

# Informal Joint Performance and Audit Scrutiny Committee



Forest Heath  
District Council

<b>Title of Report:</b>	<b>West Suffolk Risk Management Approach and Principles</b>	
<b>Report No:</b>	<b>PAS/FH/15/017</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committees</b>	30 July 2015
	<b>Cabinet</b>	15 September 2015
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<b>Purpose of report:</b>	To consider a new, positive approach to risk based on context, proportionality, judgement and evidence-based decision making that is considered on a case by case basis.	
<b>Recommendation:</b>	<p><b>Performance and Audit Scrutiny Committee:</b></p> <p><b>It is <u>RECOMMENDED</u> that:</b></p> <p><b>Members scrutinise the West Suffolk Risk Management Approach and Principles attached at Appendix 1 and supporting flowchart at Appendix 2 and raise any issues for Cabinet consideration on its adoption</b></p>	
<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	

<b>Consultation:</b>		<ul style="list-style-type: none"> <li>Senior Management have contributed to the development of the framework, including through the Programme Group, the forum where the councils' projects are co-ordinated.</li> </ul>	
<b>Alternative option(s):</b>		<ul style="list-style-type: none"> <li>Not Applicable</li> </ul>	
<b>Implications:</b>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>There are no direct financial or budget implications arising from this report. Failure to adopt a risk management approach may impact on resources.</li> </ul>	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>Risk management is a key part of corporate governance.</li> </ul>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
Failure to adopt a risk management approach may result in poor risk management which may impact negatively on resources or the councils' reputation	Medium	Develop a new approach to risk management that is widely adopted by staff and Members, and overseen by PASC.	Low
Failure to adopt a risk management approach may result in missed opportunities for growth	Medium	Adopt a new approach that will provide the framework needed to be more confident in our approach to identifying, appraising, managing and monitoring risk	Low
<b>Ward(s) affected:</b>		All Ward/s	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		Report No PAS14/041 - West Suffolk Strategic Risk Register (including West Suffolk Toolkit) (31 July 2014) <a href="#">Report No PAS14/041</a> <a href="#">Report No PAS14/041 Appendix 1</a> <a href="#">Report No PAS14/041 Appendix 2</a>	

	<p>Report No PAS/FH/15/010 - West Suffolk Strategic Risk Register Quarterly Report – March 2015 (4 June 2015)  <a href="#">Report No PAS/FH/15/010</a>  <a href="#">Report No PAS/FH/15/010 Appendix 1</a></p> <p>Report No PAS/FH/15/009 – Performance Management Report 2015-2016 (4 June 2015)  <a href="#">Report No PAS/FH/15/009</a>  <a href="#">Report No PAS/FH/15/009 Appendix A</a></p>
<p><b>Documents attached:</b></p>	<p>Appendix 1 West Suffolk Risk Management Approach and Principles</p> <p>Appendix 2 West Suffolk Evidence Based - Risk Management</p>

## **1. Key issues and reasons for recommendation**

### **1.1 Key Issues and Summary**

- 1.1.1 We define risk as being uncertainty of outcome, whether relating to 'positive' opportunities or 'negative' threats / hazards.
- 1.1.2 In the past, risk has sometimes been used as a reason not to do something or to keep doing something instead of stopping it: the greater the risk, the less likely we have been to act. This approach has often allowed risks to blind us to opportunities, and the lack of a clear evidence base for our assessments of risk has sometimes prevented us from having an open debate about risk.
- 1.1.3 As West Suffolk changes direction, begins to operate in new ways and seeks new opportunities, the type of decisions we are now having to make will feel unfamiliar, more complex and could carry greater risks. For example, the councils' increasing focus on investment and on new delivery vehicles requires decisions that bring new risks and opportunities into play. We therefore need to be more confident in our approach to identifying, appraising, managing and monitoring risk.

### **1.2 A new approach to Risk**

- 1.2.1 A new, positive approach to risk is needed and it is proposed that this is based on context, proportionality, judgement and evidence-based decision making that considers risk on a case by case basis and is documented at all stages. We will need to be joined-up in our decisions, and will need to draw on one another's skills and experience to take responsibility for sound and reasonable decisions about the use of public funds, avoiding a blame culture when things don't necessarily go to plan.
- 1.2.2 Our new approach to risk is proposed for scrutiny, based on seven core principles as detailed in **Appendix 1** to this report:
- A positive approach;
  - Contextual decision making;
  - Informed risk-taking;
  - Proportionate;
  - Decision risks vs delivery risks;
  - A documented approach; and
  - Continuous improvement
- 1.2.3 A new approach to risk, detailed in **Appendix 1**, is just that, it's an approach. It isn't designed to have all the answers up front or to represent our risk appetite. It commits staff and members to evidence-based decision making that is considered on a case by case basis, taking into account the seven principles outlined above.

### **1.3 Evidence-based Risk Management**

- 1.3.1 It is important that an evidence-based approach is taken at each stage of our risk management practices. The flowchart at **Appendix 2** provides a summary of the various tools and documents that supports this evidence-based

approach. It is these documents and tools that will enable the Council to achieve a learning culture which supports staff and members, enabling managed risk-taking through positive relationships.

#### **1.4 Strategic Risk Register**

- 1.4.1 At its meeting on 31 July 2014 (Report No PAS14/041) the Performance and supported the move to a West Suffolk Risk Register and Toolkit.
- 1.4.2 The West Suffolk Strategic Risk Register identifies and records the level of risk associated with delivering the councils' plans alongside meeting its statutory responsibilities and the organisation's overall ability to respond to change. Through assessment of risk and the likelihood and impact of potential failure to meet these challenges, the level of controls and where possible, action required is identified and implemented.
- 1.4.3 The West Suffolk Strategic Risk Register already aligns to our new risk management approach and principles and will continue to remain a key evidence-based document for members. As the Balanced Scorecard is developed the strategic risks contained on the current register will start to become part of the Balanced Scorecard enabling another of the performance dependencies to be available within a single place for each service area for scrutiny.

#### **1.5 Next Steps – dissemination and implementation**

- 1.5.1 Once the new approach has been scrutinised and agreed, it is intended that it underpin all thinking about risk by Members and staff. It therefore needs to be properly communicated and understood. A communications plan will be developed to ensure all Members and staff are aware of the principles and the available tools. This is likely to include discussions with Leadership Team and Service Managers, supported by a "cascade" of information to all staff, and inclusion in the Member Development Programme. It will also need to be backed up by short and easy-to-understand messages delivered through the intranet, staff briefings and other internal communications.
- 1.5.2 The new approach will be reviewed periodically to ensure it continues to be fit-for-purpose, and relevant to the new types of decisions the councils are making.