

Executive Report
Report of Chief Internal Auditor
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Risk Management Strategy and Framework 2017

Executive summary

The Executive is requested to consider the draft Risk Management Strategy and Framework 2017, attached as Appendix 1 to this report. At its meeting held on 27 July 2017, the Corporate Governance and Standards Committee also considered this matter and commended the adoption of the Strategy and Framework to the Executive.

Recommendation to the Executive

That the Risk Management Strategy and Framework 2017 be adopted, subject to:

- (a) the inclusion in *Step 8: Review, Report and Monitor* of the requirement for an annual report to be presented to the Corporate Governance and Standards Committee reviewing progress on the management of risk within the Council generally and monitoring future progress against the Strategy and Framework; and
- (b) the inclusion in the corporate report template of a separate section on "Risk Management Implications"

Reason for Recommendation:

To ensure that there is a system for effective monitoring, development and operation of risk management in the Council.

1. Purpose of Report

- 1.1. To ask the Executive to consider and adopt the new draft Risk Management Strategy and Framework 2017, which is attached as Appendix 1.

2. Strategic Priorities

- 2.1. Effective risk management supports the Council's priority of providing efficient, cost effective and quality public services that give the community value for money and comply with legislation and best practice.

3. Background

- 3.1 Risk management is an integral part of our governance framework but it is an everyday occurrence within services, whether the decision making process is formal or informal. This report was considered initially by the Corporate Governance and Standards Committee, at its meeting on 27 July 2017, as its terms of reference includes 'monitoring the effective development and operation of risk management and corporate governance in the Council'.

- 3.2 Risk is not just about identifying negative events it is also about identifying the positives and the opportunities within day-to-day service delivery or projects. This has become more relevant and important given the Council's ambitious Corporate Plan, the financial pressures that we are facing and our desire to look for income generating business opportunities. It is also sound business practice.

- 3.3 The Council's objectives for risk and opportunity management are to:

- (i) embed risk and opportunity management into the culture of the Council
- (ii) embed the culture of risk and opportunity management at a strategic and operational level and within all projects and partnerships
- (iii) identify and manage the key risks and opportunities facing the Council
- (iv) maximise the opportunities for achieving the corporate objectives and minimise the risks of service failure
- (v) learn from opportunity outcomes and risk failures to improve awareness and our systems and processes.
- (vi) use risk and opportunity management to support the decision-making processes - both strategic and operational
- (vii) comply with our legal obligations and ensure that effective risk and opportunity management arrangements are in place to support the Annual Governance Statement and the overall governance framework of the Council.

- 3.4 Risk management is designed to ensure that the key risks and the opportunities relating to our corporate objectives are identified and managed. Failure to do so could have a significant impact on our performance and our ability to achieve our stated objectives. However, we cannot eradicate every risk and to try to do so would mean that the organisation would not change or move forward. The challenge for us is to achieve high performing, innovative services through the sensible management of risk and opportunity.

Corporate Governance and Standards Committee – 27 July 2017

- 3.5 As mentioned in paragraph 3.1, this matter was considered by the Committee on 27 July. The Committee commended to the Executive the adoption of the Risk Management Strategy and Framework 2017, subject to the following comments:
- (a) the inclusion in *Step 8: Review, Report and Monitor* of the requirement for an annual report to be presented to the Corporate Governance and Standards Committee reviewing progress on the management of risk within the Council generally and monitoring future progress against the Strategy and Framework; and
 - (b) the inclusion in the corporate report template of a separate section on “Risk Management Implications”

- 3.6 The Committee’s comments in (a) and (b) in the above paragraph have been incorporated into the recommendation in this report.

4. Financial Implications

- 4.1 There are no financial implications arising from the adoption of the Strategy.

5. Legal Implications

- 5.1 There are no legal implications arising from the adoption of the Strategy.

6. Human Resources

- 6.1 There are no Human Resource issues arising from the adoption of the Strategy.

7. Conclusion

- 7.1 The last year has been a time of change and challenge for the Council and this looks set to continue. Risk management is an important element in our performance framework to ensure that we manage the existing risks and identify and deal with the emerging risks. We have responded well to recent financial challenges but given the current pressures on the Council and greater expectations from our customers and residents, we have to maximise our opportunities to deliver cost-effective, efficient and innovative services while minimising and managing the risks.

8. Background Papers

None

9. Appendices

Appendix 1: Draft Risk Management Strategy and Framework 2017