

This Report will be made public on 14 March 2023



Report No **C/22/99**

To: Cabinet
Date: 22 March 2023
Status: Non key
Head of service: Charlotte Spendley, Director – Corporate Services
Cabinet Member: Councillor David Monk – Leader and Portfolio Holder for Finance

SUBJECT: REVIEW OF RISK MANAGEMENT POLICY & STRATEGY AND CORPORATE RISK REGISTER

SUMMARY: This report presents an updated Risk Management Policy & Strategy for adoption by Cabinet. The Policy & Strategy provides a framework for the management of risk by Officers and Members.

This report also provides Cabinet with an updated Corporate Risk Register, as considered by the Audit and Governance Committee on 15 March 2023.

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 C/22/99.
2. To adopt the proposed Risk Management Policy & Strategy.
3. To note the current Corporate Risk Register.

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 This report seeks to support Cabinet in fulfilling this responsibility.

2. CHANGES TO THE POLICY & STRATEGY

- 2.1 The objectives of the Policy are to create a mature approach to risk management within the Council, where risk based decision making is undertaken and risk management becomes proactive and embedded in our normal management and business processes. The proposed document is appended to this report (Appendix 1)
- 2.2 As stated above, given the previous thorough updating of the Policy, the amendments now being suggested are fairly limited. 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 considered by the Audit and Governance Committee on 15 March and any relevant feedback provided to the Cabinet ahead of their decision.

3. CURRENT RISK REGISTER

- 3.1 The updated Corporate Risk Register has been appended in full to this report (Appendix 2). Additionally, the Risk Matrix, which is a pictorial snapshot of the current level of risks faced by the Council is provided as Appendix 3.
- 3.2 The current Corporate Risk Register identifies 16 risks, which can be categorised as 1 moderate, 6 high and 9 extreme level risks. The update includes 3 new risks –

•	C14 – Levelling up Fund. The award of Levelling up Funding is very good news. However, it does involve complex, high value projects that will be a challenge to deliver on time.
•	C15 – Sports and Leisure Provision. This risk captures concerns about the future provision of leisure facilities in the district in view of issues with the proposed leisure centre at Princes Parade, the pool at Hythe and the Folkestone Sports centre Trust.

•	C16 – Fraud and Corruption. This risk has been drafted in response to a recommendation from Internal Audit and reflects the need for fraud and corruption to be recognised as a significant corporate risk.
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3.3 The update also includes the re-scoring of 2 risks –

•	C1 – Organisational Capacity. This has been re-rated from a high (9) to an extreme risk (12). This reflects the high level of concern across several service areas and the significant work necessary to address these issues.
•	C6 – Cost of Living. This has been re-rated from an extreme (12) to a high risk (9). This is due to the level of resilience shown by council services in responding to the cost of living crisis.

3.4 Additionally, a number of risks have been renamed, actions completed, and new actions identified.

3.5 The Risk Register will continue to be monitored and will be updated and reported to the next Audit & Governance Committee in July. The Risk Register should be a fluid document that will see risks being rescored regularly to reflect current circumstances, and a number of changes are reported to each meeting of the Committee.

4. SUMMARY & NEXT STEPS

4.1 The establishment of a Risk Management Group is part of the continued process of embedding Risk Management across the organisation. Further work is underway on risk management awareness and strengthening the value of all risk registers.

4.2 The external auditor has recommended the inclusion of two extra columns in the Corporate Risk Register to cover key controls or sources of assurance and the direction of travel. These items will be discussed at the next meeting of the Risk Management Group and the Register will be expanded to comply with the recommendation.

5. RISK MANAGEMENT ISSUES

5.1

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

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.
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6. 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 from this report.

Diversities and Equalities Implications (CS)

There are no direct diversities or equalities issues arising from this report.

Climate Change Implications (BP)

There are no climate change implications arising directly from this report. The Risk Register includes an item (C8) detailing the risks associated with achieving the Council's ambitions on climate change.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

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

Appendices:

Appendix 1: Risk Management Policy & Strategy

Appendix 2: Corporate Risk Register

Appendix 3: Risk Matrix