

<b>Audit Committee Meeting</b>	
<b>Meeting Date</b>	25 <sup>th</sup> July 2022
<b>Report Title</b>	Risk Management Framework
<b>EMT Lead</b>	Lisa Fillery – Director of Resources
<b>Head of Service</b>	Alison Blake – Interim Head of Audit
<b>Lead Officer</b>	Alison Blake – Interim Head of Audit
<b>Classification</b>	<b>Open</b>
<b>Recommendations</b>	1. That the Audit Committee approves the revised Risk Management Framework.

## **1 Purpose of Report and Executive Summary**

- 1.1 The Risk Management Framework has been brought to Audit Committee for approval in line with their governance role in overseeing the effectiveness of the Council's risk management arrangements.
- 1.2 The risk management framework has been updated to reflect changes in how the Council operates, including how risk management processes work in practice and the outcomes of consultation with SMT and Members of the Audit Committee.

## **2 Background**

- 2.1 Since the Frameworks introduction in 2015 it has been routinely reviewed and updated, with the last update taking place in 2019.
- 2.2 During October / November 2021 SMT were consulted on changes that could be made to the Council's risk management processes to enhance and update them and to reflect the new management team structure. This feedback and the operation of the process over the past few years was used to develop the revised Risk Management Framework, which SMT agreed in January 2022 – subject to confirmation of how risk information would be reported and overseen within the new Committee Structure.
- 2.3 Feedback on the key changes was sought from Audit Committee in March 2022, including changes to the impact and likelihood scales and changes to the Council's risk appetite statement.
- 2.4 Now the Committee Structure has been agreed and the role of Policy & Resources Committee established, the revised Risk Management Framework can be brought for agreement.

2.5 The key changes made to the Risk Management Framework were included in the March 2022 report and are summarised as:

- Adding a foreword from the Chief Executive promoting the value of the Council's risk management processes.
- Likelihood scales updated to refine the probability thresholds, reducing the maximum probability down from 90% and re-distributing the other levels. Descriptions were also updated to incorporate a timeframe over which the risk may occur.
- Impact scales have been updated, including amending the financial scales, changing the definitions of the service and strategic objective scales, adding in a wellbeing scale, and incorporating the health & safety scale within legal/compliance.
- The risk appetite statement was updated to remove the blue priority (incorporating it into the green scale) and to increase the threshold for the red priority to better reflect the Council's approach to managing those risks.
- Adjusting the reporting of risk information to report key risk information to Policy & Resources Committee rather than Informal Cabinet.
- Framework updated to remove reference to capturing risks within a spreadsheet and replace with reference and links to the Council's risk management software JCAD.
- Incorporating other suggested amendments from the Council's insurer's (Zurich) review of the Framework.

2.6 Once the new Framework is agreed existing risks can be fully reviewed, updated and re-scored. This provides an opportunity to fully refresh corporate and operational risk registers, including removing risks and identifying new risks as needed.

### **3 Proposals**

3.1 That the Risk Management Framework 2022 be adopted and used to assess and monitor existing and new corporate and operational risks.

### **4 Alternative Options**

4.1 Effective risk management processes need to be underpinned by clear guidelines on how risks should be identified, managed, monitored and reported on. Effective risk management is a key principle of corporate governance and its importance is recognised in the Accounts and Audit Regulations 2015.

4.2 An alternative option would be to not have a risk management framework in place, but this would counter the effectiveness of the process and go against the terms of reference for this committee.

## 5 Consultation Undertaken or Proposed

- 5.1 The risk management framework was designed and updated through consultations with SMT.
- 5.2 Additionally, the 2021-22 Annual Risk Management report brought to Audit Committee in March 2022 included the key changes proposed to the framework, and Members discussed these during the meeting.

## 6 Implications

Issue	Implications
Corporate Plan	Effective risk management is part of the Council's governance framework. The purpose of the risk management process is to ensure that key risks are identified and appropriately managed as the Council pursues its Corporate objectives.
Financial, Resource and Property	Investment in developing risk management arrangements is being met from existing resources within the Mid Kent Audit partnership. No implications identified at this stage.
Legal, Statutory and Procurement	None identified at this stage
Crime and Disorder	None identified at this stage
Environment and Climate/Ecological Emergency	None identified at this stage
Health and Wellbeing	None identified at this stage
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage
Risk Management and Health and Safety	This report is about risk management. No H&S implications identified at this stage.
Equality and Diversity	None identified at this stage
Privacy and Data Protection	None identified at this stage

## **7 Appendices**

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Risk Management Framework – 2022 Draft

## **8 Background Papers**

- Annual Risk Management Update 2021-22: [Agenda for Audit Committee on Wednesday, 9 March 2022, 7.00 pm \(swale.gov.uk\)](#)