

STRATEGIC RISK MANAGEMENT GROUP

9 January 2023

AUDIT AND RESOURCES COMMITTEE

21 February 2023

CABINET

23 March 2023

CORPORATE RISK MANAGEMENT - ANNUAL REPORT

Report of the Executive Head of Governance (Monitoring Officer)

Recommendation(s)

It is recommended that the Strategic Risk Management Group and the Audit and Resources Committee:

- (1) considers the Annual Risk Management Report, and;**
- (2) note the content of the Risk Management Framework, Terms of Reference and Risk Appetite Statement.**

It is recommended that Cabinet:

- (1) considers the Annual Risk Management Report; and**
 - (2) approves the Risk Management Framework, Risk Appetite Statement and the Terms of Reference**
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Summary

Risk Management is a key element of the Council's operational and strategic functioning. This report presents to Councillors the Annual Report and asks Cabinet to approve the Risk Management Framework (Appendix 1), Risk Appetite Statement (Appendix 2) and Terms of Reference (Appendix 3).

Statutory Powers

S151 Local Government Act 1972

Strategic Implications

1. This report relates to all of the Council's Corporate Objectives and the framework that supports the management of risks to meet those objectives. The Risk Appetite supports strategic priorities in certain areas and is designed to be flexible in recognition of the Council operating more innovatively and dynamically.

Introduction

2. The Executive Head of Governance is responsible for the co-ordination of Corporate Risk Management. The Strategic Risk Management Group (SRMG) are responsible for overseeing and monitoring the Council's response to Risk Management.
3. This Annual Report provides a summary of Risk Management activity during 2021/22 and also presents the Risk Management Framework (the Policy), Risk Appetite Statement and Terms of Reference for SRMG. The preparation of the report for 2021/22 was paused whilst Internal Audit conducted an independent review of the Council's risk management arrangements during quarter 3. This has enabled the findings of the Internal Audit review to be incorporated into the review of the Risk Management Framework, Risk Appetite Statement and Terms of Reference.

Definition of Risk Management

4. Risk has been defined as the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance.

Risk Framework & Risk Appetite

5. A member from Audit and Resources Committee and Cabinet is appointed to the Strategic Risk Management Group annually and reports developments and progress back to their Committees. The Group reviews risk arrangements and advises the Corporate Leadership Board on risk issues within the Council and on existing and planned risk controls. Risks are reported by use of risk registers. Each service and programme of projects is required to update its own register as part of the performance management process. These registers are reviewed by service managers; project risks are reviewed by project managers with their project group and sponsor and overseen by programme managers. A corporate risk register exists to record high level risks which affect the work of several units or the whole Council, that are of strategic significance or for which further Corporate Leadership Board consideration or resource are required.
6. Part 4 of the Council's Constitution (Rules and Procedures) contains the Council's Financial Regulations, of which Chapter 4 outlines arrangements for risk management and the control of resources. Paragraph 4.02 states "The

Cabinet is responsible for approving the Council's policy on risk management and for defining the Councillor, staff and committee structure through which risk management will be planned and monitored". The Risk Management Framework is attached at Appendix 1 and the Terms of Reference for the Strategic Risk Management Group, which forms part of the framework, is attached at Appendix 3. It is recommended that Cabinet approves this Policy and the Terms of Reference.

7. The Risk Appetite Statement sets the tone for risk management, it details the amount and type of risk that the Council is willing to take in order to meet its strategic objectives and will support the achievement of these objectives. The Risk Appetite Statement is attached at Appendix 2 and it is recommended that it is given Cabinet approval.
8. It should be noted that following an Internal Audit Review of Risk Management arrangements and the Executive Head of Governance's review of the framework, updates have been which includes the following:

Risk Management Framework:

- Addition of paragraph detailing the recommended Risk Maturity Level target to inform the work of the Strategic Risk Management Group in its enforcement of the Council's risk framework.
- Update to stakeholders to align with the Council's Constitution regarding responsibilities for Cabinet, the Chief Executive, the Chief Financial Officer and Executive Heads/Service Managers

Risk Appetite Statement

- Clarity over whether there is a difference in the appetite for risk if it originates internally or externally so that the appropriate response can be applied.
- Addition of appetite statement for business continuity risk, cyber risk and information risk.

