

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Review of the Risk Management Strategy

**Meeting/Date:** Overview and Scrutiny Panel (Performance and Customers)  
- 5 July 2017  
Cabinet - 20 July 2017

**Executive Portfolio:** Strategic Resources: Councillor J A Gray

**Report by:** Internal Audit & Risk Manager

**Wards affected:** All Wards

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**Executive Summary:**

The Risk Management Strategy is reviewed annually and this report details the outcome of that review.

It is proposed that no changes be made to the Council's risk appetite and supporting statements, the risk assessment model and the scales against which likelihood and impact are evaluated.

A change is proposed to the option appraisal process. All residual risks that exceed their risk appetite will be required to be reviewed by Senior Management Team, who will decide if further mitigating controls are required or not. If further controls are required which cannot be met from current Service budgets, then the Corporate Management Team shall determine if the risk is to be accepted, and if not, prioritise any funding bids before submitting them to Cabinet for consideration.

Arising from the change above, updates have been made to the roles and responsibilities of Senior Management Team and Management Team. A number of minor amendments have also been made to the strategy to reflect current practices.

**Recommendations:**

The **Overview and Scrutiny Panel** is invited to comment on the Risk Strategy.

The **Cabinet** is recommended to approve the Risk Management Strategy.

## **1. PURPOSE OF THE REPORT**

- 1.1 The Risk Management Strategy (RMS) is reviewed on an annual basis.
- 1.2 This report details the outcome of the review of the RMS and requests Cabinet to approve a revised RSM.

## **2. ANALYSIS**

- 2.1 No changes are being proposed to either the Council's risk appetite and supporting statements, the risk assessment model or the scales against which likelihood and impact are evaluated.
- 2.2 The definitions used to judge both the likelihood and impact scores have been reviewed. Particular attention has been paid to the financial impact of risks. The Head of Resources has considered whether or not the financial impacts should be adjusted but has concluded that against the current budget, the individual limits within each of the five impact levels remain applicable.
- 2.3 A number of changes are being proposed to the RMS. The most significant being the requirement that option appraisal forms shall be completed for all residual risk scores that exceed their agreed risk appetite level. Previously only risks that resulted in 'high' or 'very high' residual risk scores required an option form to be completed.

Option forms will be completed by a member of the Management Team (either the Head of Service or Team Manager) and considered by the Senior Management Team. They will challenge the current controls and the inherent and residual risk score. If additional controls are identified that can be funded from the current Service budget or other changes made that reduce the risk so it falls below the risk appetite, then the relevant Head of Service will introduce those controls and the risk register entry will be updated.

If further controls could be introduced but cannot be funded from within existing Service Budgets or the residual risk remains above its risk appetite level, then the Senior Management Team shall submit the option form to the Corporate Management Team who will have responsibility for accepting the level of residual risk or submitting the option form to Cabinet for their consideration and decision as to whether further risk treatments are to be funded.

- 2.4 The other changes to the RMS are minor in nature:
  - Confirmation that risk registers shall be maintained at both the Corporate and Operational level and that risks are not static and may move between the two registers.
  - Updating the role and responsibilities of Senior Management Team and Management Team to reflect the changes at 2.3 above.
  - Including on the risk treatment option form the current Health & Safety counter-measures to be followed when the risk appetite is exceeded.

## **3. COMMENTS OF OVERVIEW & SCRUTINY**

- 3.1 To be added to the report following the meeting of 5 July.

#### **4. WHAT ACTIONS WILL BE TAKEN?**

4.1 The appropriate Management Team member will be required to prepare risk treatment option forms by the 31 August for all current risk register entries that exceed their risk appetite. They will then be considered in line with strategy.

4.2 The new strategy will apply immediately to all new risk register entries.

#### **5. LINK TO THE CORPORATE PLAN**

5.1 Effective risk management is integral to the delivery of the Corporate Plan. It supports sound decision making through a robust assessment of risks and opportunities.

#### **6. REASONS FOR THE RECOMMENDED DECISIONS**

6.1 Due to the introduction of differing risk appetite levels it is no longer appropriate that risk treatment option forms are completed only for 'high' or 'very high' residual risks. All risks that exceed their risk appetite need to be reviewed and a decision taken as to whether or not the level of residual risk is acceptable or not.

#### **7. LIST OF APPENDICES INCLUDED**

Appendix 1 – Risk Management Strategy v14 – July 2017.

#### **BACKGROUND PAPERS**

None

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