



**OPEN REPORT
GOVERNANCE AND RESOURCES COMMITTEE**

Governance and Resources Committee – 14 September 2023

RISK MANAGEMENT – ANNUAL REPORT 2022/23 & UPDATED RISK MANAGEMENT POLICY AND STRATEGY

Report of the Chief Executive

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

The Council's Risk Management Policy and Strategy requires the Chief Executive to report to Members, by way of an annual report, on the Council's risk management arrangements and how key strategic risks are being managed.

This report describes the Council's risk management processes and working practices, which ensure that risk management arrangements continue to be effective, timely and fit for purpose, providing the Council with the correct levels of insight and support in relation to its risk exposure.

This report also asks Members to approve an updated Risk Management Policy and Strategy.

Recommendations

1. That the annual report and risk management arrangements be approved.
2. That the Risk Management Strategy and Policy 2023 - 2025 be approved.

List of Appendices

Appendix 1 Risk Management Policy and Strategy 2023-2025

Appendix 2 Strategic Risk Register: Mitigating Actions

Appendix 3 Internal Audit Review Recommendations

Background Papers

None

Consideration of report by Council or other committee

Not applicable

Council Approval Required

No

Exempt from Press or Public

No

Risk Management – Annual Report 2022/23 & Updated Risk Management Policy and Strategy

1. Background

- 1.1 The Council's Risk Management Policy and Strategy, approved by this Committee in March 2021, requires the Chief Executive to report to Members, by way of an annual report on the Council's Risk Management arrangements and how key strategic risks are being managed.
- 1.2 This report describes the current risk management processes and working practices, which have been developed to ensure they continue to provide the Council with the correct levels of insight and support in relation to its risk exposure. The report illustrates the strategic risks and scores them as high (red), medium (yellow) or low (green). The report also shows the actions that are planned to mitigate or reduce the risks.
- 1.3 The Council operates a risk management programme whereby risks associated with the Corporate Plan, its key strategic objectives and individual Service Plan Key Actions are formally assessed. The Council identifies risks at two levels:
 - **Strategic Risks:** These are the risks that will significantly impact the Council in the delivery of its Strategic Objectives and Corporate Plan; and
 - **Operational (Service) Risks:** These are the risks which will impact on the delivery of each service at an operational level. Managing these risks will assist each Head of Service in the delivery of their Service Plan objectives and key actions.
- 1.4 Relevant individuals (the Risk Management & Continuity Group or RCG) meet on a quarterly basis to discuss the risks facing the Council and the delivery of its objectives. Those risks highlighted during these sessions are analysed and prioritised and further actions identified. These are captured within the Operational and Strategic Risk Registers.
- 1.5 An essential part of the process involves ensuring all risks have clear ownership. Service Managers are required to identify the key internal controls for each risk they are responsible for and to identify mitigating controls. The risk management methodology provides guidance for risks to be scored, enabling officers to report risks which may prevent them from achieving their required aims.
- 1.6 Risks are regularly reported to the Risk Continuity Group (which includes all members of the Corporate Leadership Team as well as other key colleagues), ensuring that risks, risk management etc. are challenged and reported effectively.

1.7 Further guidance on the Council's risk management processes and procedures can be found in the [Risk Management Policy and Strategy](#) dated September 2021. An updated version is proposed at Appendix 1. Revisions to the document reflect the current organisation structure, reporting and procedures.

2. Key Issues for 2022/23

2.1 The Council remains committed to ongoing risk management activities. Risk management practices and procedures are well embedded. The Risk Continuity Group continues to be well attended. Key actions arising since the last annual report include:

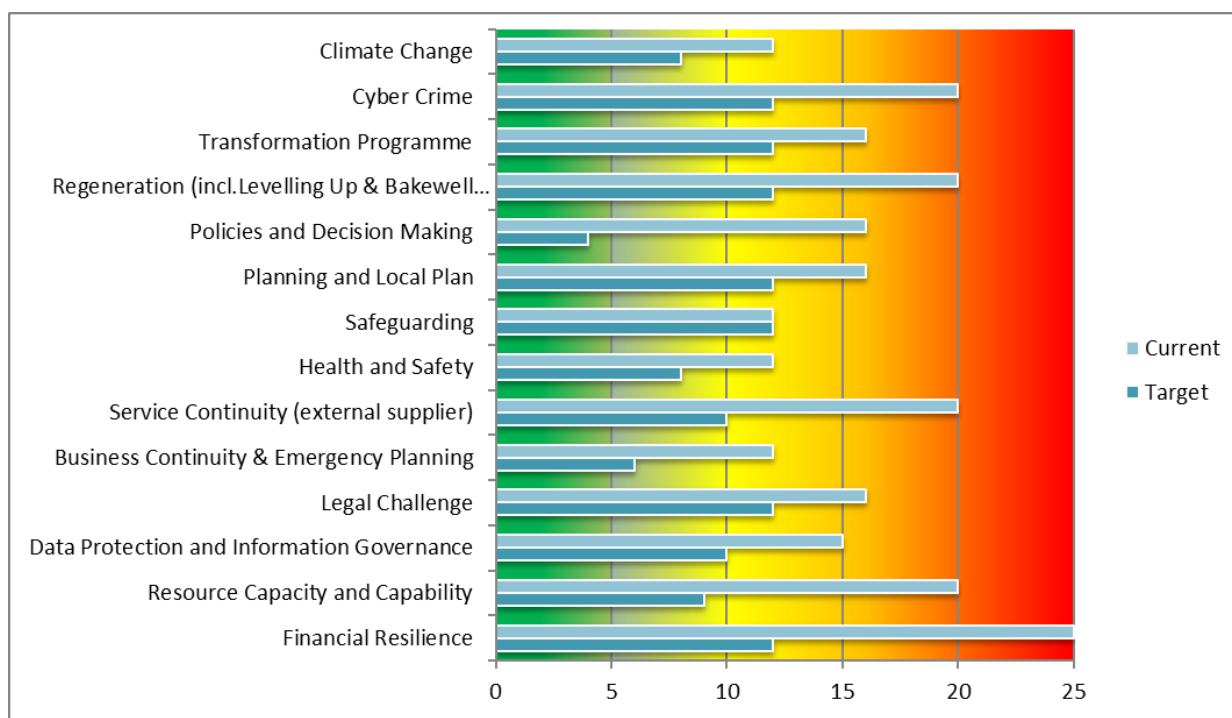
- Regular reviews of the strategic risk register
- Regular discussions relating to risks arising from events being held in the District;
- Discussions relating to changes to the Business Continuity Plan and the Emergency Plan;
- Feedback from an Emergency Planning exercise;
- Review of terms of reference and membership of group
- Preparation of the draft annual report
- Discussions relating to cyber security insurance and consultancy
- Discussing the progress of implementation of the recommendations of the internal audit review of risk management arrangements.