Risk Management Developments 2021/22

9. Service Managers are responsible for managing risks using risk registers that are reviewed regularly as part of service performance management. SRMG met on 5 occasions during 2021/22:
 - 22 July 2021
 - 16 September 2021
 - 18 November 2021
 - 13 January 2022

- 17 March 2022
10. A rolling 12 month programme starting in October 2021 for reviewing operational risk registers was developed and the following were received between October 2021 and March 2022. These Registers provided the service risks for each service area within the executive area.
 - Assets Executive Area
 - Governance Executive Area
 - Finance and Housing Strategy Executive Area
 - Customer Care Executive Area
 11. Service Managers/representatives for the following areas were invited to the meetings scheduled in June 2022 and September 2022 to present their Operational Risk Register to the Group:
 - Organisational Development Executive Area
 - Planning and Economy Executive Area
 - Neighbourhood Services Executive Area
 - Strategic Planning Executive Area
 - One Horton Heath – Project Risk Register
 - Health and Wellbeing Executive Area
 - Local Areas Operational Risk Register
 - Environment Executive Area
 - Direct Services
 12. Work commenced during the latter part of 2020/21 to realign the Service Risk Registers to the new Executive Head structure. During 2021/22, the individual Service Risk Registers were combined to form one operational risk register which has allowed more visibility of the risks faced by other services and opportunities to address new and emerging risks collaboratively.
 13. SRMG also considered the following matters during the year:
 - Insurance
 - Training
 - Audit reports
 - Business Continuity

- Resources/Recruitment and impact on service delivery
 - Covid-19 – impacts on resources
 - Enforcement
 - Health and Safety including homeworking & staff well-being
 - including staff well-being
 - Fraud risks
14. The Corporate Risk Register is managed by the Council’s Corporate Leadership Board and updated for newly stated risks and ongoing matters on a monthly basis. The register is also reviewed by the SRMG and considered at least annually by Cabinet, with Cabinet members being kept apprised of corporate and portfolio-related risks throughout the year.

Risk Management Developments for 2022/23

15. The SRMG continue to meet every 8 weeks during 2022/23. The Executive Head of Governance will continue to focus on:
- (a) embedding risk management and processes for updating the corporate and operational risk registers (including clear audit trails for closure of risks);
 - (b) development of one Operational Risk Register shared with service managers;
 - (c) review of the Risk Management Framework, Risk Appetite Statement and Terms of Reference (ensuring key officers attend meetings and contribute) to risk discussions;
 - (d) identification of Risk Champions in each executive area to support the co-ordination of risk management;
 - (e) training and development for risk owners;
 - (f) training and development for Audit and Resources Committee on risk management arrangements;
 - (g) identification of administrative support for risk management;
 - (h) recommendations arising from the Internal Audit review of Risk Management arrangements;
 - (i) monthly reviews of the Corporate Risk Register;
 - (j) identification of emerging risks.

Financial Implications

16. There are no financial resource requirements associated with this report. Financial risks to the Council are included in the Council's Corporate Risk Register and assessed and managed regularly by the Chief Financial Officer, reporting Treasury Management and other financial risks regularly to Councillors; financial risks of individual decisions are reported in standard paragraphs in committee reports.
17. Appropriate mitigation of financial risks will ensure the public purse is appropriately safeguarded and support the achievement of strategic objectives.

Risk Assessment

18. The Council significantly reduces a number of varied risks by having a robust risk management framework in place.

Equality and Diversity Implications

19. An equal opportunities assessment has not been carried out as service delivery is not directly affected by the report, although in determining risks individual services will be assessing equalities and diversity implications.

Climate Change and Environmental Implications

20. Climate change and environmental implications features on the Corporate Risk Register and is discussed at each meeting of SRMG. The Climate Change Manager and the Strategic Planning Lead (Environment) are invited to attend SRMG meetings to discuss risk associated with the Climate Change & Environmental Strategy and Action Plan.

Conclusion

21. Risk management within the Council continues to be developed in accordance with good risk management practice and efforts are being made to ensure continuous improvement in risk management processes, as well as to further embed risk management awareness into Council business management. The practices and framework provide a sound platform for risk management throughout the organisation.

JOANNE CASSAR
EXECUTIVE HEAD OF GOVERNANCE (Monitoring Officer)

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Appendices Attached: 3

LOCAL GOVERNMENT ACT 1972 - SECTION 100D

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

None