

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	28 January 2019		
TITLE:	Risk Management Policy and Strategy review		
TYPE OF REPORT:	Review		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:
<p>The council's risk management policy and strategy are due to be refreshed in March 2019. This report introduces a draft framework and seeks members' comments. A draft version was presented to the committee in November 2018. The final version will be taken forward to Cabinet in March 2019.</p>
KEY ISSUES:
<p>The policy (Appendix A) states the council's commitment to managing risk in a positive manner. It is recognised that in order to achieve the council's objectives it is necessary to take risks and that these need to be identified, understood and managed accordingly.</p> <p>The risk appetite is defined in the policy as 'open' which means that the council is 'prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk'.</p> <p>The strategy (Appendix B) describes the approach to be carried out in practice. It explains how risks will be identified, analysed, managed and monitored. The strategy sets out criteria to be used for deciding the potential impact of a risk and the appropriate levels of action to be taken for the different risk categories.</p> <p>The strategy has been updated to reflect changes in staffing and practice that have taken place since the review in 2016.</p> <p>An Internal Audit review of risk management is underway. Liaison is taking place with the lead auditor to ensure findings are incorporated within the final version of the policy and strategy.</p>
OPTIONS CONSIDERED:
<p>These are detailed in the report.</p>
RECOMMENDATIONS:
<p>Members are requested to consider the draft.</p>
REASONS FOR RECOMMENDATIONS:
<p>In order to ensure the Council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.</p>

1. Background

- 1.1 The Risk Management Policy and Strategy are reviewed every three years and the current versions were approved by Cabinet in March 2016. The policy and strategy framework are therefore due to be reviewed by March 2019
- 1.2 Responsibility for the coordinating the corporate risk register and the risk management framework transferred from Internal Audit to Personnel, Policy and Performance in 2017.
- 1.3 An Internal Audit review of the council's approach to risk management is underway with the final report not yet agreed. Audit Committee will be requested to endorse the risk management framework prior to approval at Cabinet in March 2019. The committee was consulted on the draft framework in November 2018. Final versions of the policy (Appendix A) and strategy (Appendix B) are attached to this report and reflect comments made by the committee.

2. Facts/Issues

- 2.1 There is no specific "standard" set for risk management in local government and the council's approach is based on sector best practice including the International Standard in Risk Management ISO: 31000 and guidance from organisations such as Alarm (Association of Local Authority Risk Managers), the Public Sector Risk Management Association, and the Institute of Risk Management.

3. Proposals

3.1 Internal Audit review

- 3.1.1 Internal Audit are conducting an Assurance Review of Risk Management, the objective of the audit is to review the systems and controls in place within risk management, to ensure they are operating adequately, effectively and efficiently.
- 3.1.2 This is the first time that risk management has been audited. Under previous arrangements, Internal Audit were responsible for risk management and an external review would have been required to avoid conflicts of interest.
- 3.1.3 I have liaised with the auditor in drafting the refreshed policy and strategy to try and align the two processes and incorporate findings.

3.2 Amendments since Audit Committee, 12 November 2018

- 3.2.1 Content has been added at section 3.6.5 regarding the escalation of risks to senior management.
- 3.2.2 Reference is made at section 6 to the council's risk register for capital projects.

3.3 Risk management training

- 3.3.1 Once finalised, the refreshed policy and strategy will be deployed using a combination of training, briefings and internal communications to direct officers and members to key documents and guidance.

4.0 Corporate Priorities

4.1 The risk management process supports the delivery of corporate priorities.

5.0 Policy Implications

5.1 The report seeks to refresh existing policy and strategy.

6.0 Financial Implications

6.1 None.

7.0 Personnel Implications

7.1 None.

8.0 Statutory Considerations

8.1 Account and Audit Regulations 2015 - s3(c). The Council must ensure that it has 'effective arrangements for the management of risk'.

9.0 Equality Opportunity Considerations

9.1 None

10.0 Risk Management Implications

10.1 The Council has in place a Risk Management Policy (last adopted in March 2016) and an associated Risk Management Strategy.

10.2 The Corporate Risk Register records high level risks which pose a threat or opportunity to the Council's objectives. It is a tool used by the Chief Executive and the Executive Directors (Management Team) to help manage risk within the authority and is a key document within the governance controls applied within the council.

11.0 Recommendations

11.1 Members are requested to consider the contents of the draft policy and strategy and make comment.

12.0 Declarations of Interest / Dispensations Granted

12.1 None

Background Papers

- October 2018 Corporate Risk Register
- Previous Corporate Risk Registers
- Risk Management Policy and Strategy – approved in March 2016
- Audit Committee Risk management policy and strategy review report, 12 November 2018