

HIGH PEAK BOROUGH COUNCIL

Report to Audit and Regulatory Committee

20th September 2023

TITLE:	Review of Risk Management Strategy
PORTFOLIO HOLDER:	Cllr A Barrow, Corporate Services & Finance
CONTACT OFFICER:	Head of OD & Transformation
WARDS INVOLVED:	Non-Specific

Appendices Attached – Appendix 1: Risk Management Strategy

1. Reason for the Report:

- 1.1 To present for approval the updated Risk Management Strategy, which sets the Council's risk tolerance threshold for both positive and negative risks.

2. Recommendation

- 2.1 That members approve the revised Risk Management Strategy as detailed at Appendix 1.

3. Executive Summary

- 3.1 The Alliance Risk Management Strategy is reviewed every two years in order to ensure the Council's approach reflects changing circumstances.

- 3.2 The 2023 strategy review has been informed by a number of considerations, including:

- An external deep dive review of 5 project risk registers by our Insurance partner, Zurich Municipal
- Findings of internal audit and other reviews
- Financial challenges facing the Council over the course of its Medium-Term Financial Plan, our response to world events and how this might affect our tolerance to financial risk
- Consultation with Heads of Service and the corporate Risk Management Group

4. How this report links to Corporate Priorities

- 4.1 Risk Management is embedded across all service areas and therefore links to each of the Council's Corporate Plan aims.

5. Options

- 5.1 The committee can approve the 2023 strategy or suggest amendments.

6. Implications

- 6.1 Community Safety - (Crime and Disorder Act 1998)
None
- 6.2 Workforce
Employee wellbeing has been included within the strategic risk register and continues to be monitored (after being identified as a new risk as part of the Horizon scan exercise in 2021)
- 6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Diversity and Equality Policies
- 6.4 Financial Considerations
Effective Risk Management contributes to the Council's financial objectives
- 6.5 Legal
None
- 6.6 Sustainability
Compliance with environmental regulatory frameworks are included as a risk within the council's strategic risk register
- 6.7 Internal and External Consultation
Heads of Service have been consulted on the current risk tolerance thresholds through the Risk Management Group
- 6.8 Risk Assessment
Establishing the Council's risk tolerance is central to delivering a successful Risk Management Strategy.

ANDREW P STOKES
Chief Executive

Background Papers

Medium Term Financial Plan.
Global Risks Report 2023 –
World Economic Forum.
Zurich Risk Review – 2023.

Location

Available on request

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7. Background

7.1 The Council's Joint Risk Management Strategy was first adopted in December 2010. In line with the commitment given in the Strategy to undertake regular reviews, the Strategy is now in its ninth iteration.

8. 2023 Review

8.1 The 2023 strategy review has been informed by the areas bulleted below, which are explored in more detail in the following paragraphs.

- An **external** deep dive review of 5 project risk registers from our Insurance partner, Zurich Municipal
- Findings of internal **audit** and other reviews relating to risk management
- **Financial challenges** facing the Council over the course of its Medium-Term Financial Plan, our response to world events and how this might affect our **tolerance** to financial risk

8.2 **External Review** – During 2023, the Alliance commissioned Zurich to review project risk management across the organisation. The aim of this work has been an overall assessment of the risk awareness and identification within these project. The review concluded that *'Senior Managers and Members are actively building the risk culture and are seeking to learn and develop their approach towards risk identification and management.'*

8.3 The review will not only help develop the risk management within the projects but also help provide a guide moving forward.

8.4 **Audit findings and best practice** – The Information Team gained a sought after 'substantial' assurance assessment in the 2020/21 Risk Management audit (for the second time in a row) in recognition of the architecture, strategy and protocols in place around our risk management process.

8.5 The Council's approach to risk management is regarded as being 'mature' by external risk consultants from Zurich Municipal, and during 2020/21 they have asked the council to share its best practice with two other councils who are developing their risk management practices.

8.6 **Financial Challenges** – The strategic risk around financial and legislative impact from significant external events continues to be monitored and has recently been expanded to include the cost-of-living crisis and high inflation and interest rates.

8.7 **Tolerance threshold** – The recommendation within this report is that the current tolerance threshold remains valid, given the financial context outlined within the Medium-Term Financial Plan. The highest level of financial impact is in line with the assessed level of contingency reserves in place.

8.8 Looking beyond the national picture to the '**Global Risks Report 2023**,' produced by the World Economic Forum, the global risk landscape has been segmented into five areas:

- ❖ *Economic vulnerabilities* – prolonged economic downturn, proliferation of illicit economic activity, collapse of supply chain, debt crises, failure to stabilise price trajectories
- ❖ *Geopolitical tensions* – terrorist attacks, interstate conflict, use of weapons of mass destruction, geoeconomic confrontation, state collapse
- ❖ *Societal strains* – large scale involuntary migration, cost of living crisis, employment crises, collapse or lack of public infrastructure and services, chronic health conditions, infectious diseases, severe mental health deterioration, erosion of social cohesion, misinformation and disinformation
- ❖ *Environmental fragilities* – environmental damage incidents, failure to mitigate climate change, biodiversity loss and ecosystem collapse, natural resource crises, failure to climate-change adaptation, natural disasters and extreme weather
- ❖ *Technological instabilities* – widespread cybercrime and cyber security, digital inequality, adverse outcomes of frontier technologies, digital power concentration, digital inequality, breakdown of critical information infrastructure

8.9 The Global Risks Report shows the *cost of living* dominating global risks in the next two years while *climate change action failure* dominates the next decade, both of which are rated as high risks in our strategic risk register.

8.10 There have been no major changes made to the Council's Risk Management Strategy following the 2023 review, minor changes are highlighted in yellow.