

## **Risk Management: Update**

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Cabinet Member: Cllr Mandy Chilcott

Division and Local Member: All

### **1. Summary / link to the County Plan**

- 1.1.** The management of risk has a direct link to the Council's Business Plan, the Medium Term Financial Plan, forms an integral part of the Annual Governance Statement (AGS) and is a major component of the External Auditor's Value for Money Audit. Risk management is an essential component of good corporate governance.
- 1.2.** This report contains the latest information on the strategic risks, including ORG0043 sustainable budget, obtained from the Councils risk management system, JCAD.
- 1.3.** The updated Management of Risk Pathway documents, Policy, Strategy and Process Are included in this report. These were considered and approved by Cabinet at their December 2019 meeting.
- 1.4.** Audit Committee members need to be assured that the management actions (those work tasks required to mitigate the risk to an acceptable level) and compliance with the review process, are sufficient, in accordance with the current Council's risk management policy.

### **2. Items for consideration**

- 2.1.** The current strategic risk report, including risk ORG0043 - Maintaining a balanced budget for 2019/20 is attached as **Appendix A.**
- 2.2.** The updated Management of Risk Pathway documents. **Appendix B**

### **3. Background**

- 3.1.** Strategic risk management is the process of identifying, quantifying, and mitigating any risk that affects or is inherent in an organization's business strategy, strategic objectives, and strategy execution.

The benefits of effective strategic risk management are;

1. greater likelihood of achieving strategic objectives;

2. more systematic decision-making leading to better quality decisions;
3. improved allocation of resources.

**3.2.** Since the Council faced significant financial challenges during 2018/19, ORG0043 risk has been closely monitored by this committee at each meeting. The risk is: *“Maintaining a balanced budget for 2019/20 and ensuring a sustainable MTFP. There is a risk to the council’s long-term sustainability if there are significant in-year service overspends, and or if the council suffers significant loss of funding in future years its ability to prepare a robust and sustainable MTFP for 2020/21 onwards may be impacted”.*

The most recent review which, in January 2020, indicated; “Month 8 revenue report will go to Cabinet in January 2020 and confirms that £6.2m of the corporate contingency remains unallocated. If this remains unallocated at the end of the year, these funds will help build the Council's financial resilience further. Where services are reporting adverse variations, the mitigating management actions that are in place are included in the budget monitoring report”.

The Provisional Local Government Financial Settlement was received in late December 2019 and has confirmed the core MTFP funding assumptions are valid. However, the uncertainty of service demands and the absence of a Comprehensive Spending Review (CSR) beyond 2020/21 and the fact that Government are proposing to review Local Government Funding from 2021/22, means the current risk score remains ‘very high’. This will be considered again in the Section 25 report (on the robustness of reserve and balances), to be prepared by the S151 Officer for the Budget Report to full Council in February 2020.

**3.3.** All services are reviewing their service plans for 2020/21 alongside updating budgets as part of the MTFP process and will be reviewing associated risks as well. Directorate and service risk registers will be up-dated. The Senior Leadership Team will then subsequently review the overall organisation strategic risk register and updates will be reported in due course.

**3.4.** The Management of Risk Pathway has been updated and agreed by Cabinet in December 2019. Below is the list of changes to the previous Strategy, Policy and Process documents.

**Corporate Direction:**

- Addition: SLT are required to create a shared understanding of the risk appetite expressed as opportunity and risk, across the Council’s functions in delivering its priorities and outcomes.
- Addition: SLT to document and prioritize an overall assessment of

the range of opportunities and identify the level of risk which is judged to be tolerable, affordable and justifiable to the Council.

**Infrastructure:**

- Update: The Director, Economic and Community Infrastructure Commissioning is the chair of the Strategic Risk Management Group (SRMG).

**Resources:**

- Update: The Director, Economic and Community Infrastructure Commissioning is the chair of the Strategic Risk Management Group (SRMG).
- Addition: Individual Directors to identify Risk Champions from their business areas (Senior admin/business support officers) who will be tasked with assisting managers with the management and review of risks.
- Update: SLT agree that greater collaboration between Strategic Risk Management, Civil and Emergency Planning, performance management and the financial process is required.

### **3.5. Risk Management Training**

To ensure continued and increased awareness of risk management policies and processes across the organisation, a series of training opportunities have been organised for 2020 as follows:

- Starting with two days "Essentials of Enterprise Risk Management" training, accredited by the Institute of Risk Management (IRM) and delivered by risk consultants from Gallagher Bassett.
- Training for Senior Leaders will also be available although a date has still to be arranged.
- Training for staff will be held monthly, delivered in-house this will cover the basics of risk management and how the Management of Risk Pathway works across the Council.
- E-Learning via the Councils Learning Centre, will be launched in the spring which, will complement the above training on offer.

Options for delivering this training at a range of locations across the county are being explored.

## **4. Consultations undertaken**

- 4.1.** Each Strategic Risk is owned by the relevant SLT Director, who are

responsible for the reviewing their risks, in many cases in conjunction with the Risk Manager, and assuring themselves that the actions for mitigation are appropriate and delivering the expected outcome.

## **5. Implications**

- 5.1.** How successful we are in dealing with the risks we face can also have a major impact on the achievement of our business outcomes and the delivery of services.

## **6. Background papers**

- 6.1.** Management of Risk Strategy Pathway, Policy Pathway and Process Pathway

**Note:** For sight of individual background papers please contact the report author