Risk Management Policy Statement and Strategy

April 2023

Corporate Policy & Governance

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Document Responsibility

Name	Document title	Service
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Document Version Control

Date	Version	Issued by	Summary of changes
March 2023	1.0	Sarah Turner	First draft

Policy Review

Updating frequency	Review date	Person responsible	Service
Every 4 years	March 2027	Senior Policy & Governance Officer	Policy & Governance

Document Review and Approvals

Name	Action	Date
Audit and Standards Committee	Approved the new policy statement and strategy	18 April 2023

Risk Management Policy Statement

Stroud District Council (the Council) recognises that Risk Management is one of the key principles of effective corporate governance. It is also a key contributor to a sound internal control environment and the Annual Governance Statement.

The council seeks to adopt recognised best practice in the identification, evaluation and cost effective/proportional control of risks to ensure that they are managed at acceptable levels. Risk management within the council is about managing our threats and opportunities and striving to create an environment of 'no surprises', by managing our risks effectively we will:

- be in a stronger position to deliver our business objectives.
- be in a better position to demonstrate improved services and better value for money.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery.

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.

As an organisation, with a range of different stakeholders, each with differing needs and expectations, this can be a challenge. We must ensure that the decisions we take as a council reflect a consideration of the potential implications for all our stakeholders.

The council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided.

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.

We are fully committed to effective risk management and see it as part of our responsibility to deliver an effective public service to the communities in the district.

1 INTRODUCTION

1.1 Whilst risks are inevitable in any environment, they can cause considerable uncertainty in the outcome of an organisation's operations. Effective management of risks is therefore essential to ensuring an organisation is able to conduct its core business and achieve its priorities. The position is no different for public authorities such as the Council.

1.2 As a public body, the Council also has to provide assurance in its Annual Governance Statement that its corporate governance is fit for purpose. Risk management is one of the key principles underlying that assurance and has to be specifically addressed in the Annual Governance Statement

1.3 This document sets out the Council's policy and general strategy to identify, evaluate, monitor and ultimately to effectively manage the Council's risks particularly those which affect its priorities and core business.

2 RISK MANAGEMENT OBJECTIVES

2.1 In supporting the achievement of its Policy Statement, the Council has the following key risk management objectives:

- To ensure that the Council has a clear understanding of the risks it faces and how to effectively manage them.

- To ensure that the importance of risk management in contributing to effective decision making is reflected in working practices.

- To ensure that risk management is corporately owned and managed.

2.2 The Council applies good practice risk management principles in line with Institute of Risk Management and the International Risk Management Standard (ISO 31000 - 2018) as updated from time to time. Internal Audit provides advice and guidance to the Council on such standards. The application of the standards and principles in practice is periodically reviewed by the Audit and Standards Committee and annual action plans implemented to address any improvement areas identified.

2.3 Risk management is also incorporated into the Council's decision making and processes in a consistent manner. Section 3 of this document outlines the Council's approach to the assessment of risks. In setting out the roles and responsibilities for effective management, Section 4 serves to acknowledge that risk management concerns all parts of the Council.

3 BENEFITS OF MANAGING RISKS

3.1 Risk Management will strengthen the ability of the council to achieve its

corporate objectives and enhance the value of services provided by:

- Informing strategic and operational decision-making.

- Increasing our chances of success and reducing our chances of failure.

- Enhancing stakeholder value by minimising losses and maximising opportunities.

- Increasing knowledge and understanding of exposure to risk.

- Contributing towards social value and sustainable development.

- Reducing unexpected and costly surprises.

- Minimising our vulnerability to fraud and corruption.

- Freeing up management time from 'fire-fighting'.

- Providing management with early warnings of problems.

- Ensuring minimal service disruption.

- Ensuring statutory compliance.

- Reducing the financial costs due to, e.g. service disruption, litigation, insurance premiums and claims, and bad investment decisions.

- Delivering creative and innovative projects.

- Protecting our reputation.

4 RECORDING RISKS

4.1 The Council's Risk Register records the Council's identified risks ensures judgements on risks are informed; being based upon explicit, transparent and consistent information. The register includes strategic risks through to more routine operational delivery risks, all of which potentially have implications for the delivery of the Council's business.

4.2 Both strategic risks and operational service area risks are detailed on the Council's new performance management system, Pentana. The risks are presented in service and directorate portals and provides real-time up to date information on the risk, the controls and the latest updates.

