

This Report will be made public on 15 March 2022

Report Number **C/21/95**

To: Cabinet
Date: 23 March 2022
Key Decision: Non-Key decision
Director: Charlotte Spendley, Assistant Director – Finance, Customer & Support Services
Cabinet Member: Cllr David Monk, Leader of the Council

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 which will provide a framework for Members and officers in the management of risk.

This report also provides Cabinet with an updated Risk Register, as considered by the Audit and Governance Committee on 16 March 2022.

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/21/95.
2. To adopt the proposed Risk Management Strategy & Process.
3. To note the current Risk Register.

1. BACKGROUND

- 1.1 The Risk Management Policy and Strategy was last refreshed in December 2019, at that time a review was undertaken to ensure the framework remained effective and applicable for the organisation. The strategy has now been reviewed and amendments made to enhance its use as guidance, incorporated some best practice from the sector.
- 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 by which to work within, as well support 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.”
This report seeks to support the 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 documents are appended to this report (Appendix 1).
- 2.2 The strategy has been reviewed and amendments made to enhance its use as guidance, incorporated some best practice without a major rewrite. The revisions are shown in tracked changes on the attached document but in the main cover the following:
- Objectives refined
 - Additional information on what is risk management
 - Introduction to types of risk added and further description to the external factors to be considered
 - Further description on risk likelihood and impact and guidance on the actions required following risk scoring
 - Update on risk mitigations and new section on risk appetite
 - Update on responsibility and ownership of risk management
 - New sections on:
 - risk monitoring and review
 - operational (departmental/service) risk registers
 - culture, awareness and training
 - links to other policies and procedures
 - Amendment to layout of risk register in the strategy to match the one used in practice.
- 2.3 A view of the council’s risk appetite has been added to the strategy, this is considered to be: The Council’s approach is to be innovative where it can be and to seek continuous improvement in the identification and delivery of

services. It prides itself on having in place robust risk management at all levels across the organisation to encourage a risk cautious/risk aware approach and not so much a risk averse approach. Innovation and opportunities are taken within the Directorates whilst managing and addressing the barriers to success of their objectives. It is recognised that the attitude towards risk will differ across the Directorates, from risk aware to risk averse as the Council seeks to operate within a framework of compliance, delivering value for money and strong corporate governance. The Council's risk appetite has to be determined by individual circumstances but for example, for risk on matters of compliance with the law the appetite for risk will be very low.

- 2.4 The Strategy and Policy will be considered by Audit and Governance Committee on 16 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 available within Appendix 3.

- 3.2 The current Corporate Risk Register identifies 13 risks, which can be categorised as 2 low level risk, 1 moderate, 6 high and 4 extreme level risks. The update includes a new risk has been identified for (C13) MTFS inflation – this is awareness of the increasing CPI rate. Cost increases for existing contracts and changes to estimates of future projects. Additionally the scoring for risk (C10) Waste Collection disruption has been re-scored from extreme (16) to high (9) recognising the progress made in the service delivery but acknowledging that some challenges remain. And risk C6 Landlord Service Failure, has been removed from the register. Sufficient progress (including moving out of regulation) has been made to remove this as a specific risk on the corporate risk register. C5 covers the broader requirement for compliance, and the risk remains on the departmental register of risks. Additionally, a number of risks have been renamed, actions completed, and new actions identified.

- 3.3 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 be rescored often to reflect current circumstances, and a number of changes have been reported to the committee over the two years.

4 SUMMARY AND NEXT STEPS

- 4.1 There is continued progress to be made in embedding Risk Management more fully in our day to day processes and developing our appetite for risk but good progress has been made in a short period due to the participation at all levels within the organisation.
- 4.2 Further training on risk management awareness and strengthening the value of all risk registers will be provided for officers.

5. RISK MANAGEMENT ISSUES

5.1

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to have a current Risk Management Policy & Strategy adopted 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.

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 of this report.

Diversities and Equalities Implications (CS)

There are no direct implications of this report.

Climate Change Implications (OF)

There are no climate implication arising directly from this report.

7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

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

Charlotte Spendley, Director – Corporate Services

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

Appendices:

Appendix 1: Risk Management Strategy & Process

Appendix 2: Corporate Risk Register

Appendix 3: Risk Matrix