

This Report will be made public on 7 March 2023



Report **AuG/22/30**

To: Audit & Governance
Date: 15 March 2023
Head of service: Charlotte Spendley, Director – Corporate Services
– Section 151 Officer

SUBJECT: REVIEW OF RISK MANAGEMENT POLICY & STRATEGY

SUMMARY: This report presents an updated Risk Management Policy & Strategy for consideration by the Audit & Governance Committee, ahead of its adoption by Cabinet. The Policy & Strategy provides a framework for the management of risk by Officers and Members. There is a separate report on the agenda which provides an update to the Corporate Risk Register.

REASONS FOR RECOMMENDATIONS:

A clear framework as outlined within the Strategy will ensure consistency in approach across the organisation, provide clarity of roles with respect to Risk Management and enable progress towards an embedded Risk Management culture within the organisation.

RECOMMENDATIONS:

1. To receive and note report AuG/22/30.
2. To propose to Cabinet the adoption of the updated Risk Management Policy & Strategy.

1. BACKGROUND

- 1.1 The Risk Management Policy and Strategy was last refreshed in March 2022. At that time the strategy was comprehensively reviewed and updated, the current proposed amendments are relatively minor.
- 1.2 Effective risk management is a key framework in the management of a complex organisation such as Folkestone & Hythe District Council. The strategy seeks to provide Members and officers with a clear framework to work within, as well as supporting the development of a risk management culture within the Council.
- 1.3 The Financial Procedure Rules state:
“It is the overall responsibility of the Cabinet to approve the Council’s Risk Management Policy and Strategy, review it on an annual basis and to promote a culture of risk management awareness throughout the Council.”
- 1.4 Whilst overall responsibility to approve the Policy & Strategy rests with the Cabinet, the Audit & Governance Committee have through their Terms of Reference a duty to “consider the effectiveness of the authority’s risk management arrangements”.

2. CHANGES TO THE POLICY & STRATEGY

- 2.1 As stated above, given the previous thorough updating of the Policy, the amendments now being suggested are fairly limited. The proposed document is appended to this report (Appendix 1).
- 2.2 The first proposed change is on page 9 of the document and relates to the rating of how likely it is that a risk will occur. The current assessment of likelihood is set out below –

Likelihood

Rating	Score	Likelihood Descriptors (Any, not all)
Very Likely	4	<ul style="list-style-type: none">• More than 85% chance of occurrence• Regular occurrence• Circumstances frequently encountered
Likely	3	<ul style="list-style-type: none">• More than 65% chance of occurrence• Likely to occur within next 12 months• Circumstances have been encountered
Unlikely	2	<ul style="list-style-type: none">• 31%-65% chance of occurrence• Likely to happen within next 2 years• Circumstances occasionally encountered
Rare	1	<ul style="list-style-type: none">• Less than 30% chance of occurrence• Circumstances rarely encountered or never encountered before

- 2.3 It is proposed that the definition of Unlikely should change from 31% to 65%, to 31% to 50%. With a consequent change in Likely from more than 65% to more than 50%. The Risk Management Group (RMG) thought the proposed definitions were more appropriate and consistent with how risks on the Corporate Risk Register had been rated.
- 2.4 The second proposed change to the Policy is to include a paragraph about the RMG. It was felt by the Corporate Leadership Team (CLT) that they were too heavily involved in writing updates to the Corporate Risk Register. The Chief Officers are more directly involved in managing risk and so are better placed to describe and rate both existing and emerging risks. Therefore, it was decided that a RMG should be formed of the Chief Officers and that CLT could then move to exercising oversight rather than direct control of the Corporate Risk Register.
- 2.5 The RMG had its first meeting in February and the proposed text for inclusion in the Policy (see page 14 of Appendix 1) is given below –
- Chief Officers & Assistant Directors meet quarterly as the Risk Management Group (RMG). This group will discuss emerging corporate risks and updates to risks already recorded on the Corporate Risk Register. The proposed amendments and additions will then be sent to CLT for review.*
- 2.6 The final proposed change to the Policy is to include two additional columns in the Risk Register. These additional columns cover key controls or sources of assurance and the direction of travel and have been recommended by the external auditor. The proposed new layout is shown on the final page of the Policy together with the current layout.
- 2.7 The Strategy and Policy will be tabled to Cabinet for agreement following consideration by Audit and Governance Committee.

3. SUMMARY & NEXT STEPS

- 3.1 The establishment of a RMG is part of the continued process of embedding Risk Management across the organisation. Further training on risk management awareness and strengthening the value of all risk registers will be provided for officers.
- 3.2 Subject to any amendments proposed by this Committee, the Risk Management Policy and Strategy and the Corporate Risk Register will receive the annual review by Cabinet on 22 March.

4. RISK MANAGEMENT ISSUES

4.1

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to adopt a Risk Management Policy & Strategy will cause inconsistencies in	High	Low	A revised Policy & Strategy document has been prepared and relevant officers consulted.

approach across the Council			
Failure to have a current Risk Management Policy & Strategy adopted will affect the Councils ability to deliver effectively on its Corporate Plan objectives	High	Low	A revised document has been prepared for adoption that provides for the management of Corporate Plan Objective risks.

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

Legal Officer's Comments (AK)

There are no legal implications arising directly from this report

Finance Officer's Comments (CS)

There are no direct financial implications of this report.

Diversities and Equalities Implications (CS)

There are no direct implications of this report.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Bob Palmer, Interim Assistant Director – Corporate Services
 Telephone: 07933 172374
 Email: robert.palmer@[folkestone-hythe.gov.uk](mailto:robert.palmer@folkestone-hythe.gov.uk)

Charlotte Spendley, Director – Corporate Services and Section 151 Officer
 Telephone: 01303 853420
 Email: charlotte.spendley@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

Appendices:

Appendix 1: Risk Management Policy & Strategy