

**REPORT  
FOR:**

**GOVERNANCE AUDIT AND  
RISK MANAGEMENT  
COMMITTEE**

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<b>Date of Meeting:</b>	29 March 2012
<b>Subject:</b>	Risk Management Update – Information Report
<b>Responsible Officer:</b>	Tom Whiting, Assistant Chief Executive
<b>Exempt:</b>	No
<b>Enclosures:</b>	Appendix 1 – Q3 Corporate Risk Register Appendix 2 – High Level Risk Summary Report Appendix 3 - 2012-13 Risk Appetite Statement

## **Section 1 – Summary and Recommendations**

The Governance Audit and Risk Management Committee (GARM) support Cabinet in its role by reviewing internal policies and arrangements.

This report is provided to ensure GARM is aware of the Council's progress in risk management and to ensure the Council's risk management framework continues to align with best practice, including production of an annual risk appetite statement on behalf of the Council in line with best practice in corporate governance and also ensuring risk information and reporting processes are streamlined and effective.

### **FOR INFORMATION**

## **Section 2 – Report**

### **The Corporate Risk Register & High Level Risk Summary Report**

The Council's updated risk strategy (approved by the Cabinet in October 2011) provides for the merging of the former strategic risk and corporate operational risk registers into a single corporate risk register. This has now been undertaken and the new register is enclosed at Appendix One. The risk strategy also makes provision for the introduction of a new high-level summary risk report and this has now been similarly undertaken and is enclosed at Appendix Two.

The creation of single corporate risk register, focussing only on business critical risks and also containing positive risk opportunities, and also the new high level summary risk report, was reported to CSB in February as part of the Q3 Performance Morning. The new summary report above is relatively open and flexible in its theme and is intended to focus from quarter to quarter on risk areas that CSB themselves collectively decide upon. For Quarter 3 it addressed the new risk reporting area of positive risk opportunities.

The introduction of these new formats has been undertaken to streamline the level of relevant strategic risk information being reported to CSB, to target risk

discussion more effectively, and to avoid information overload and other information inefficiencies (such as duplication) in the strategic risk reporting process.

## **2012-13 Statement of Risk Appetite**

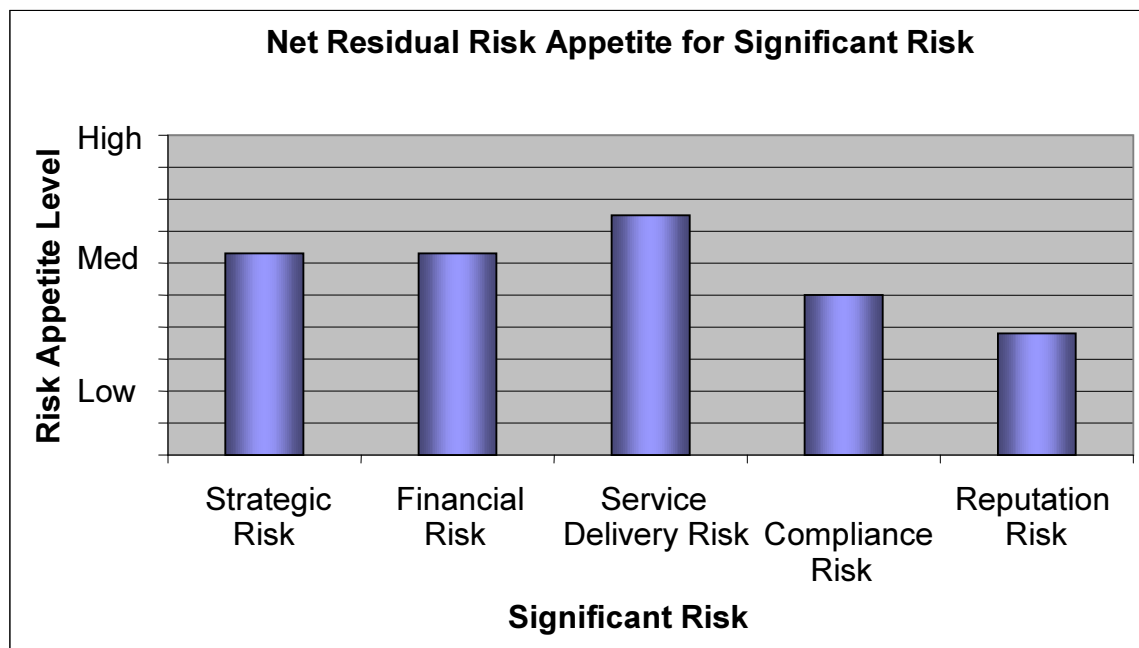
At the January GARM meeting the Committee requested further information regarding the Council's annual Statement of Risk Appetite. The Statement is a relatively new development in corporate governance (arising from a review in 2010 by the Financial Reporting Council [FRC]) of the former UK Combined Code) and is now a best professional practice requirement further to the newly-created UK Corporate Governance Code (which replaces the Combined Code).

Further to Section C; Accountability of the new Code, the Executive [the Cabinet] is responsible on an annual basis for "determining the nature and the extent of the significant risks it is willing to take in achieving its strategic objectives". The statement of risk appetite is recognised as fulfilling this requirement which applies in best practice terms to both private and public sector organisations in the UK.

The statement is significant in corporate governance terms and has largely been introduced in response to the 2010 financial crisis. It seeks to ensure that organisations are fully aware, of the level and quantity of risk exposure being carried by the organisation in pursuing its strategic objectives, and for this risk exposure to be fully communicated to stakeholders, eg by attachment to the corporate plan and the annual governance statement.

The key messages of the Statement are that during 2012-13 the Council will have in the main an overall and informed cautious appetite for taking significant risks (these as outlined below) to achieve the corporate plan and for delivering council services in support of this. Where significant risks arises the Council and its officers will take effective control action to mitigate these risks to minimal and safe levels of net residual risk exposure for stakeholders.

The Council's appetite for these risks on a residual risk basis can be shown graphically in overall summary terms as follows:-



It is to be noted however that whilst the Council will maintain its overall informed cautious approach, it will have areas within this where a higher level of risk will be taken such as in, for example, in supporting innovation in service delivery. These will be offset by areas where it maintains a lower than cautious appetite, for example, in matters of compliance with law and public confidence in the Council, so leading to its overall and informed cautious position on risk.

The full detailed Statement is attached at Appendix 3 and this will be submitted for approval by the Cabinet on the 4<sup>th</sup> April 2012.

### **Financial Implications**

No financial implications are associated with this report.

### **Risk Management Implications**

Should the recommendations not be accepted, there is a risk that the Council will not continue to align with best professional practice in risk management and will not clearly define for Members and officers respectively the Council's framework and requirements for the management of its key and significant risks.

### **Corporate Priorities**

The Corporate Risk Register, High Level Summary Risk Report and Risk Appetite Statement is strongly aligned with and supports the achievement and delivery of all of the Council's corporate priorities

### **Section 3 - Statutory Officer Clearance**

		on behalf of the
Name: Steve Tingle	x	Chief Financial Officer
Date: 13 March 2012		

### **Section 4 - Contact Details and Background Papers**

**Contact:** Neale Burns, Interim Risk Manager, Extension 8391

#### **Background Papers:**

Appendix 1: Q3 Corporate Risk Register

Appendix 2: Q3 High Level Risk Summary Report

Appendix 3: Statement of Risk Appetite (2012-13)