
Meeting: Audit Committee
Date: 4th April 2011
Subject: 2011/12 Corporate Risk Management Strategy & Policy Statement
Report of: Head of Partnerships and Performance – Office of the Chief Executive
Summary: The report proposes that the audit committee agrees and endorses the Corporate Risk Management Strategy for 2011/12.

Contact Officer: Peter Fraser, Head of Partnerships and Performance
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

The Corporate Risk Management Strategy underpins delivery of CBC policy aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification, and control of the risks that threaten the delivery of objectives, protection of assets or the financial wellbeing of the Council.

A Risk Management Policy Statement is a requirement of the CBC Constitution. The Annual Governance Statement (which assesses our internal control mechanisms) will look for a risk management strategy as evidence of good risk management.

Financial:

There are no direct financial implications arising from the adoption of this risk management strategy. Overall it will ensure resources are used effectively for the Council and value for money is maximised.

Legal:

There are no direct legal implications

Risk Management:

There are no specific risks related to the adoption of this strategy.

Staffing (including Trades Unions):

There are no direct staffing issues

Equalities/Human Rights:

There are no direct implications to equalities/human rights with the adoption of a risk management strategy. Failure to comply with equality legislation can expose the Council to the risk of litigation and scrutiny by the Equalities and Human Rights Commission. The Council's Equality and Diversity Scheme and Action Plan helps to ensure that the Council is meeting these requirements, addressing any risks and taking the appropriate mitigating actions – in line with the overall RMS.

Community Safety:

There are no specific community safety implications with regard to this strategy however in undertaking any corporate risk assessment the council must pay due regard to its statutory duties under Section 17 of the Crime and Disorder Act

Sustainability:

There are no direct sustainability issues

RECOMMENDATION:

- 1. That the Audit Committee agree and endorse the Corporate Risk Management Strategy for 2011/12 attached at Appendix A.**

Background

1. CBC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions This includes the responsibility for ensuring that risk is effectively managed within the organisation.
2. This is a requirement of the Local Government Act 1999, and is evidenced each year through the Annual Governance Statement (AGS). To produce the AGS CBC has adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework - *Delivering Good Governance in Local Government*.
3. The Audit Committee, in its terms of reference, has the responsibility to approve the Risk Management Policy Statement, and monitor the operation thereof.
4. Therefore, the purpose of this paper is to:
 - (a) Lay out how the 2011/12 Risk Management Strategy will ensure we achieve the risk specific requirements of the AGS.
 - (b) Gain agreement and endorsement for the 2011/12 Corporate Risk Management Strategy (which incorporates the Risk Management Policy Statement).

Process

5. The 2011/12 Risk Management Strategy updates the 2009/10 version, which the Audit Committee considered on 6th April 2009. The major difference between the documents is that, following a change in organisational structure, the risk and health and safety functions are dealt with separately. Therefore the updated strategy does not define the Council's approach to managing health and safety.
6. In developing the strategy we have benchmarked against other Local and Central Government risk management functions and followed Institute of Risk Management and HM Treasury guidance.
7. The 2011/12 strategy was endorsed by CMT at their meeting on the 9th February 2011.

Risk Management Strategy

8. It is important that CBC has an up to date Risk Management Strategy for two reasons:
 - (a) Firstly, because it's the right thing to. When used properly risk management is an indispensable element of best practice. It helps to ensure an open and honest approach to the 'what-if' questions, and minimise surprises. Cuts to budgets mean that difficult questions need to be answered around which services will and won't be delivered. Risk management gives us the opportunity to consider how the negative impacts of cuts are controlled.
 - (b) Secondly, because we have to. The CIPFA/SOLACE framework that underpins the AGS looks for a written risk management strategy for assurance that risk is being managed effectively. Some of the risk management requirements of the code are as follows:
 - There are clear structures in place for managing risk.
 - There are well defined procedures for recording and reporting risk.
 - There is a written risk management strategy and policy in place.
9. The Risk Management Strategy defines how the Council will manage risk in a way that is in line with best practice principles and satisfies internal control requirements of the AGS whilst remaining as lean a process as possible. The key points are:
 - (a) The Strategy lays out structures for managing risk. Roles and responsibilities are defined for members and staff working at all levels of the organisation. CMT will receive a risk report (outlining the key strategic and operational risks currently facing the organisation) on a quarterly basis, in line with recognised best practice.

- (b) The Strategy is supported by well defined procedures for recording and reporting risk. Risk is currently managed and controlled on an ongoing basis within each Directorate. All known risks are documented and adequate controls or actions are put in place to mitigate them. The Strategy formalises this process, and lays out how the Council's risk management system (JCAD) should be used in parallel with defined risk scoring criteria to produce a consistent view of the risks that face the organisation as a whole.
- (c) The Strategy contains the Corporate Risk Management Policy Statement. The purpose of the Corporate Risk Management Policy is to articulate the Council's attitude towards the management of risk. It is an important document, and a requirement of the CBC Constitution (Part I2 – code of financial governance). The Policy Statement defines our key risk management objectives. Namely:
- We will establish clear roles, responsibilities and reporting lines within the Council for risk management.
 - We will incorporate risk management into the Council's decision making processes.
 - We will embed a consistent, best practice approach to risk management across the Council.
 - We will monitor risk management arrangements on a regular basis.

Next Steps

10. Over the next twelve months work will be carried out to embed the strategy across the Council. Our aim is to develop risk management practices that deliver our objectives and remains as light touch as possible. Much of this work will be centred on a free upgrade of our Risk Management System, which will remove many of the time intensive and bureaucratic activities from our processes.

Appendices:

Appendix A – Corporate Risk Management Strategy – 2011/12

Background Papers: (open to public inspection)
CBC Constitution – Part I2 (Code of Financial Governance)

Location of papers: Priory House, Chicksands