2.2 Internal Audit Review: An internal audit review of risk management arrangements was undertaken in 2022. The overall conclusion of the internal audit review was that the reliability of the internal controls operating in respect of risk management was assessed as **Reasonable**. (Reasonable is defined as *“the majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed”*). However, 8 recommendations were made by Internal Audit (5 low risk and 3 medium risks) and the RCG will oversee the implementation by the end of the financial year. Details of the recommendations, and progress in implementing them, are set out in Appendix 3.

2.3 Risk Assessments: Strategic Risks are considered by relevant officers and documented within the Strategic Risk Register. Those risks identified and scored by the RCG at the meeting in June 2023 are set out in Chart 1 below.

The chart shows that the Council currently has 14 risks on its strategic risk register. It also shows that the five highest scoring risks are currently: Financial Resilience (score of 25), followed by Cyber Crime (20), Service Continuity (External Supplier) (20), Regeneration (20) and Resource Capacity / Capability (20).

Chart 1: Strategic Risk Scores (June 2023)



2.4 A comparison of current risks with the chart shown in last year’s report shows no significant change, as illustrated in table 1 below.

Table 1: Change in risk levels 2022 to 2023

Level of Risk	Rating	Number of risks at each level	Number of risks at each level	Change
		June 2023	June 2022	
Low	1 - 4	0	0	-
Medium	5 - 16	9	9	-
High	17 - 25	5	5	-

2.5 Strategic Risk Action Plan: Service managers and the Risk Continuity Group have identified that actions are required in order to further mitigate strategic risks, moving risk scores closer to targets, and to reduce the Council’s risk profile. These mitigating actions are shown in Appendix 2.

2.6 The Risk Continuity Group has reviewed the Risk Management Policy and Strategy, which was last updated in 2021. This report recommends an updated Policy and Strategy for Members’ approval, which is shown in Appendix 1. Revisions to the document reflect the current organisation structure, processes and procedures.

3. Options Considered and Recommended Proposal

- 3.1 It is recommended that the annual report and risk management arrangements be approved.

4 Consultation

- 4.1 This report does not seek a decision to make changes to policy or procedure and therefore it has not been subject to consultation.

5 Timetable for Implementation

- 5.1 Further mitigating actions (shown in Appendix 2) will be implemented as soon as practicable.
- 5.2 The recommendations arising from the Internal Audit Review (shown in Appendix 3) are all expected to be implemented by March 2024.

6 Policy Implications

- 6.1 This report addresses the requirement within the Risk Management Policy and Strategy for an annual report on risk management activities to be presented to the Governance & Resources Committee.
- 6.2 Effective Risk Management provisions enable significant risks to be identified, mitigated and monitored thus contributing to the provision of all services and priorities.

7 Financial and Resource Implications

- 7.1 The cost of insurance cover and other mitigating actions is usually contained within existing budgets. Where a significant mitigating action is identified to address a high risk, and there is insufficient budget, the relevant service director will prepare a report for the relevant policy committee or Council to seek a supplementary revenue budget. The financial risk of this report's recommendations is assessed as low.

8 Legal Advice and Implications

- 8.1 This report describes the Council's risk management processes and working practices, which ensure that risk management arrangements continue to be effective, timely and fit for purpose, providing the Council with the correct levels of insight and support in relation to its risk exposure.
- 8.2 The report documents an effective system of risk management, which aims to identify, control and mitigate risk. It is recognised that not all risks can be mitigated.
- 8.3 There are two recommended decisions connected to this report and the legal risk associated to these decisions have been assessed as low.

9 Equalities Implications

9.1 There are no direct equality or diversity issues arising from this report, so it has not been necessary to prepare an Equality Impact Assessment.

10 Climate Change and Biodiversity Implications

10.1 There are no direct implications for CO2 Emissions and Climate Change arising from this report.

10.2 Climate change risks are assessed and monitored on the strategic risk register. More detailed operational risk assessments for specific climate change projects, such as the Public Sector Decarbonisation Scheme, are held in the regulatory services department.

11. Risk Management

11.1 This report addresses the Council's Risk Management Policy and Strategy, which is designed to ensure that risk management arrangements continue to be effective, timely and fit for purpose and to provide the Council with the correct levels of insight and support in relation to its risk exposure.

11.2 Risk management can help ensure that potential barriers to the delivery of its priorities and services are identified and addressed in advance. It can help to direct resources to areas of most need, including areas of innovation and efficiency.

Report Authorisation

Approvals obtained from Statutory Officers :-

	Named Officer	Date
Chief Executive	Paul Wilson	24/08/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	24/08/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	24/08/2023