RISK MANAGEMENT POLICY/FRAMEWORK AND CORPORATE RISK REGISTERS

Summary: This report highlights recent and proposed improvements to both the Corporate Risk Register (CRR) and the Risk Management Policy and Framework as part of the Council's ongoing improvements to the governance framework.

Options considered: Not to update the Policy and Framework.

Conclusions: The improvements outlined within the report will help both officers and Members to monitor and track any outstanding actions designed to help mitigate and manage the various corporate risks.

Recommendations: **To note and adopt the Risk Management Policy and Framework**

                          To note the Risk Registers.

Reasons for   Better understanding our risk appetite and embedding
Recommendations: risk management will help to support the aspirations contained within the Corporate Plan and help to support the delivery of the MTFS and the desire to achieve financial sustainability without reliance on central government grants.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW
(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Cabinet Member(s)   Ward(s) affected

Contact Officer, telephone number and email:

1.   Introduction

1.1   The last update to the Risk Management Policy and Framework was approved by the Governance, Risk and Audit Committee (GRAC) in March 2018. The documents are reviewed every two years with the next scheduled update now due.

1.2   This policy sets the framework for the Council's Corporate Risk Register (CRR) which monitors and tracks the Council's most significant risks. Responsibility for coordinating the CRR and the risk management framework currently rests with the Section 151 Officer in Finance.

1.3   Following governance improvements made last year the CRR is now a standing item on the Strategic Leadership Team (SLT) agenda and is reported every quarter. It is also updated and considered for every GRAC meeting although at present this is done via a spreadsheet. Following

discussions at the GRAC meetings in September and December and in consultation with Internal Audit, a number of improvements have been made to the CRR and they are briefly outlined below.

2. Improvements

Removal of historic data

2.1 Some of the feedback received from the Committee related to the age of some of the actions taken. The actions section has therefore been reviewed and anything older than 12 months has now been archived so that it focuses on current activity.

Corporate Projects

2.2 The Council is involved in a number of ongoing projects across the organisation. Some of these are significant, such as the re-provision of the Splash facility, and some are much smaller service delivery improvement projects that require limited resources. Where these projects are significant, they will have their own individual risk register.

2.3 To improve the linkages between these individual registers and the main CRR a process has now been implemented whereby any risks identified as having a potentially 'high' impact are automatically flagged for inclusion on the CRR by the relevant project lead/Senior Responsible Officer (SRO).

2.4 It should be noted however that this process is new and is still developing and it is not meant to reflect full coverage of all risks for every project, just where an element of a project might need highlighting at a strategic level with in the CRR. The lower level risks will be covered within the individual risk registers for these schemes. However, these projects have now been allocated a separate header sheet within the CRR with the detail following on immediately from this. This allows the most significant areas of risk to the Council to be linked through to assurance controls and for these to be monitored at a strategic level.

2.5 When the new InPhase performance management system is fully operational it will help to automate this process and make it more efficient, enabling access to the detailed risk registers for each project should this be required. InPhase contains a risk module which will be a step change improvement of the management of risk at the Council and should mean project leads/service managers can update this direct and make the risk registers more agile. It is recommended that this process and the CRR are overseen by the Policy and Performance Officer, with the overall ownership of the CRR still resting with SLT.

Corporate Plan Links

2.6 The new Corporate Plan was approved by Full Council in November and identifies six key themes where we would propose developing actions and allocating resources to respond to the challenges our district faces in the years to come as detailed below

  • Local Homes for Local Need
  • Boosting Business Sustainability and Growth

- Climate, Coast and the Environment
- Quality of Life
- Customer Focus
- Financial Sustainability

2.7   Planning for the future is challenging, especially given the broad range of services we provide, and the competing demands for increasingly scarce resources. All our services are committed to making improvements and finding savings, so that the Council remains efficient, effective and meets the day to day needs of the communities we serve.

2.8   The Corporate Plan will help us target better our dwindling capital and revenue resources and help direct and focus any bids for external grant support. The Plan also provides a framework against which we can assess our progress to support the needs of our customers and communities.

2.9   The Delivery Plan, is scheduled to be approved by Full Council in February 2020. This will detail how we will judge our performance; it will also be the means by which the Council agrees its improvement objectives. It will include the expected outcomes from each of the six key themes and be supported by a set of priority actions and measures through which the Council will undertake a self-assessment of the level of improvement made.

2.10   Each priority action will be risk assessed through the Council's existing project management framework and any significant areas of risk escalated through the process identified above.

MTFS

2.11   The Medium Term Financial Strategy (MTFS) has already been linked to the new Corporate Plan and Delivery Plan. It will also be necessary to consider the CRR in light of this new strategic direction to understand any new and emerging risks or to remove any that are no longer relevant.

2.12   The Council's approach to risk, its risk appetite and risk tolerance has a significant part to play in terms of supporting both the Corporate Plan and the MTFS. Without a robust risk management framework, the Council is at risk of failing to deliver its corporate objectives and meeting its financial targets required to ensure we have a sustainable financial position in the future.

2.13   Both the MTFS and the budget report include expanded sections on risk this year and further work will be undertaken to review and strengthen how we report risk within the corporate report templates.

2.14   The levels of risk which the Council is willing to accept will have a direct bearing on the types of projects that Members are willing to take forward to support the Council's Financial Sustainability Strategy (to be developed) in the future and how and where the Council will deliver increased income.

3.   Risk Appetite and Risk tolerance

3.1   Risk appetite is often described as the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives. Risk tolerance is the amount of risk an organisation could actually take, usually from a financial perspective, before services and objectives are significantly

impacted. The two are linked, with most organisations having a risk appetite lower than their risk tolerance.

3.2   The Council will be required to make some difficult decisions in the short to medium term to help ensure that we are able to balance the budget given the current funding restrictions and uncertain financial climate. This will undoubtedly involve looking to potentially invest in new opportunities and to take a more commercial approach to our activities whilst also looking to drive social value.

3.3   When embarking on any such initiatives it will be important that the Council understands its risk appetite.

3.4   Training sessions for Members in relation to risk and taking a more commercial approach took place in February.

3.5   Risk appetite for the Council was explored in a workshop in March with Members. These have fed into the Risk Management Framework.

3.6   The Corporate Risk Registers and a specific Risk Register for COVID-19 have been updated to reflect the new Framework.

3.7   These will be the subject of a workshop with GRAC on 12 June 2020 to rest them for robustness and completeness before the registers are considered by SLT and will be presented to the Committee following that workshop.

4.   Coronavirus

4.1   Members are also being asked to consider a Risk Register to specifically deal with the risks arising from the global pandemic to the Council.

5.   Conclusion

5.1   The improvements outlined above will help both officers and Members to monitor and track any outstanding actions designed to help mitigate and manage the various corporate risks. The linkages between the CRR and the new Corporate Plan will help to ensure alignment with the new corporate priorities.

5.2   Better understanding our risk appetite as a Council will help to ensure that we establish clear parameters within which the organisation can work and succeed.

6.   Implications and Risks

6.1   Without a robust risk policy and framework, the Council is at risk from a number of areas. Setting the risk tolerance and appetite will help to inform and support decision making as we try and deliver the aspirations contained within the new Corporate/Delivery Plan, along with supporting the Council's approach to becoming financially sustainable.

6.2   The real impact on resources will come through the better understanding and management of risk and the impact this will have on how the Council manages its business, generates efficiencies and delivers additional income.

7. Financial Implications and Risks

7.1   See above

8. Sustainability

8.1   N/A

9. Equality and Diversity

9.1   N/A

10. Section 17 Crime and Disorder considerations

10.1   N/A