| SOUTH STAFFORDSHIRE COUNCIL |
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| CABINET 2 JULY 2024 |
| UPDATED RISK MANAGEMENT STRATEGY |
| REPORT OF THE DIRECTOR OF FINANCE (AND SECTION 151 OFFICER) |
| LEAD CABINET MEMBER – Councillor Rita Heseltine, Cabinet Member for Regulatory Services |

## PART A – SUMMARY REPORT

### 1.    SUMMARY OF PROPOSALS

1.1    In January, C.Co were commissioned by the council to undertake a review of the Risk Management Strategy and processes across the authority. As a result of this, an updated Risk Management Strategy has been produced and this is attached in Appendix 1 for endorsement following approval at Audit and Risk Committee on 27 June 2024.

### 2.    SUMMARY IMPACT ASSESSMENT

| | Do these proposals contribute to specific Council Plan objectives? | |
| --- | --- | --- |
| POLICY/COMMUNITY IMPACT | Yes | Financial Sustainability |
| | Has an Equality Impact Assessment (EqIA) been completed? | |
| | No | There is no requirement for an EqIA as there will be no different impacts on specific groups. |
| | Has a Data Protection Impact Assessment been completed? | |
| | No | No personal data is involved in the approval of this strategy. |
| SCRUTINY POWERS APPLICABLE | No | Decision of Audit and Risk Committee |
| KEY DECISION | No | |
| TARGET COMPLETION/ DELIVERY DATE | 27th June 2024 | |
| FINANCIAL IMPACT | No | There are no financial impacts arising from the approval of this strategy. RM. |
| LEGAL ISSUES | No | Audit and Risk Committee has responsibility for approval of the risk management policy and strategy. LF |
| STRATEGIC RISK | Yes | The approval of an updated Risk Management Strategy will have a positive impact on all Strategic Risks across the council. |

| OTHER IMPACTS, RISKS & OPPORTUNITIES including climate impacts and health impacts if applicable | The approval of an updated Risk Management Strategy underpins the delivery of all council services and ensures that the council is considering risk and mitigations in all actions that it takes. | |
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| IMPACT ON SPECIFIC WARDS | No | |

**PART B – ADDITIONAL INFORMATION**

**3. INFORMATION**

3.1 The updated draft Risk Management Strategy can be found in Appendix 1 of this report. The main updates are set out below.

3.2 The objectives and key benefits have been updated to reflect the latest risk reporting so that there is a consistent message about risk management:



3.3 Section 4 of the document increases the focus on risk appetite compared to the previous version. It is important that the council understands its risk appetite in order to decide how best to mitigate and manage risks.

3.4 C.Co have developed a risk hierarchy which sets out the relationship and positioning of the different types or risk – strategic, operational, service and project risks. This enables movement of the risks between registers where appropriate as it explains how to assess which level the risk should be reported at:

Projects may be undertaken across all parts and all levels of the organisation.
All project governance should be managed in the same way and include a risk assessment and appropriate capture of key risks, controls and actions. It will be for projects' Senior Responsible Officers (SRO) to determine the degree of capture and with the Project Board to determine if risks are to be escalated to service, operational or strategic risk registers.

**Project Risks**

**Strategic Risks**

Strategic risks threaten the ability of the Council to achieve the objectives and priorities that it has set out in its Council Plan.

Strategic risks generally cover multiple Council services; impact multiple stakeholders including residents and strategic partners; require significant resources to resolve; and threaten the reputation and/or credibility of the Council.

**Operational Risks**

Operational risks have the potential to threaten disruption to day-to-day business operations. These risks may have a financial impact, affect business continuity, reputation, and/or regulatory compliance.

Generally, these risks will impact at least two service areas (generally frontline and back office)

**Service Risks**

Service risks are the threats being managed on a daily basis in the routine delivery of discreet services. It is not necessary to maintain a register for these risks, but senior service leads should be alive to likelihood and potential impacts of those risks and escalate, when appropriate, to operational and strategic registers through the governance structure.

↔   Point of escalation/de-escalation

3.5   C.Co's review of the previous version of the Risk Management Strategy highlighted that there was a lack of documented roles and responsibilities which can create reduced accountability. The updated strategy includes stronger language along with clear governance routes with more responsibility given to risk owners and leads that are closer to the threat. A member and officer 'risk champion' has also been recommended. Extended Leadership Team have decided that the officer role should instead be named a 'risk co-ordinator' and this is currently being advertised internally as a development opportunity.

3.6   C.Co have recommended a 6-step process, increasing the steps from 5 per the latest risk reporting. The additional step is that of 'allocating accountability and responsibility'.
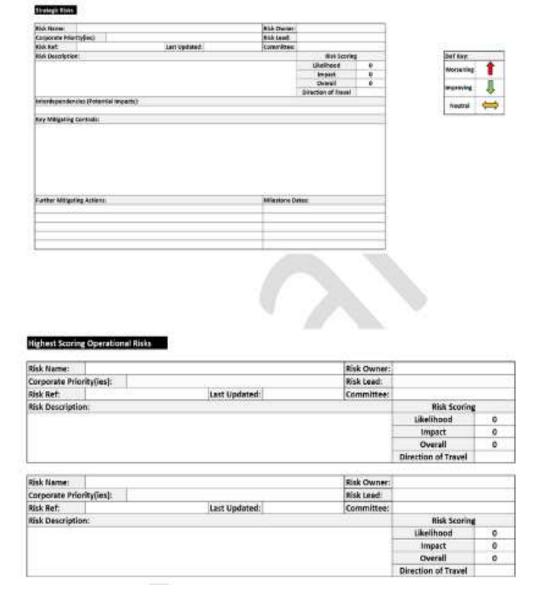


3.7   Both the risk matrix and likelihood/impact descriptors will remain the same as in the previous version. However, there is a recommended update to the monetary values included in the risk impact as set out below:

- Catastrophic Impact – Increase from £200k to £1m
- Major Impact – Increase from £100k to £500k
- Moderate Impact – Increase from £50k to £250k
- Minor Impact – Increase from £10k to £100k
- Insignificant Impact – Increase from £5k to £10k

3.8    New templates have been developed for risk registers and these will be used create new operational and strategic risk registers. Reporting templates (to be incorporated into the new Integrated Performance Management) have also been updated and will now include strategic risks together with the highest scoring operational risks. This will allow members to have visibility of all significant risks and prompt conversations about the escalation or de-escalation of any.

**3.9**    Lastly, the updated strategy makes clear the importance of training on risk management across the council and sets out the commitment to this.

**4. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

4.1 There are no further impacts to those set out in the summary above.

**5. PREVIOUS MINUTES**

5.1 No previous minutes are relevant to this report.

**6. BACKGROUND PAPERS**

No relevant background papers.

**7. APPENDICES**

Updated Risk Management Strategy Report – Appendix 1 – Draft Risk Management Strategy

**8. RECOMMENDATIONS**

8.1 It is recommended that members of Cabinet endorse the updated Risk Management Strategy following approval at Audit and Risk Committee on 27 June 2024.

Report prepared by: Rebecca Maher, Finance Director (Section 151 Officer)