

AUDIT AND RISK COMMITTEE

1 February 2022

RISK MANAGEMENT POLICY

Report of the Strategic Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr K Payne, Portfolio Holder for Finance, Governance and Performance, Change and Transformation	
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Audit and Risk Committee makes comments on the updated Risk Management Policy prior to its presentation for approval at Cabinet.

1 PURPOSE OF THE REPORT

- 1.1 To share the updated Risk Management Policy for comment prior to its presentation for approval at Cabinet.

2 BACKGROUND

- 2.1 The updated Risk Management Policy is attached at **Appendix A**.
- 2.2 The Risk Management Policy was last updated in 2016. The Policy has been updated by the Director for Resources mainly to reflect changes made to risk management practice since the last policy update.
- 2.3 Updates can be summarised as follows:
 - The Foreword now reflects the challenging environment within which risk management is being applied;

- Section 5 ‘Risk Appetite’ includes details of how risk appetite is applied in practice including advice that all risks rated as “Red” (per the scoring system at Appendix C) do not meet the risk appetite of the Council and should be managed as far as they can be. Risk Owners are also advised that if they do not have sufficient resources to manage risks to an acceptable level then this should be raised with SMT and Cabinet. The Audit and Risk Committee play an important role here in that they can provide feedback as to whether they believe the risk appetite applied by Risk Owners is consistent with the Council’s overall risk appetite.
- Section 6 ‘Approach’ includes a commitment to produce Directorate risk registers and adds in details of how Internal Audit work contributes to the process. This issue has been debated at previous meetings. Section 8 has also been expanded to explain that there will be ongoing audit of risk registers so that the Committee has a view as to whether controls are effective.
- Section 8 includes further narrative (guidance) on the risk assessment and risk identification process but none of which changes the Council’s approach. Details of how Director’s assurance statements fit into the Annual Governance Statement are also included.
- A new Section 9 on Risk Outcomes has been added.
- Appendix B include a new risk register template although variations of this are allowed as long as core risk information is included.
- Appendix C adds a clarification point that the risk assessment criteria is a guide for scoring but the Council accepts the fact that scoring can be subjective. Officers are advised to introduce an element of challenge into the scoring process and to benchmark scores for different risks to ensure scores look relatively consistent. The Audit and Risk Committee can again add value here by ‘sense checking’ relative scores across risks.
- Appendix E includes a diagrammatic overview of the risk management process.

2.4 Importantly, the Risk Management Policy, in itself, is meaningless if Members and staff do not apply the principles in their daily work. To this end, Zurich Municipal (ZM) have run a number of well attended risk workshops with officers and Members. ZM have remarked on the positive level of engagement and understanding from all concerned. Further workshops are being held specifically focusing on procurement and contract risks.

3 CONSULTATION

3.1 No formal external consultation is necessary, but the Risk Management Policy has been reviewed by Internal Audit and Zurich Municipal with comments taken into account. The purpose of the report is to consult with this Committee prior to seeking formal approval of the policy.

4 ALTERNATIVE OPTIONS

4.1 This report provides an opportunity for the Audit and Risk Committee to review the

Policy therefore there are no alternative options.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from this report, but the Committee should note that the failure to manage risks effectively could have a financial impact on the Council.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 As set out in the terms of reference within the constitution, this Committee has responsibility to provide assurance of the adequacy of the Risk Management framework and control environment. Approval of the Policy sits with Cabinet.
- 6.2 There are no legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessment (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Committee's role is to monitor the effective development and operation of risk management and corporate governance. The Risk Management Policy sets out the framework.

12 BACKGROUND PAPERS

- 12.1 There are no additional background papers.

13 APPENDICES

Appendix A – Risk Management Policy and Framework (Appendix A-E)

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.