

CABINET

17 September 2019

Title: Risk Management Strategy	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
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Accountable Director: Helen Seechurn, Director of Finance	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary The Council's Section 151 Officer (the Chief Operating Officer) is required by the Local Government Act to ensure that there are proper arrangements in place to administer the Council's financial affairs. This includes the development and adoption of key policies to manage any risk. The Accounts and Audit Regulations 2015 also require the Section 151 officer to have sound internal audit arrangements and a key element of this is the development and maintenance of an approach to risk management that is fit for purpose and works across the organisation.	
Recommendation(s) The Cabinet is recommended to approve the Council's Risk Management Strategy, as set out at Appendix 1 to the report.	
Reason(s) To assist the Council in achieving each of its priorities of "A New Kind of Council", "Empowering People", "Inclusive Growth" and "Citizenship and Participation" through improved risk management arrangements.	

1 Background

- 1.1. Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to the Council's ability to deliver public services and to fulfil our role as a custodian of public funds. All local authorities are legally required to have risk management arrangements in place.
- 1.2. Risk management is concerned with evaluating the measures in place, and the actions needed, to identify and control risks effectively. The objectives are to secure

the Council's assets and to ensure the Council's continued financial and organisational wellbeing.

- 1.3. Risk offers both significant potential positive and negative impacts on delivery and reputation and it therefore follows that a key organisational challenge facing the Council is embedding risk as part of the organisation's decision making process both in day to day operational situations and at the strategic level.
- 1.4. The Council's approach to Risk Management was last approved by Cabinet in January 2012.

2. Risk Management Strategy

- 2.1. Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development.
- 2.2. The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which all key risks are identified in all areas of the business and are understood and proactively managed rather than avoided. Risk management therefore needs to be taken into the heart of the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. We do not shy away from risk but instead seek to proactively manage it. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges
- 2.3. The LBBB Risk Management vision is that the Council will have a robust system of risk management in place to identify, assess and manage the key risks in the Borough that may prevent it achieving the priorities identified in the Corporate Plan. Effective risk management will be a key management tool for LBBB, that is used to understand and optimise the benefits it can generate from calculated risk taking, as well as helping to avoid and manage unwanted surprises.
- 2.4. Under the Financial Regulations (Section 5.4.3) Chief Officers are responsible for: "maintaining risk registers in accordance with the Risk Management policy and framework, issued by the Council's Risk Manager. Chief Officers will regularly review the risks and advise the Council's Risk Manager appropriately of any material changes as they arise".
- 2.5. The Council's revised approach to Risk Management is appended as Appendix 1 and details how risks should be identified, assessed, treated and reported at LBBB. The approach has been designed in such a way that it is as an attractive and readable document as possible whilst capturing all of the appropriate information to empower managers across the Council to manage their risks.
- 2.6. The revised Risk Management Strategy sets out the high-level risk management framework for the Council and is a mandatory requirement across the organisation. The Strategy has been designed by the Head of Assurance to comply with the Audit Commission's recommended criteria, HM Treasury's 'Risk Management Assessment Framework' and CIPFA guidance.

3. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager for Service Finance

- 3.1 Risk Management is an integral part of good management and should be embedded in the day to day work of all Council officers and managers and delivered within existing resources. In addition there are specific fully funded posts within the Finance service that support this work. There are no further financial implications arising from this report.

4. Legal Implications

Implications completed by: Dr. Paul Field, Senior Governance Lawyer

- 4.1 To reiterate the main body text of this report, risk management is a key role for the organisation across the board for Members, Chief Officers and the teams. As an example local authorities have a specific leadership role to plan for, be prepared and able to take action to respond to an emergency under the Civil Contingencies Act 2004.
- 4.2.1 Furthermore, if a risk is identified and reasonable measures are not taken to mitigate its likelihood of occurrence and if it is preventable, such as for example a tree on the highway was dangerously leaning over, the Council should take action and cut it down before it causes harm. To fail to do so could lead to legal liability to pay compensation for negligence and the reputational damage in not having taken steps to reduce the risk of occurrence and the magnitude of an event. To carry out risk assessments is therefore a core activity for management.

5. Other Implications

- 5.1 **Risk Management** - There are no risks to the Council in approving the new proposed Risk Management Strategy. Should the recommendation not be accepted, there is a risk that the Council's Risk Management Strategy and related guidance will not continue to align with best practice, or clearly define the Council's requirements for the management of its risk

Public Background Papers Used in the Preparation of the Report: None.

List of appendices:

Appendix 1 Risk Management Strategy