

EXECUTIVE MEMBER DECISION



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICERS: Director of Finance

DATE:

PORTFOLIO/S AFFECTED: ALL

WARD/S AFFECTED: All

SUBJECT: EMD - Corporate Risk Management Policy Statement

1. EXECUTIVE SUMMARY

To present the Risk Management Policy Statement and supporting Risk Management Strategy and Framework 2021-2026 to the Executive Member for Finance & Governance for approval.

Establishing an effective Risk Management Policy Statement is a key element of the Council's corporate planning process and the Corporate Governance Framework. An adequate and effective risk management system is an essential element of good management and a sound internal control framework. It is essential if the Council is to be able to demonstrate that it has sound systems of corporate governance in place.

The Policy and supporting Strategy and Framework will provide a consistent corporate approach to ensure that robust and effective risk management procedures are embedded into the Council's culture so that risk management is an integral part of the decision making process and the supporting systems and procedures used by Members, Chief Officers and staff at all levels. The Policy Statement and Risk Management Strategy and Framework set out the Council's approach for the systematic management of risk, the culture and roles and responsibilities of all managers and decision makers to achieve this.

2. RECOMMENDATIONS

That the Executive Member:

- Approves the Risk Management Policy Statement, including the corporate assessment of risk appetite, and supporting Risk Management Strategy and Framework.

3. BACKGROUND

Effective risk management systems and procedures are key to supporting the achievement of the Council's community outcomes and corporate plan priorities. Good risk management also assists the Council to effectively manage strategic and operational decision making, business planning and service delivery, to safeguard its assets and ensure the well-being of its stakeholders.

The Council does not have an overarching Risk Management Policy in place, which defines corporately what the Council's overall 'risk appetite' is. The current Risk Management Strategy and Framework and supporting Risk Management Toolkit have been in place since 2015. Whilst these documents are considered to generally sound they are in need of a review and refresh to ensure that they reflect current best practice and are simplified.

The Council's External Auditors, Grant Thornton, review the arrangements in place for value for money. As part of this they will consider the adequacy of the Council's Risk Management arrangements against various key lines of enquiry.

A review of the Council's Risk Management arrangements has taken place in response to the points noted above.

4. KEY ISSUES & RISKS

The Council is committed to high standards of corporate governance and has adopted a Code of Corporate Governance as part of its Constitution. The governance framework brings together an underlying set of legislative requirements, governance principles and management processes. The Council has recognised that taking informed and transparent decision that are subject to effective scrutiny and managing any risks identified is one of the core principles of good governance, as details in its Code of Corporate Governance.

A general discussion about the Council's risk management arrangements took place as part of the Corporate Leadership Team's (CLT) review of the strategic risk register at its meeting on 28 July 2021. As a result of this it was resolved that there should be a review and refresh of the Council's approach to, and arrangements in place for risk management.

A number of issues were identified from the review, including the following:

- there is no overarching Risk Management Policy for the Council, defining corporately what the Council's overall 'appetite' for risk is;
- the Risk Management Strategy and Framework, is over five years old. Whilst considered generally sound, it is in need of refresh and simplification;
- there is a perception that the CLT do not 'own' and/or 'champion' risk management; and
- other than being shared with the Audit and Governance Committee, little or no information on the Council's strategic risks is shared with the political leadership of the organisation.

Risk management is an integral part of good governance within an organisation. Good risk management is dependent to a large extent on the culture of the organisation. In essence, the Council could have award winning, 'best in breed' risk management policies, strategies and procedures but if it is set within a culture that does not consider risk management to be important, such policies, strategies and procedures would be largely redundant.

For that reason, it is important that the Corporate Assurance Board (CAB) have ownership of the Council's risk management policy, strategy and procedures and champion risk management in a proportionate way throughout the organisation. Setting the right tone is essential to ensuring that risks are identified, appropriate management actions are implemented by way of mitigation and this process becomes embedded in the culture of the organisation's performance management arrangements.

The Council does not currently have a Risk Management Policy Statement. The purpose of the Policy Statement is to set out the Council's intent with the management of risks. A key part of any Risk Management Policy is defining what the organisation's 'appetite' is for risk. To address this gap a draft Risk Management Policy has been produced and is provided at Appendix 1 for consideration and approval.

Included within the draft Policy Statement is an initial assessment of the Council's appetite for risk across a range of key risk categories. For the purposes of this report this assessment is provided separately for consideration at Appendix 2. The Executive Member for Finance and Governance is asked to consider whether the initial assessment of the Council's corporate risk appetite is considered appropriate for the areas identified given her knowledge of the Council.

The Council's current Risk Management Strategy and Framework (along with a supporting Risk Management Toolkit) was published in January 2016. The Strategy is generally sound, though lengthy, and, as identified by CLT, in need of a refresh. Consequently, it has been reviewed, along with the Risk Management Toolkit. The updated Strategy is provided at Appendix 3 and the Toolkit is included at Appendix 4 for reference.

The draft Risk Management Policy (including the assessment of risk appetite) and Strategy were both agreed by CLT at the CAB meeting on 15 December, subject to review and approval by the Executive Member for Finance and Governance.

The purpose of the Risk Management Policy Statement and supporting Risk Management Strategy and Framework is to set out the Council's approach for the systematic management of risk, the risk culture and expectations/responsibilities on all managers and decision makers to achieve this. These documents will provide a framework that should ensure there is a clear evidence based approach that is consistently applied across the Council, which embeds risk consideration into policy formulation, planning and decision making at all levels.

5. POLICY IMPLICATIONS

There are no policy implications arising directly from this report.

6. FINANCIAL IMPLICATIONS

The Risk Management Policy and supporting Strategy and Framework provide a means of demonstrating that all significant risks are being identified, reviewed and appropriately assessed. They also serve to help protect the Council's financial resources and assets and to ensure that they are directed to key priorities.

There are no additional costs directly linked to this Policy, or the Strategy & Framework.

7. LEGAL IMPLICATIONS

It is a requirement of the Accounts & Audit Regulations 2015 that the Council ensures that it has a sound system of internal control in place, which includes effective arrangements for the management of risk.

8. RESOURCE IMPLICATIONS

There are no additional resource implications arising from the implementation of this Policy or Strategy and Framework.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

Corporate Assurance Board

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded and published if applicable.

VERSION:	1
-----------------	----------

CONTACT OFFICER:	Colin Ferguson
-------------------------	-----------------------

DATE:	
--------------	--

BACKGROUND PAPER:	Corporate Risk Management Strategy and Framework 2015/20
--------------------------	--