

Risk Management Policy: Statement and Strategy 2017 - 2020

1. Purpose

- 1.1 Whilst risks are inevitable in any environment, they can cause considerable uncertainty in the outcome of an organisation's operations. Effective management of risks is therefore essential to ensuring an organisation is able to conduct its core business and achieve its priorities. The position is no different for public authorities such as the Council.
- 1.2 As a public body, the Council also has to provide assurance in its Annual Governance Statement that its corporate governance is fit for purpose. Risk management is one of the key principles underlying that assurance and has to be specifically addressed in the Annual Governance Statement.
- 1.3 This document sets out the Council's policy and general strategy to identify, evaluate, monitor and ultimately to effectively manage the Council's risks particularly those which affect its priorities and core business.

2. Risk Management Policy Statement

- 2.1 The Council is committed to securing **effective risk management** as part of its responsibility to deliver effective public services within its district.
- 2.2 It acknowledges that effective risk management **helps strengthen its capacity and ability to efficiently meet its corporate priorities and core business.**
- 2.3 In managing its risks, SDC commits to:
 - (a) operate in a **culture of creativity and innovation, rather than risk avoidance**; and
 - (b) act consistently within recognised best practice to **identify, evaluate and secure the proportionate control of its risks.**

3. Risk Management Objectives

- 3.1 In supporting the achievement of its Policy Statement, the Council has the following overriding and key risk management objectives:
 - (a) To ensure that the Council has a **clear understanding of the risks it faces and how to effectively manage them**;
 - (b) To ensure that the **importance of risk management in contributing to effective decision making is reflected in working practices**; and

(c) To ensure that **risk management is corporately owned and managed.**

3.2 The Council **applies good practice risk management principles**, in line with the Institute of Risk Management Professional Standards 2015 and the International Risk Management Standard (ISO 31000 - 2009) as updated from time to time. Internal Audit provides advice and guidance to the Council on such standards. The application of the standards and principles in practice is periodically reviewed by the Audit and Standards Committee and annual action plans implemented to address any improvement areas identified.

3.3 **Risk management is also incorporated into the Council's decision making and processes in a consistent manner.** Section 4 of this document outlines the Council's approach to the assessment of risks. In setting out the roles and responsibilities for effective management, Section 5 serves to acknowledge that risk management concerns all parts of the Council.

4. The Council's Risk Management Framework

4.1 The **Council's Risk Register** which records the Council's identified risks ensures judgements on risks are informed; being based upon explicit, transparent and consistent information. The register includes strategic risks through to more routine operational delivery risks, all of which potentially have implications for the delivery of the Council's business.

4.2 The Council has a 'toolkit' which provides clear guidance to officers on how to **identify and describe any risks** for inclusion in the Risk Register; and importantly how to consistently **assess the level of risk and the risk appetite** on the specific matter (i.e. how much risk the Council is prepared to take).

4.3 By understanding the Council's risk appetite within an environment where risks are clearly identified and consistently assessed, its decision makers will be in a position to know whether it is appropriate to make any decision. This is particularly important for the Council given the often competing demands on its increasingly limited resources.

4.4 Whilst efforts should be made to reduce all risks to an acceptable level, in applying the framework, the Council will be able to ensure that risks which will have significant adverse consequences for delivery of the Council's priorities and / or prevent the Council undertaking its core business, are always effectively managed, monitored and where possible reduced.

5. Responsibilities

5.1 In order to ensure that there is effective continuous risk management, the relevant responsibilities of each part of the Council for risk management are outlined below. They are divided into two key areas, namely strategic and operational areas of responsibilities.

