

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 24 SEPTEMBER 2014

Title of report	RISK MANAGEMENT STRATEGY
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Purpose of report	To receive the revised Risk Management Strategy approved by Cabinet on 29 July 2014.
Reason for Decision	Having an up to date Risk Management Strategy will assist in the implementation of Council Delivery Plans and improve Value For Money.
Council Priorities	Value for Money
Implications:	
Financial/Staff	The Council manages its risks within its existing budgets. Effective risk management reduces the number of insurance claims which can have a positive impact on the premium paid.
Link to relevant CAT	Not applicable
Risk Management	Risks have been considered and are covered within the policy
Equalities Impact Assessment	Not applicable
Human Rights	Not applicable
Transformational Government	Not applicable
Consultees	Zurich (Council's insurer)
Background papers	None
Recommendations	THAT THE AUDIT COMMITTEE RECEIVES THE REVISED RISK MANAGEMENT STRATEGY ATTACHED AT APPENDIX 1

1.0 BACKGROUND

1.1 The Risk Management Strategy encapsulates the way risk management will be undertaken consistently throughout the Council.

- 1.2 The Council needs to ensure that risks are only taken when justified and with a detailed knowledge and understanding of their possible impact upon the Council, its reputation, its assets, its stakeholders and the community. Through our culture of progressive improvement, risk management increases the success of the Council in delivering the best outcomes for the people of the District
- 1.3 The Council maintains high standards of corporate governance and recognises risk management as a key component of its governance and assurance framework. The Council's key proposals and objectives are examined to consider the potential risks to their achievement. This involves systematic risk identification and analysis of both corporate and service risks, as well as any risks arising from the delivery of Council objectives through partnership working.
- 1.4 The Council accepts its legal and moral duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive risks. The Council will ensure that Members and Officers understand their responsibility to identify risks and their potential consequences.
- 1.5 The Cabinet approved the Risk Management Strategy at its meeting on 29 July, taking on board the comments of the Policy Development Group from its meeting on 16 July 2014.

2.0 AIM AND OBJECTIVES OF THE STRATEGY

- 2.1 The Risk Management Strategy is attached at Appendix 1.

Aim

- 2.2 The aim of this Strategy is to improve the Council's ability to deliver its strategic service priorities and objectives by managing risks and enhancing its opportunities.

Objectives

- 2.3 The objectives of the Strategy are to:
- to protect the health, safety and welfare of its employees and the people it serves;
 - to protect its property, assets and other resources;
 - to protect the services it provides;
 - to maintain its reputation and good standing in the wider community.
 - to deliver its overall objectives and priorities

3.0 WHAT IS RISK MANAGEMENT?

- 3.1 Risk management is essentially about identifying and managing significant obstacles and weaknesses which the organisation is faced with. When these risks have been identified the next stage is to assess their likelihood and impact and compare the scores against the organisation's appetite for risk. Once assessed it is essential that steps are taken to then effectively manage those risks. The aim is that major obstacles or blockages that exist can be mitigated to provide the council with a greater chance of being able to achieve its objectives.

4.0 LINKS TO SERVICE PLANNING

4.1 Risk management needs to be viewed as a strategic tool that is an essential part of effective and efficient management and planning. There are clear links between corporate planning and risk management. These include:

- Each priority and objective identified in the corporate plan has milestones and performance indicators that the Council's activities will aim to achieve. During the lifetime of the plan there will be direct and indirect risks to this achievement.
- Incorporating risk management action plans into Corporate and Team Business Plans facilitates important risk control activity. The resources for risk management can also be considered at the same time as the budget for the plans is set.
- During reviews of performance and service delivery plans the actions taken to control risks can be monitored and the profile of risks reviewed to reflect any changes.
- Risk management will, by adding to the business planning and performance management processes, strengthen the ability of the Council to achieve its objectives and enhance the value of the services provided.
- Risk management is also an essential requirement of the Council's formal Governance Framework and is incorporated in the Annual Governance Statement.

5.0 BENEFITS OF RISK MANAGEMENT

5.1 The benefits of good risk management include:

- *Enhanced operational performance*

Better outcomes and reduced costs by means of more efficient and effective deliveries. The achievement of strategic corporate priorities is enhanced with reduced scope for disasters and surprises. There is improved working with external agencies and stakeholders, added value across service areas, improved internal controls, consistent management of risk and opportunities resulting in improved service delivery, communication, consensus and prioritisation.

- *Improved financial performance*

More certainty of financial objectives being achieved, reduced level of error and fraud, increased capacity through reduction in decisions that need reviewing or revising, and a decreased number and impact of critical risks and events. This is evidenced by the Council's excellent track record of unqualified External Audit opinions on its accounts and proven performance against budget.

- *Opportunity Risk Management*

Better and evidence-based assessment of potential strategies, and clearer understanding of the community impact of lost opportunities.

- *Improved corporate governance and systems compliance*

The Annual Governance Statement is better substantiated and demonstrated, increased public satisfaction, fewer regulatory visits and reductions in legal challenges.

- *Improved human resources management*

Reduced staff turnover, absenteeism and stress.

- *Improved Partnership Working*

More transparent risk management arrangements will promote common understanding with partners, and will reveal vulnerabilities to the achievement of objectives.

- *Improved Internal Control Framework*

The use of risk management techniques by Internal Audit focuses control and compliance investigation work in the areas of greatest vulnerabilities.

- *Improved Business Resilience*

Internal and community risk registers assist in the preparation of business resilience plans. These increase the reliability of service delivery, and assist in tackling community disasters.

- *Improved insurance management*

Reduced cost of insurance premiums and number and level of claims, and a reduced number of uninsured losses.

6.0 COMMENTS RECEIVED FROM POLICY DEVELOPMENT GROUP ON 16 JULY 2014.

The Committee requested the following changes:

Appendix 1 (the Strategy), paragraph 1.1, first bullet point

Additional text added to read:

- to protect the health, safety and welfare of its employees, *agency staff, external contractors* and the people it serves;