

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :			
<b>Any especially affected Wards</b> No	Discretionary	Be entirely within Cabinet's powers to decide		NO	
		Need to be recommendations to Council		YES	
		Is it a Key Decision		NO	
Lead Member: Cllr Angie Dickinson E-mail: cllr.angie.dickinson@west-norfolk.gov.uk		Other Cabinet Members consulted:			
		Other Members consulted: Audit Committee			
Lead Officer: Ged Greaves E-mail: Ged.Greaves@west-norfolk.gov.uk Direct Dial: 01553 616804		Other Officers consulted: Management Team			
Financial Implications NO	Policy/Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment NO	Risk Management Implications YES	Environmental Implications No

Date of meeting: 21 June 2022

### **RISK MANAGEMENT POLICY AND STRATEGY REVIEW**

#### **Summary**

The council's Risk Management Policy and Strategy were last reviewed and approved by Cabinet on 26 March 2019.

The risk appetite is formally recognised within the policy, and the strategy provides a means of escalating risks from service and project level to the corporate risk register where necessary.

The policy has reached its scheduled review point and a refreshed version has been considered by Audit Committee on 28 February 2022 and 11 April 2022.

#### **Recommendation**

That Cabinet recommend that Council approve the Risk Management Policy and Strategy.

#### **Reason for Decision**

To ensure there is a comprehensive and up to date framework for the Council's management of risk.

## **1. Background**

1.1 The Council's current risk management system was reviewed in March 2016 and a clearer commitment to risk management was expressed by having a

separate policy and strategy. The policy outlines the Council's approach to risk management and the strategy describes how it will be implemented.

## **2. Risk Management Policy**

2.1 The council's environment continues to be challenging with pressures arising from financial issues, responsibilities arising from new legislation, commercialism, external forces affecting the national and local economy and translating into service demands and new technology creating opportunities and threats.

2.2 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.

2.3 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'*.

## **3. Risk Management Strategy**

3.1 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 criteria to be used for deciding the potential impact of a risk are shown and the appropriate levels of action to be taken for the different risk categories.

## **4. Changes to the 2019 policy and strategy**

4.1 The Risk Management Policy and Strategy have been revised as follows:

- Climate change added as an impact criterion
- Further definition about capital project risks
- Risk reviews increasing from two to three times per year.
- Risk registers to be included within directorate plans enabling the rationalisation of risks within the corporate risk register and route for escalation of risks.
- Risk actions identified during the risk reviews to be added to the corporate risk register.
- More clearly linking the council's report templates e.g. for Cabinet reports to the content of the Corporate Risk Register.
- Training to be deployed for officers and members regarding the new policy/strategy and practical application of risk management.

## **5. Comments from Audit Committee**

5.1 The Audit Committee considered draft versions of the risk management policy and strategy on 28 February 2022 and 11 April 2022.

5.2 The Committee on 28 February 2022 raised the following points:

- Increase in number of reviews proposed to be undertaken of the Risk Register per annum.
- Individual Risk Registers available for each project.
- Mechanism of reporting progress with Corporate Business Plans/Directorate Plans.
- Capital Project Risks managed by Property Services/Major Housing Projects. The Corporate Performance Manager explained that details would be clarified in the final version of the policy and strategy review.
- Corporate Risk Register recording high level risks which posed a threat or opportunity to the Council's objectives – a tool used by the Management Team to help manage risk within the Authority and a key document within the governance controls applied within the council.
- Internal Drainage Boards (IDB's)/financial sustainability, a risk not being able to be mitigated. The Assistant Director, Resources referred to the Financial Plan and reference made to uncertainty of IDB's and that there was no cap on the levies imposed. It was noted that Government lobbying was being undertaken to try and mitigate this risk.
- Rationalisation of the Corporate Risk Register.
- Ensuring statutory responsibilities were met not being recorded in the Corporate Risk Register.
- Audit Committee being made aware of the list of the council's statutory responsibilities / legal requirements.
- Loss of ICT/backup plans.
- Cyber security attack.

5.3 The Committee on 11 April 2022 raised the following points:

- Concerns about the equality impact assessment and coverage of health and safety risks.
- Inclusion of risks related to personal data.
- Proposed impact criteria for assessing climate change risks.
- The increasing number of projects that were not within the council's direct control.
- The risks relating to major projects such as rising material costs.
- Risks related to unexpected events and relation with the council's business continuity policy.

5.4 At its meeting on 11 April 2022, the Audit Committee endorsed the policy and strategy and recommended it to Cabinet for approval but raised a requirement for the following to all Members and appropriate employees; including all Board Directors of Council Owned Companies:

1. An enhanced programme of awareness of this Policy and Strategy for all existing Members.
2. The Management Team, Service and Project Managers to provide positive feed-back, via a nominated Executive Director, that the procedures to comply with these documents are in place.
3. A focussed and mandatory training session is devised and given to all new Members and relevant managers on the need for compliance with this policy, in addition to that traditionally given for the “Code of Corporate Governance”.

5.5 It should be noted that the Internal Audit Manager has also carried out a review of the Council’s risk framework and maturity to inform the development of the risk-based internal audit plan for 2022/2023. This assessment has resulted in a number of recommendations which will strengthen the approach to risk management across the authority. The recommendations focus on the following areas:

- Defining risk appetite and escalation
- A risk management training programme for officers and members
- Additional categorisation and reporting which will provide clarity on risk management
- Strengthening the assurance process

5.6 It is anticipated that these recommendations will result in a revised policy and strategy once the detail of these recommendations are adopted.

5.7 A training and development plan will also be developed and implemented to support the dissemination and embedding of the policy and strategy.

## **6. Policy Implications**

6.1 The Risk Management Policy and Strategy represents a refresh of the Council’s existing policy and approach to risk which encourages a positive culture with respect to risk and its effective management.

## **7. Financial Implications**

7.1 There are no direct financial implications, however failure to manage risk effectively may have a financial impact. It is therefore essential that the Risk Management Policy and Strategy are fit for purpose.

## **8. Personnel Implications**

8.1 There are no personnel implications.

**9. Statutory Considerations**

- 9.1 Accounts and Audit Regulations 2015 regulation 3(c) – A relevant authority must ensure it has a sound system of internal control which includes effective arrangements for the management of risk.

**10. Equality Impact Assessment (EIA)**

- 10.1 These are set out in the EIA.

**11. Risk Management Implications**

- 11.1 This report is designed to take forward and enhance the Council's effective management of risk throughout the organisation.

**12. . Declarations of Interest / Dispensations Granted**

- 12.1 None

**Background Papers**

- Risk Management Policy and Strategy 2019 (approved by Cabinet, 26 March 2019).
- Audit Committee; Risk Management Policy and Strategy review, 28 February 2022 and 11 April 2022.