

Title of Report: **Review of Corporate Risk Management Policy**

Report of: **Darren Collins, Strategic Director, Resources and Digital**

Purpose of the Report

- 1 To ask Cabinet to consider and approve a revised Corporate Risk Management Policy.

Background

- 2 At its meeting of 6 June 2013, The Council approved the existing Corporate Risk Management Policy, which underpins the Council's Corporate Risk Management Strategy. The Policy prescribed a robust risk management framework within which the Council could identify, assess, mitigate and manage the many diverse risks that could inhibit the sustained provision of essential services and the delivery of the Council Plan.
- 3 The Policy has been reviewed to ensure that it is still fit for purpose.

Proposal

- 4 It is proposed that the revised Corporate Risk Management Policy shown at Appendix 2 be approved as the foundation of the Council's corporate risk management framework.

Recommendation

- 5 Cabinet is asked to recommend that Council approve the revised Corporate Risk Management Policy shown at Appendix 2.

For the following reason:

To ensure the Policy continues to support the maintenance and development of a robust risk management framework within the Council.

Contact name: Craig Oakes Ext. - 3711

Appendix 1

Policy Context

- 1 The proposal supports the Council's policy, service planning and performance management framework which aims to ensure that all resources are directed towards delivery of the Council's Corporate Plan.

Background

- 2 At its meeting of 6 June 2013, the Council approved the existing Corporate Risk Management Policy, which underpins the Council's Corporate Risk Management Strategy. The Policy prescribed a robust risk management framework within which, the Council could identify, assess, mitigate and manage the many diverse risks that could inhibit the sustained provision of essential services and the delivery of the Council Plan.
- 3 Risk management is embedded in the Council through a Corporate Risk Management Policy which includes the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls.
- 4 The Council maintains and reviews the registers of its business risks, linking them to strategic business objectives and assigning ownership for each risk.
- 5 Since 2013, the Policy has been subject to periodic reviews and minor amendments to reflect issues such as Council Structural changes, but it has not been fundamentally reviewed in that time.

Review of the Corporate Risk Management Policy

- 6 The current Policy has been reviewed by reference to the ALARM Risk Management Standard along with an analysis of the policies published by other NE Local Authorities.
- 7 ALARM is a not-for-profit professional membership association that has supported the local government risk management profession for over 30 years. Its Risk Management Standard, which uses the terminology for risk as set out in ISO 31000:2018, was developed by a team drawn from major risk management organisations in the UK, including Airmic, ALARM, and the Institute of Risk Management (IRM), and. This Policy also references some principles from the UK Government Orange Book, applicable to all government departments and parts of the UK public sector, with responsibility for public funds. adopted by the Federation of European Risk Management Associations (FERMA). It was revised by ALARM in 2022.

- 8 The review confirmed the Policy was still broadly fit for purpose, but it has been amended to ensure it continues to reflect Industry best practice by reference to the most recent version of the ALARM Risk Management Standards, with additional narrative to strengthen references to:
- Definition of strategic risks
 - Definition of operational risks
 - Project risks
 - Compliance / legal risks
 - Risk assessment procedures
 - Risk ownership / accountability
 - Risk Appetite
- 9 These changes will assist in a clearer understanding of the nature of the relevant risks, facilitating more effective risk identification, assessment and management, embedding the risk management culture in decision making and delivery of Council objectives.
- 10 The Revised Policy with track changes is attached at Appendix 2, with a clean copy at Appendix 3.

Consultation

- 11 The Audit and Standards Committee considered and agreed the contents of this report at their meeting of 25 April 2024.

Alternative Options

- 12 To not revise the Corporate Risk Management Policy would impact upon the Council's ability to manage risks to sustained delivery of essential services and Council priorities, and to comply with Corporate Governance requirements.

Implications of Recommended Option

13 Resources:

- a) **Financial Implications** - The Strategic Director, Resources and Digital confirms that there are no financial implications arising from this report.
- b) **Human Resources Implications** – There are no human resources implications arising from this report.
- c) **Property Implications** – There are no property implications arising from this report.

- 14 **Risk Management Implications** – There are no additional risk management implications arising from this report, and the Audit and Standards Committee will continue to receive quarterly reports on risk management.
- 15 **Equality and Diversity Implications** – there are no equality and diversity implications arising from this report.
- 16 **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.
- 17 **Health Implications** – There are no health implications arising from this report.
- 18 **Climate Emergency and Sustainability Implications** – There are no climate emergency and sustainability implications arising from this report.
- 19 **Human Rights Implications** – There are no human rights implications arising from this report.
- 20 **Ward Implications** – There are no ward implications arising from this report.
- 21 **Background Information** – Report of the Audit and Standards Committee meeting on 25 April 2024.