities.

3.4 Whilst the terms of reference of the RMG are far more detailed than the RWG, they have similar aims. It is proposed that the responsibilities of the RMG be transferred to the RWG and the Internal Audit Service along the lines outlined in the table below and that the RMG no longer meet.

Risk Working Group

Assist with the development and review of corporate standards, policy, supporting strategies and guidelines.

Review the Council's risk profile and address common areas of risk.

Arrange meetings with departments to disseminate information and discuss common issues.

Promoting a risk awareness culture within the Council.

Internal Audit Service

Implementing, monitoring and developing risk management within the terms of the risk management strategy.

Provide Corporate Governance Panel with an annual statement on the effectiveness of risk management and, as and when necessary, reports on specific risk management areas.

Organising and providing training to ensure officers and Members can carry out their responsibilities.

Provide guidance to Members on issues relating to risk and its implications for the Council, as and when requested.

Advising on the minimum levels of risk mitigation.

To robustly challenge the content of the risk register.

Consider and develop guidelines on insurance, including levels of policy excesses and self-insurance.

The RMG's three remaining areas of responsibility will not be assigned to either party, but both will be able to act as and when required, in respect of the following:

- Seek and evaluate advice from other public sector bodies and the private sector on issues related to risk management;
- May initiate review projects, research into and the development of new ideas and products related to risk management; and
- Work with other groups who are dealing with risk management issues in the Council, in particular those relating to community safety and health and safety.

3.3 The changes outlined above have been reflected in the strategy.

BACKGROUND PAPERS

None

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