

REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	19 JUNE 2024	CATEGORY: DELEGATED or RECOMMENDED
REPORT FROM:	EXECUTIVE DIRECTOR - RESOURCES AND TRANSFORMATION	OPEN
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SUBJECT:	RISK MANAGEMENT FRAMEWORK	TERMS OF REFERENCE: AS04
WARD(S) AFFECTED:	ALL	

1.0 Recommendations

- 1.1 For consultation purposes the Committee notes the Risk Management Framework in Appendix A for adoption in the management of risk from Quarter 1 2024/25 and delegates approval for the Executive Director – Resources and Transformation to make any final amendments in consultation with the Finance and Management Committee Chair.

2.0 Purpose of the Report

- 2.1 To update the Council's Risk Management Framework to reflect the Council's approach to, and management of risk and to align the Framework with the Council Plan 2024-2028.
- 2.2 Under the Committees terms of reference, it is responsible for monitoring the effective development and operation of risk management.

3.0 Executive Summary

- 3.1 The Council Plan 2024-2028 was approved by Members at Council on the 28th February 2024 and was effective from the 1st April 2024, following the conclusion of the Corporate Plan 2020-2024.
- 3.2 The Risk Management Framework has been revised to respond to the finding reported by the external auditor in their report to the Audit Sub-Committee on 6th March 2024.

4.0 Detail

Revised risk management approach

- 4.1 As part of their progress update to the Audit Sub-Committee on 6th March 2024, the external auditors EY LLP, identified the following observation upon review of the Risk Management Framework:

'we have identified that there are three risk registers (Corporate, Chief Executive and Services) comprising of over 50 risks that are monitored via the Council's committees.

Whilst there is evidence of these risks being monitored and managed, there is a risk that the most strategic risks impacting the Council are not given due regard or attention. The Council should evaluate whether the current risk management structure is delivering efficient and effective risk management, and whether it is clear what the most strategic risks are to the organisation and what committees those risks should be received by.'

- 4.2 The auditors' findings were accepted, although it should be noted there are 38 risks across the three risk registers, and not 50 as stated by the external auditor. A review of the Risk Management Framework was undertaken during quarter 1, 2024-2025, led by the Executive Director – Resources and Transformation as the Council's Section 151 Officer and having responsibility for risk.
- 4.3 Upon reviewing the Framework, it was necessary to make substantial amendments to ensure the structure of the Framework allowed for the most strategic risks to be given the due regard and attention required.
- 4.4 All risks recorded in the three risk registers have been reviewed and the nature of the risk was assigned as 'strategical' or 'operational'. This approach was endorsed by the Leadership Team, following consultation and redesign of the Leadership Team approach for managing corporate oversight over risk and other corporate matters.
- 4.5 The new Strategic Risk Register will incorporate all existing risks that were deemed to be 'strategic risks' as part of the review of the three risks registers. All other risks were assigned as operational and will be included in the development of the Operational Risk Registers for each service area of the Council.
- 4.6 The Strategic Risk Register, owned by the Leadership Team will be updated quarterly by the risk owners and will be reported to the Finance and Management Committee.
- 4.7 Operational Risk Registers for each service area, will be maintained by the Heads of Service. The Head of Service will review the operational Risk Register with their Executive Director and will be updated quarterly.
- 4.8 A new Corporate Risk Management Group will be developed in quarter 2. The group will be made up of a range of officers who will meet on a regular basis to act as champions for risk within their services and support the Leadership Team in the active monitoring, assessing and advising on the reduction of risk for the Council.
- 4.9 There is a clear escalation route detailed in the Framework, outlining how operational risks can be escalated to the Risk Management Group and Leadership Team, for consideration for inclusion in the Strategic Risk Register.

Risk appetite.

- 4.10 Further consultation with Members will be undertaken during quarter 2, to determine the Council's risk appetite to support the delivery of the priorities and aims outlined in the Council Plan 2024-2028. The Risk Management Framework, Section 4, Risk Appetite Statement, will be updated following this, and agreed with the Finance and Management Committee Chair.
- 4.11 The consultation with Members on the Council's risk appetite may impact on the current escalation levels outlined in the Framework to facilitate the escalation of operational risks to the Strategic Risk Register. This will be reviewed and amended if required, following the consultation.

5.0 Financial Implications

- 5.1 None directly.

6.0 Corporate Implications

Employment Implications

- 6.1 None directly.

Legal Implications

- 6.2 None directly.

Corporate Plan Implications

- 6.3 The Risk Management Framework has been updated to align with the Council Plan 2024-2028.

Risk Impact

- 6.4 The Risk Management Framework provides transparency and ensures robust controls are in place to mitigate risk to the Council.

7.0 Community Impact

Consultation

As detailed above, further consultation with Members will be undertaken during quarter 2, to determine the Council's risk appetite to support the delivery of the priorities and aims outlined in the Council Plan 2024-2028. Any final changes to the Risk Management Framework will be agreed in consultation with the Finance and Management Committee Chair.

Equality and Diversity Impact

7.1 Not applicable in the context of the report.

Social Value Impact

7.2 Not applicable in the context of the report.

Environmental Sustainability

7.3 Not applicable in the context of the report.

8.0 Conclusions

8.1 The Risk Management Framework has been amended to fully address the observation made by the external auditor. The final Risk Management Framework will be adopted by the Council from Q1 2024/25.

9.0 Background Papers

9.1 Interim Value for Money report 2021-22 and 2022-23, [Audit Sub-Committee, 6 March 2024](#)

9.2 Appendix A – Risk Management Framework.