

HAMBLETON DISTRICT COUNCIL

Report to: Audit Governance and Standards Committee
26 March 2019

From: Director of Finance (s151 Officer)

Subject: **UPDATE ON THE REVIEW OF RISK MANAGEMENT**

All Wards

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to update Audit Governance and Standards Committee, the committee responsible for risk management, on the progress that is being made on the review of the Council's risk management process further to that reported to members in October 2018 and in line with the information provided to Scrutiny Committee.
- 1.2 The Council has a robust risk management process in place which includes a comprehensive risk register. The register captures all risks identified as presenting a threat or opportunity which may impact the Council's service delivery.
- 1.3 All risks are reviewed by the relevant service on a quarterly basis to reflect upon their appropriateness and the adequacy of the mitigating action plan.
- 1.4 The Strategic Risk Management Group established in 2017 meets regularly to drive all aspects of risk management compliance for the authority, supporting the monitoring roles performed by Management Team, Scrutiny Committee and Audit, Governance and Standards Committee. The group act as risk 'champions' ensuring risk management has an appropriate profile and sufficient focus on the corporate agenda.
- 1.5 As a result of the Strategic Risk Management Group work so far, an expanded scoring methodology and Action Plan timeline was introduced in quarter 1 2018-19. Each risk must now carry both a Gross or Inherent score, as well as a Net or Residual score. The Gross score reflects the inherent risk to the council should the event occur, the Net score reflects the residual risk once the mitigating action plan is in place and successfully taken effect.
- 1.6 In this way the true impact of each risk can be seen more clearly enabling greater management engagement, leading to enhanced decision making for a more accurately targeted allocation of resources. Adding an Action Plan timeline or deadline acts as a further mechanism for managers to closely monitor and manage each risk, by ensuring action plans are implemented in a timely manner.
- 1.7 During Quarter 2 2018/19 Strategic Risk Management Group further agreed that:
 - (i) 'Strategic' and 'Operational' organisation identifiers no longer added value to the authority's risk management process and from quarter 2 were no longer used. This enabled all risks to all services to be considered together; this was also the approach for risk 'Categories'.
 - (ii) Project risks will continue to be clearly identified.
 - (iii) Risks will continue to be identified and monitored primarily by way of score.

- 1.8 Strategic Risk Management Group have during quarter 3 and quarter 4 2018/19 considered the two elements of a risk score – Likelihood x Impact - introducing new ‘Impact Criteria’ definitions and ‘Impact Score’ matrix to improve the understanding of the potential effect of each risk and consistent scoring. Also, further wording is being reviewed around the definition of the Council’s risk appetite, where this will enable Net risks above a risk appetite threshold of ‘12’ ‘which the authority deems as ‘High’ to be reported to members. Finally, the changes in approach to risk management will include Corporate risks for which further details will be provided in due course.
- 1.9 Risk Managers were asked to complete the comprehensive review of all their risks to ensure they remain relevant; as a result 196 risks were changed during quarter 2 with 17 risks closed and 18 new risks identified. At quarter 3 fewer amendments occurred, when just 26 risks were changed with no risks closed and 4 new risks identified. The authority currently holds a total of 338 active risks across all service areas.
- 1.10 The risk management process continues to be developed so that a clearer picture of high level risks, corporate risks and the Council’s risk appetite can be reported. The Risk Management Framework is being updated to incorporate explanations and provide further guidance which will be presented to Members at the next appropriate meeting.

2.0 RISK MANAGEMENT:

- 2.1 There are no risks associated with the recommendations of this report.

3.0 RECOMMENDATIONS:

- 3.1 It is recommended that the Committee note the propose review and consequent improvements to the Council’s risk management process.

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Background Papers: Internal Audit Report - Annual Review of the Risk Management Strategy
Department Quarterly Risk Register Review

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