

REPORT TO: **AUDIT AND STANDARDS COMMITTEE**

DATE: **13 MARCH 2019**

TITLE: **RISK MANAGEMENT REPORT**

LEAD OFFICER: **STUART MOSELEY, INSURANCE AND RISK
MANAGER (01279) 446215**

RECOMMENDED that:

- A** The Committee agrees the Risk Management Appetite as set out in this report.
- B** A Risk Maturity Assessment is carried out and that the findings are reported back to the Committee during 2019/20.
- C** A Risk Appetite Framework is established and reported back to the Committee during 2019/20.

BACKGROUND

- 1. The Audit and Standards Committee's terms of reference includes the responsibility to monitor the effective development and operation of risk management within the Council.
- 2. The Council's Risk Management Strategy agreed by the Committee in November 2018 states that the responsibility of the Audit and Standards Committee is to:
 - a) Monitor the effective development and operation of risk management in the Council
 - b) Understand, scrutinise, and endorse the Council's risk management strategy and monitor the Council's risk appetite.

RISK MANAGEMENT APPETITE

- 3. Risk appetite can be defined as 'the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives' and its purpose:
 - a) Helps unlock value by better aligning decision making and risk and sets the tone for the Council's risk culture
 - b) Is more than just a set of benchmarks; it is also a means of communication across interested stakeholders on the Council's willingness and capacity to take on risk.
- 4. In 2016, consensus on the overall risk appetite for the Council was arrived at based on facilitated discussions with CMT/HOS and Third Tier Managers. Following the recent addition of additional guiding principle 'Equalities and

Fairness', SMB have agreed related risk appetite and narrative relating to it. The Council's risk appetite by corporate priority and guiding principles, agreed by SMB, are set out in Appendix 1 to this report.

FURTHER RISK MANAGEMENT ISSUES

5. Risk appetite is not a single, fixed concept. There will be a range of appetites for different risks which need to align and these appetites may well vary over time. Furthermore, risk appetite should be developed within the context of the Council's risk management maturity and risk capacity.
6. In order to support the Risk Management Strategy, it is also good practice to incorporate a Risk Appetite Framework setting out the Council's overall approach to risk appetite and including processes, controls and systems, through which risk appetite is established, communicated and monitored.
7. On an ongoing basis it is also good practice to carry out a Risk Maturity Assessment. A Risk Maturity Assessment allows benchmarking of risk management within the Council against best practice and establish how well risk management as a discipline is embedded and integrated. In doing this, the Council can better understand which practical aspects of its risk processes are working well and what can be improved further. The Council should consider undertaking an assessment during 2019/2020 and, following such review a risk maturity assessments should be carried out as an annual process.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Project Director – Enterprise Zone and Interim Head of Planning

Finance (Includes ICT)

None specific.

Author: Simon Freeman, Head of Finance

Housing

As outlined in the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

The Council's appetite and maturity for risk will be assessed through its Service planning and performance monitoring processes to ensure best practice is maintained as part of the corporate framework.

Author: Simon Hill, Head of Governance

Appendices

Appendix 1 – Risk Appetite General Statement