

Report to Audit Committee

Subject: Risk Management Framework

Date: 19 March 2024

Author: Interim Corporate Director

Purpose

To seek approval to recommend a new Risk Management Strategy to Cabinet for adoption.

Recommendation

That Members:

- 1) Recommend to Cabinet, the adoption of the Risk Management Framework at Appendix 1 to this report.

1 Background

- 1.1 The Council's current Risk Management Strategy was approved by Cabinet in October 2017 and provides guidance on the processes, procedures, roles and responsibilities for risk and sets out the context on how risks are managed within the Council.
- 1.2 The Accounts and Audit Regulations 2015 require the Council to ensure that it has a sound system of internal controls which includes the effective management of risk. It is key that as the Council takes on more ambitious projects and transforms the way it works both in terms of digital improvements and service provision, that its risk management processes remain robust.
- 1.3 Internal auditors have recommended that the Council review and update its current Risk management Strategy and Framework document with a deadline for completion of 31 March 2024. The current Strategy and Framework has been reviewed and a new Risk management Framework is attached at Appendix 1. This Framework is based on an approach which our

internal auditors considered to be good practice.

1.4 The new Framework includes:

- Risk management Policy Statement – which sets out the organisational approach to risk management and how it will be embedded into the Council's governance framework and delivery of the Gedling Plan.
- Risk Management Strategy – which sets out what risk management is, why it is important and the legal requirements, the roles and responsibilities of risk management within the Council from members to officers, how risk management will be embedded into the Council's culture, and how risks are assessed and scored.
- Risk Appetite Statement – which defines the overall level of risk as a Council we are prepared to accept.
- Risk management Toolkit – which provides practical guidance on how risks are identified, scored and managed as well as guidance on appropriate controls to manage risk and how risks will be reported and communicated.

1.5 As part of the Strategy element of the framework, the Council have used the ALARM National Performance Model for Risk Management in Public Services, which provides a self-assessment tool for authorities to grade themselves in terms of how well risk management is embedded within the organisation. The "rating" goes from 1 – 5 across 7 categories. Senior Leadership team have assessed the Council's current risk management position at level 3 "Working" – as there are adequate risk processes in place, however under the new Framework it is hoped that the Council will move into the level 4 category "Driving" within the Gedling Plan period to 2027.

1.6 The Risk Appetite statement, is a declaration of the Council's risk appetite and must be agreed, along with the Framework by Cabinet. Based on the new risk scoring matrix, it is proposed that the Council's risk appetite level be set at Moderate – Tending always towards exposure to only modest level of risks in order to achieve acceptable outcomes. It is against this risk appetite level that risks will be assessed and scored. Whilst this is the Council's overall risk appetite, every risk will be assessed and in some instances, a higher level of risk may be acceptable depending on the outcomes delivered. In practical terms this will be visible to Audit Committee through quarterly reporting of risks to the Committee.

1.7 The Toolkit provides practical guidance on the risk process. It makes clear that risk registers should be maintained both corporately, within departments, for projects, contracts which may contain risk (measured by

value of contract or content eg low value but high level of customer data), for ICT and cyber threats. Risk registers must be reviewed regularly and any escalating risks reflected in the Corporate Risk Register where the overall risk score is 12 or above.

- 1.8 Risks will be monitored going forward through the Council's performance management system. A project is shortly commencing to populate the risk management system with the new scoring mechanisms if approved. Reports on risk will then be pulled from the system to report to Senior Leadership team and Audit Committee on a quarterly basis.

2 Proposal

- 2.1 It is proposed that the Audit Committee, recommend the Risk Management Framework at Appendix 1 to Cabinet for approval. If approved, there will be a programme of training for staff to embed the new framework and process.

3 Alternative Options

- 3.1 The Committee could determine not to recommend the Risk Framework for adoption, however it has been prepared based on input from internal audit, and Senior Leadership team and is considered to be fit for purpose.

4 Financial Implications

- 4.1 There are no direct financial implications arising from this report. Any training or software implementation costs will be met from existing budgets.

5 Legal Implications

- 5.1 The Accounts and Audit Regulations 2015 require the Council to have sound systems of internal control in relation to risk. This Framework supports this requirement.

6 Equalities Implications

- 6.1 There are no equalities implications arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

8 Appendices

- 8.1 Risk Management Framework

9 Background papers

9.1 None

Statutory Officer approval

Approved by the Chief Financial Officer

Date:

Drafted by the Monitoring Officer