

REPORT OF: CHIEF FINANCIAL OFFICER
TO: ACCOUNTS & AUDIT COMMITTEE
DATE: 26th JULY 2018

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RISK MANAGEMENT UPDATE

PURPOSE OF REPORT

1. The purpose of this report is to provide the Committee with an introductory summary of the Council's Risk Management Framework for new members of the Committee. More detailed updates will be reported to this Committee during 2018/19.

RECOMMENDATIONS

2. The Committee is recommended to note the contents of this report.

ISSUE

Introduction

3. During 2017, the Council approved an updated Risk Management Strategy (RMS). This followed consideration by this Committee, the Executive and ultimately Council which formally approved the documents in October 2017.
4. By way of a reminder for Councillors, the RMS is attached at [Appendix A](#) and contains the following information:-
 - Explanation of risk management.
 - Reasoning for a Risk Management Policy and Strategy.
 - Pendle Borough Council's philosophy in respect of managing risk.
 - The risk management process.
 - Roles and responsibilities.
 - Monitoring and reporting.
5. Since last being considered by this Committee, the RMS has been updated to reflect both the changes to the Council's Committee structure and the appointment of the Chief Financial Officer (which is a newly designated post at the Council).

Summary of Key Information

6. A key issue arising from the review of the Risk Management Framework was the determination of the Council's Risk Appetite. This is a matter considered in the Risk Management Policy. For this Council, it was agreed that for 2017/18, an 'Open' appetite is adopted across the majority of the Council's activities. This means that

'Willing to consider all potential delivery options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc.).'
7. At the time of writing, there is no reason to consider changing the Council's Risk Appetite. That said, this is a matter that will remain under review.
8. Under the new Framework the Council has adopted a 5 by 5 rather than 3 by 3 risk matrix; this being an assessment of the **likelihood** of a risk occurring and the **impact** if it did. On the former matrix only those strategic risks that had a residual risk score of 7 or above were deemed 'high' risk and these risks are periodically reported to this Committee and Policy and Resources Committee.
9. The current Strategic Risks are listed in [Appendix B](#) scored against the new 5 by 5 risk matrix.
10. Both the Risk management Framework and Corporate Governance Framework (as per the CIPFA/SOLACE Framework) arrangements are generally maintained under review by the Corporate Governance Group comprising the Council's three statutory officers (as per page 11 in Appendix A). The Group is due to meet next in August to consider both Frameworks and, subject to consideration by Management Team thereafter, any revisions arising from this review will be reported to the next Accounts and Audit Committee.
11. In addition to the formal management of the Strategic Risk Register, the management of risk is very much embedded in our processes including the following examples:-
 - Corporate Governance – Annual Governance Statement
 - Decision making and policy setting - mandatory entry within the report templates to committees within the Implications section.
 - Project Management methodology.
 - Departmental Service Plans.
 - Corporate Risk Management Working Group.
12. The Corporate Risk Management Working Group has continued to meet quarterly during the year. The actions and Minutes from each meeting are reported to the Council's Management Team and published on the staff intranet. The Group is supported by partners being the Council's Health and Safety Consultant and representatives from our insurers (Zurich Municipal) and Broker (AON).

IMPLICATIONS

Policy

13. None arising from this report.

Financial

14. None arising from this report.

Legal

15. None arising from this report.

Risk Management

16. As outlined in the report.

Health and Safety

17. None arising from this report.

Sustainability Implications

18. None arising from this report.

Community Safety

19. None arising from this report.

Equality and Diversity

20. None arising from this report.

APPENDICES

Appendix A – Risk Management Strategy (RMS).

Appendix B – Mapping of Strategic Risks to new risk matrix.