

Audit and Governance Committee

Date of Meeting: 12 March 2020

Report Title: Risk Management Framework Update

Senior Officer: Jan Bakewell, Director of Governance and Compliance Services

1. Report Summary

1.1. Effective risk management is central to good governance and supports the efficient delivery of the Council's objectives. To ensure the continued effectiveness of the Council's risk management arrangements, the Risk Management Framework has been reviewed. This report sets out the proposed updated Framework (Appendix B) for consideration, comment and recommendation to Cabinet for approval.

2. Recommendations

2.1. To consider and comment upon the updated Risk Management Framework (Appendix B) and recommend it to Cabinet for approval.

2.2. To note the update on the Corporate Risk Register (Appendix A).

3. Reasons for Recommendations

3.1. The Council is publicly accountable and must be able to demonstrate effective management of the kinds of risks which may threaten the achievement of its strategic objectives, the effectiveness of its operations, the its financial stability, the security and value of its assets and to protect the public. It ensures the Council discharges its statutory responsibilities for managing risk under the Accounts and Audit Regulations 2015.

3.2. Risk management provides a structured, consistent and continuous process across the whole of the Council for identifying, assessing, responding to, and reporting on opportunities and threats that affect the achievement of the Council's Corporate Plan objectives and outcomes.

4. Other Options Considered

4.1. Not applicable.

5. Background

Risk Management Framework

- 5.1. To ensure the continued effectiveness of the Council's risk management arrangements, the Risk Management Framework has been reviewed. The review identified a need to update and consolidate existing documentation which forms the Risk Management Framework, and to ensure that once updated, the updated Framework is communicated across the organisation.
- 5.2. As reported to the Committee in previous updates, risk management training is already underway, in the form of refresher training to Heads of Service and discussion sessions in team meetings. CLT have participated in a workshop to review strategic risks. We all have a collective responsibility for the management of risk.
- 5.3. The Council's arrangements for managing risk, known as the Risk Management Framework, comprise of:
- 1 Risk Management Policy Statement
 - 2 Risk Management Policy
 - 3 Risk Management Appetite Statement
 - 4 Risk Management Maturity
 - 5 Risk Management Strategy 2020-22

These are included at Appendix B.

- 5.4. Detailed Practitioner Guidance is also available to ensure that the risk management principles established in the Framework can be applied in practice. The Council actively manages risk and the development of risk management within the organisation and its decision making. This will be made available on the Council's Centranet.
- 5.5. The Risk Management Appetite Statement (Section 3) is consistent with the overall and individual appetite statements established previously in the initial appetite statement.
- 5.6. The aspiration established for risk maturity (Section 4) is for the organisation to become "Risk Managed". The last assessment result placed the organisation as between "Risk Managed" and "Risk Defined".

Updates to the Corporate Risk Register

- 5.7. Since the last report to the Committee in December 2019, all of the risks on the Corporate Risk Register have been reviewed by the Risk Owners, supported by the Business Manager (Corporate) Risk and Business Continuity.
- 5.8. There has been some movement in the Corporate Risk Register and this is summarised in the table below. The Corporate Risk Register is included in Appendix A.

Table 1: Updated description/detail to Corporate Risks

Ref & Type	Risk	Gross Rating & Direction	Comments and Gross Rating
CR1 Threat	Increased Demand for People Services	16 ↑	The risk has increased from 12 to 16 due to increased demand. Gross score 16
CR3 Threat	Financial Resilience	12 ↑	The score has increased from 9 to 12 due to the release of new resilience indicators from CIPFA in December 2019. Gross score 16.
CR7 Threat	EU Exit, Single Market and Local Growth	3 ↓	The risk has reduced from 6 to 3 as Brexit occurred in January but residual risks remain which will be monitored. Gross Score 12
CR9 Threat	Capital Projects	8 →	Joint risk owners as both the Executive Directors of People and Place have a role to manage this risk. Gross Score 16
CR11 Threat	Pandemic virus	8 →	This risk has been included due to the increased risk of a pandemic virus. Gross Score: 8

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015:

‘A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk’.

6.1.2. Regularly reviewing the Council’s arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility.

6.1.3. Risk management can relate to legal aspects of the council’s business, however, the content of this report does not have any specific legal implications. Legal risks to the organisation are incorporated in the Service plans risk registers. This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.

6.2. Finance Implications

6.2.1. There are no adjustments required to the Medium Term Financial Strategy as a result of this report.

6.3. Policy Implications

6.3.1. Risk management is integral to the overall management of the Council and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the Risk Management Framework.

6.3.2. This report includes an updated Risk Management Policy and Appetite Statement, which are for consideration by Audit and Governance Committee prior to consideration by Cabinet.

6.4. Equality Implications

6.4.1. There are no equality implications identified.

6.5. Human Resources Implications

6.5.1. Training for staff and members on the refreshed Risk Management Framework will be provided to ensure that all have the relevant skills to support the assessment of risk in decision making.

6.6. Risk Management Implications

6.6.1. Failure to review the effectiveness of the Council's arrangements for the management of risk and update them where needed could result in non-compliance with the requirements of the Accounts and Audit Regulations 2015.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are no direct implications for children and young people/cared for children.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for climate change.

7. Ward Members Affected

7.1. All wards.

8. Access to Information

8.1. Previous Risk Management Update reports to the Audit and Governance Committee.

9. Contact Information

9.1. Any questions relating to this report should be directed to the following officer:

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