

REPORT TO: Executive Management Team (EMT)

15 June 2016

LEAD OFFICER: Executive Director (Corporate Services)

ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY AND PROCESS

Purpose

1. The purpose of this report is for Executive Management Team (EMT) to conduct the annual review of the Council's Risk Management Strategy and process and agree any changes considered necessary for recommendation to Corporate Governance Committee.
2. This is not a key decision but it has been brought because:
 - (a) it enables EMT to exercise its governance responsibility for risk management;
 - (b) annual review of the Risk Management Strategy and process is good practice to ensure that these remain relevant, adequate and effective.

Recommendations

3. That EMT recommends to Corporate Governance Committee that the committee approves the proposed revised Risk Management Strategy, as set out at Appendix B to this report.

Reasons for Recommendations

4. The proposed revised Risk Management Strategy has been updated to:
 - address recommendations resulting from Internal Audit's risk management review;
 - and reflect the updated Corporate Plan adopted by Council on 25 February 2016.

It therefore represents appropriate application of risk management best practice to the Council's strategy and process.

5. The Strategic Risk Register, the risks included, assessments of their impact and/or likelihood, and associated control measures / sources of assurance, have been considered at the meetings of Cabinet on 9 July, 10 September and 12 November 2015, and 11 February 2016.
6. A review of strategic risks over the past 12 months gives Corporate Governance Committee assurance that the Council's Risk Management Strategy and process remain effective.

Background

7. The Council's Risk Management Strategy was first adopted in January 2004 and has been updated several times since. It was last updated in March 2015, to reflect that the Strategic Risk Register now goes to Cabinet as part of the Position Statement report on Finance, Performance and Risk, rather than to Corporate & Customer Services Portfolio Holder meetings, that the date risks are first included on the

Strategic Risk Register is now recorded, the Council's Corporate Plan for 2015 to 2020 and a change of job title.

Considerations

8. Corporate Governance Committee monitors the responsible portfolio holder's review and approval of the Council's Strategic Risk Register on an annual basis. Cabinet's reviews of the Strategic Risk Register during 2015-16, led by the Corporate and Customer Services Portfolio Holder, are summarised below:
 - (a) Cabinet has reviewed the Strategic Risk Register throughout the year, considering the risks included, the assessments of their impact and/or likelihood and associated control measures / sources of assurance. Examples include:
 - (i) In July 2015, Cabinet agreed that the **Increase in numbers in Bed & Breakfast accommodation** likelihood score be reduced from 3 (Possible) to 2 (Unlikely), because the Council had achieved considerable progress in reducing the number of people in bed & breakfast accommodation and a new hostel had opened in April 2015 with increased capacity; however,
 - (ii) In September 2015, Cabinet agreed that the **Increase in numbers in Bed & Breakfast accommodation** impact score be increased from 3 (Medium) to 4 (High) and the likelihood score be increased from 2 (Unlikely) to 4 (Likely), because of the combined impacts of welfare benefit changes announced in the July 2015 Budget;
 - (iii) Also in September 2015, Cabinet agreed:
 - that the **HRA Business Plan** likelihood score be increased from 2 (Unlikely) to 4 (Likely), because the 1% rent cut announced in the July 2015 Budget would effectively take £134m out of the HRA Business Plan and have a significant impact on the Council's build programme;
 - that the **Illegal Traveller encampments or developments** impact score be reduced from 4 (High) to 3 (Medium), because additional planning consents had been granted, addressing the identified need from the Gypsy & Traveller Area Needs Assessment;
 - to include a new risk to reflect that difficulties in **recruitment and retention**, especially in some professional areas, had led to reduced staffing capacity, with associated potential corporate issues;
 - (iv) In February 2016, Cabinet agreed that the **Increase in cost of managing Homelessness** (title changed from Increase in numbers in Bed & Breakfast accommodation) likelihood score be increased from 4 (Likely) to 5 (Almost certain), because none of the potential causes of the risk seemed to be going away, but nearly all of the Council's mitigation factors were being undermined.
 - (b) As a result of these reviews:
 - (i) one new risk has been included, relating to recruitment and retention;
 - (ii) the impact assessment of one risk (Illegal Traveller encampments or developments) has been reduced and the impact and/or likelihood scores of two other risks (Increase in cost of managing Homelessness, and HRA Business Plan) have been increased.
 - (c) This demonstrates that Cabinet, led by the Corporate and Customer Services Portfolio Holder, has exercised its executive responsibility for risk management and that the Council's risk management process is effective.
9. **Appendix A** attached sets out all the recommendations resulting from internal audit's risk management review, together with management responses, actions taken and proposed updates to the Risk Management Strategy.

10. The proposed revised Risk Management Strategy is attached at **Appendix B**; suggested updates are shown as highlighted text.

Options

11. EMT could recommend approval of the changes proposed to address the internal audit recommendations and the Council's Corporate Plan for 2016 to 2021, and the resulting proposed revised Risk Management Strategy. (***This is the recommended option.***)
12. Alternatively, EMT could suggest other improvements or enhancements to the Risk Management Strategy, risk management process or document formats.

Implications

13. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Risk Management

14. The updated Risk Management Strategy will continue to ensure the authority has an effective risk management process, reflecting the authority's political arrangements and management structure and the Council's Aims and Objectives, and providing appropriate ownership and assurance.

Consultation responses (including from the Youth Council)

15. The review of the Risk Management Strategy has taken into account recommendations from Internal Audit's risk management review.

Effect on Strategic Objectives

An Innovative and Dynamic Organisation – adopting a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost.

16. The annual review of the Council's Risk Management Strategy contributes to the Council's corporate governance responsibilities and ensures that risks involved in the delivery of the Council's Corporate Plan and in meeting its strategic Objectives are identified and managed adequately and effectively.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

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