4.3 When configured, the strategic risk register will be available for Audit and Standards Committee Members to view on Pentana, via the Members Hub. Prior to this going live for members training on the use of Pentana will be provided.

4.4 The Council has a 'risk management toolkit' on the staff Hub which provides clear guidance to officers on how to identify and describe any risks for inclusion in the Risk Register; and importantly how to consistently assess the level of risk and the risk appetite on the specific matter (i.e., how much risk the Council is prepared to take). This is currently being updated to reflect the implementation of Pentana.

4.5 By understanding the Council's risk appetite within an environment where risks are clearly identified and consistently assessed, its decision makers will be in a position to know whether it is appropriate to make any decision. This is particularly important for the Council given the often-competing demands on its increasingly limited resources.

4.6 Whilst efforts should be made to reduce all risks to an acceptable level, in applying the framework, the Council will be able to ensure that risks which will have significant adverse consequences for delivery of the Council's priorities and / or prevent the Council undertaking its core business, are always effectively managed, monitored and where possible reduced.

5 ROLES AND RESPONSIBILITIES

5.1 In order to ensure that there is effective continuous risk management, the relevant responsibilities of each part of the Council for risk management are outlined below. They are divided into two key areas, namely strategic and operational areas of responsibilities.

Strategic Risk Management

Council
i. Be aware of the risk management implications of the strategic decisions it makes; and

ii. Ensure the Committee Performance Monitors promote effective oversight of the risk management activities across the Council as part of the Performance Management Framework.

All Committees	i. Facilitate a risk management culture across the Council;
	ii. Be aware of the risk management implications of decisions they make;
	iii. Contribute to the Council's review of risk and be proactive in highlighting potential risks within the wider Stroud District: and
	iv. Appoint up to two Committee Performance Monitors for each committee.

Audit and Standards Committee	i. Approve the Council's Risk Management Policy Statement and Strategy;
	ii. Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements across the Council; and
	iii. Monitor and challenge key risk controls and actions across the Council.

Strategic Leadership Team	i. Lead on the continuing development of an integrated and effective risk management framework on behalf of the Council;
	ii. Advise Members of key risks and on their effective management;
	iii. Ensure that the Council complies with the Corporate Governance Requirements relating to risk management; and
	iv. Own the Council's Corporate Risk Register and ensure that content is challenged, and key risks are always included and effectively managed as part of the wider Council's Performance Management Framework.

Operational Risk Management

Strategic Director for their particular service areas	i. Ensure the Risk Register is kept up to date in respect to their service areas and in particular that all risks with strategic or otherwise of a key cross cutting nature, are included;
	ii. Ensure that effective risk mitigation measures relevant to their service areas are developed and implemented as appropriate;
	iii. Regularly challenge and review their service areas' risks;
	iv. Ensure corporate information and requirements are communicated throughout their service areas;
	v. Liaise with their Member Performance Monitors; and
	vi. Promote and share good practice across service areas.

Heads of Service / Unit Managers	i. Ensure the Risk Register is kept up to date in respect to their service area including any of a cross cutting nature;
	ii. In consultation with their Strategic Director, ensure that mitigating actions are initiated and monitored for all key risks affecting their service area;
	iii. Report to Strategic Director on any perceived new and emerging risks or, where exiting risks need to be escalated and failures in existing control measures;

iv. Communicate relevant risk management arrangements to their team; and

v. Promote and share good practice across service areas.

All staff i. Maintain risk awareness and raise any potential risks with their Service Manager or Head of Service / Unit Manager.

5.2 In addition, the Corporate Policy and Governance Team provide support to both areas. In particular they:

- Support the review and update of the Corporate Risk Register.
- Provide the Council with guidance on the application of the effective risk management through the Risk Management Toolkit on the staff Hub.
- Arrange training on effective risk management for relevant staff and members.
- Co-ordinate the SLT and LMT dashboards highlighting any issues in relation to non-compliance with the risk management framework.

5.3 Internal Audit provides further support at a strategic level by:

- Providing an annual independent, objective assessment / opinion of the effectiveness of the risk management and control processes operating within the Council which feeds into the Council's Annual Governance Statement; and
- Working in consultation with the Corporate Policy and Governance Team to advise and provide guidance to the Council on risk and control with particular emphasis on key risks facing the Council.