Strategic Risk Management

- Council**
- i. Be aware of the risk management implications of the strategic decisions it makes; and
 - ii. Ensure there are Member Risk Management Champion(s) who promote effective scrutiny and oversight of the risk management activities across the Council.¹

- All committees**
- i. Facilitate a risk management culture across the Council;
 - ii. Be aware of the risk management implications of decisions they make; and
 - iii. Contribute to the Council's review of risk and be proactive in highlighting potential risks within the wider Stroud District.
 - iv. Appoint up to two Member Risk Management Champions for each committee.²

- Audit and Standards Committee**
- i. Approve the Council's Risk Management Policy Statement and Strategy;
 - ii. Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements across the Council as part of the annual report on Risk Management; and
 - iii. Monitor and challenge key risk controls and actions across the Council.

- Corporate Team**
- i. Lead on the development and implementation of an integrated and effective risk management framework on behalf of the Council;
 - ii. Advise Members of key risks and on their effective management;
 - iii. Ensure that the Council complies with the Corporate Governance Requirements relating to risk management; and
 - iv. Own the Council's Corporate Risk Register and ensure that its content is challenged and key risks are always included and effectively managed as part of the wider Council's performance arrangements.

¹ Each committee has up to two Members who meet with the strategic heads / heads of service to review the performance of the services for which they are responsible, including key risks. As at 1.3.17 the member champions are Strategic & Resources Committee: Cllrs Cooper and Pearson; Housing Committee: Cllrs Young and Braun; Environment Committee: Cllrs Sutton and Reed; Community Services & Licensing Committee: Cllrs McKeown and J Jones.

² See Footnote 1 above

Operational Risk Management

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| Strategic Heads and Chief Executive for their particular service areas | <ul style="list-style-type: none"> i. Ensure the Risk Register is kept up to date in respect to their service areas and in particular that all risks with strategic or otherwise of a key cross cutting nature, are included; ii. Ensure that effective risk mitigation measures relevant to their service areas are developed and implemented as appropriate; iii. Regularly challenge and review their Services' risks iv. Ensure corporate information and requirements are communicated throughout their service areas v. Liaise with their Member and Officer Risk Champions; and vi. Promote and share good practice across service areas. |
| Heads of Service / Unit Managers | <ul style="list-style-type: none"> i. Ensure the Risk Register is kept up to date in respect to their service area including any of a cross cutting nature; ii. In consultation with their Strategic Heads, ensure that mitigating actions are initiated and monitored for all key risks affecting their service area; iii. Report to Strategic Heads on any perceived new and emerging risks or, failures in existing control measures; iv. Communicate relevant risk management arrangements to their team; and v. Promote and share good practice across service areas. |
| Officer Risk Champions³ | <ul style="list-style-type: none"> i. Work alongside the relevant Strategic Head to promote and support effective risk management within their service areas; and ii. In respect to their allocated strategic team, maintain risk awareness and encourage consistent and effective assessment and management of risks. |
| All staff | <p>Maintain risk awareness and raise any potential risks with their Service Manager or Head of Service.</p> |

5.2 In addition, the Principal Procurement Officer and Legal Services Manager provide support to both areas. In particular they:

- Support the review and update of the Corporate Risk Register;

³ As at 1.3.17 the Risk Champions for each Strategic service area are Mike Godwin (for Finance Services); Jenny Kelly and Phil Park (for Tenant and Corporate Services); Eka Nowakowska (for Development Services); and Sarah Turner (for Customer Services and the Canal Team).

- Provide the Council with guidance on the application of the effective risk management;
- Arrange training on effective risk management for relevant staff and Members;
- Liaise with Internal and External Audit Services with regard to risk management;
- Report to Audit and Standards Committee from time to time on the progress and development of effective risk management across the Council; and
- Co-ordinate the work of the Officer Risk Champions.

5.3 Internal Audit provides further support at a strategic level by:

- Providing an annual independent, objective assessment / opinion of the effectiveness of the risk management and control processes operating within the Council which feeds into the Council's Annual Governance Statement; and
- Working in consultation with Procurement Officer / Legal Services Manager to advise and provide guidance to the Council on risk and control with particular emphasis on key risks facing the Council.

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