

Agenda Item No: 7

Report To: Cabinet

Date of Meeting: 12 April 2018

Report Title: Risk Management Framework

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Portfolio Holder: Cllr. Shorter

Portfolio Holder for: Finance and IT



Summary:

This report sets out a draft Risk Management Framework which has been developed in collaboration with the Mid-Kent Audit Partnership.

This framework is designed to provide practical guidance and tools to enable potential risks facing the organisation to be identified, evaluated and managed in a consistent and effective way. Ensuring risks are properly responded to, plays a large part in the certainty of achieving the council's objectives and desired outcomes.

The framework will replace the council's current Risk Management Framework which was adopted in September 2015.

Key Decision: NO

Significantly Affected Wards: N/A

Recommendations: **The Cabinet is recommended to:-**

Approve the draft Risk Management Framework including the risk appetite set out at Appendix A.

Policy Overview:

The Council's Risk Management Framework was adopted in September 2015. Following the adoption of the framework, the current strategic risk register was developed and has been monitored by the Audit Committee on a six-monthly basis.

Financial Implications: None.

Legal Implications: None.

Equalities Impact Assessment: Not Required because the draft framework is a tool for managing risks. Individual project or service design would

individually assess the impacts on equalities.

**Other Material
Implications:**

None.

**Exempt from
Publication:**

NO

**Background
Papers:**

NO

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Report Title: Risk Management Framework

Introduction and Background

1. The Council's Risk Management Framework was adopted in September 2015. Following the adoption of the framework, the current strategic risk register was developed and has been monitored by the Audit Committee on a six-monthly basis.
2. This year, the Policy Team and Mid-Kent Audit Partnership have collaborated on a review of the Framework, testing how it reflects our practices and taking account of best practice and developments in risk management.
3. A refreshed draft framework, based on this work, is set out at Appendix A to this report.

Proposal/Current Position

4. The draft framework sets out practical guidance and the methodology to be followed across the organisation when identifying, evaluating and managing risks.
5. The draft framework has been designed to ensure that all significant potential risks to the organisation are captured and appropriately monitored and managed. It sets out a process by which risks are identified from the 'bottom up' as part of the service planning process before a 'top down' view is provided to ensure corporate or strategic risks are included on the council's risk register.
6. Presently the council's strategic risk register comprises a set of seven strategic risks which have remained the same for the past two years. The intention is that by following the proposed draft framework, this risk register will become more dynamic with the council's top risks at a moment in time reported to the Audit Committee on a six monthly basis whether they are strategic, financial or compliance. Delivery risks will continue to be monitored by individual services and Management Team and escalated to the Audit Committee if they become of strategic importance.
7. The draft framework also includes a risk appetite statement to inform decision making about the amount of acceptable risk within which the Council chooses to operate. Risks that fall outside of the council's appetite will be reported to the Audit Committee. The governance process for monitoring risk and the guidance on identification and management of risk have also been refreshed.

Implications and Risk Assessment

8. The framework has been designed to ensure the council captures all significant potential known risks and can effectively put in place plans to mitigate against them.

Consultation Planned or Undertaken

9. The draft framework was tested during the 2018/19 service planning process to ensure that it was fit for purpose and a useful methodology for services to follow when identifying risks. It was also reviewed by the Budget Scrutiny Task Group.

Other Options Considered

10. Maintaining the current risk management framework. However, this is now over two years old and does not reflect recent best practice in risk management.

Reasons for Supporting Option Recommended

11. The draft risk management framework provides a clear methodology for the identification, management and monitoring of the council's risks. It will ensure all significant known risks are effectively captured and managed.

Next Steps in Process

12. The Audit Committee will receive a report on the council's Risk Register at its meeting in June which will be informed by the draft framework set out in this report. The framework will be kept under review each year as part of the service planning process to ensure it meets the needs of the council in successfully managing risk.

Conclusion

13. The current framework has been in operation for over two years, and over that time it is only natural that as processes and procedures have embedded there has been a need to refine how this works. The new framework will facilitate an improved approach to the council's risk management.

Portfolio Holder's Views

14. This is a natural progression of risk management, taking account of best practice and lessons learnt over past years. I full endorse the methodology and recommend adoption of the draft proposals.

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