

RISK MANAGEMENT STRATEGY REVIEW

Head of Service:	Andrew Bircher, Interim Director of Corporate Services
Report Author:	Will Mace/Ian Wood
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Updated Risk Management Strategy

Summary

The annual review of the Risk Management Strategy has been conducted by officers. Attached at Appendix 1 is an updated Strategy. This version incorporates recommendations from our internal auditors (SIAP), and addresses points raised by council members and officers over the last year.

Recommendation (s)

The Committee is asked to:

- (1) Approve the revisions to the Risk Management Strategy as attached at Appendix 1 and summarised below.**

1 Reason for Recommendation

- 1.1 The Risk Management Strategy (“Strategy”) is reviewed annually by officers, and non-administrative updates are brought to this committee for approval, in line with its [terms of reference](#).
- 1.2 Revisions have been made and an updated Strategy is attached at Appendix 1. The revisions aim to address suggestions raised by key stakeholders, such as Internal Audit, Councillors and officers over the last year.

2 Background

- 2.1 An audit of risk management in 2021-2022 was followed by a new Risk Management Strategy approved by this Committee in July 2022.

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- 2.2 The Audit and Scrutiny Committee subsequently commissioned a review of the new Strategy which was conducted by the council's internal auditors (SIAP).¹ The recommendations from the review and further feedback during the first year of the new Strategy were subsequently presented to this Committee (14 November 2023)². The recommended revisions to the Strategy were agreed along with proposals for exploring Council's wish to consider its 'risk appetite' in more depth.
- 2.3 SIAP carried out an audit of the council's risk management earlier this year, giving an assurance opinion of 'reasonable' ie *'There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.'* The scope of the audit covered the Strategy, and no major observations were made. These minor audit observations and other suggestions for the Strategy made over the last year have been assessed and are the basis of the proposed recommendations below.
- 2.4 During this period the council have introduced new software to better facilitate managing corporate performance and risk. This allows for quicker and more timely updates and review of our current performance and risk management by officers. SIAP acknowledged the planned benefits of the new software during their audit and welcomed the associated actions officers had planned to implement and embed in support of delivering the Strategy.

3 Information related to Recommendation 1: Summary of revisions made

- 3.1 The revisions made in Appendix 1 are as follows:
- 3.1.1 Additional guidance provided on how to describe the actions being taken to further mitigate risks, namely by presenting them in a SMART (Specific, Measurable, Actionable, Realistic and Timebound) format. The updated guidance also underlines the importance of using mitigation plans to manage each risk as appropriate, including recognising the source of internal or external assurance used (see Appendix 1, Annex 2 Risk assessment guidance).
- 3.1.2 Inclusion of a recommendation to regularly review the effectiveness of risk 'controls' and mitigations, by both risk owners and the Business Assurance team (see Appendix 1, Section 4 'Our roles and responsibilities').
- 3.1.3 Explanation of how to deal with instances where the nature of a risk deteriorates, in other words when there is a change in the inherent risk rating score (see Appendix 1, Annex 2 'Changing nature of a risk').

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- 3.1.4 Reference to the new performance and risk software which describes how it can be used to support corporate performance and risk management (See Part 2, Guidance).
- 3.1.5 Further clarity provided regarding how risks are reviewed and escalated, including creating a 'risk hierarchy' to add focus to the 'highest level' risks, i.e. those that relate to the most pressing and important issues (see Appendix 1, Section 3 Our risk management structure; and Section 4 Our roles and responsibilities).
- 3.1.6 Inclusion of an approach that could strengthen inter-committee assurance by reporting Chairs' risk assessments to Audit and Scrutiny Committee, and to facilitate similar feedback from Audit & Scrutiny Committee's risk related queries back to policy committee Chairs (see Appendix 1, Section 7 Our monitoring and reporting arrangements).
- 3.1.7 Expand how the annual review of the Strategy is described to highlight the potential to focus future years work activity on specific areas of interest. (See Section 8, How we will deliver the Strategy.)
- 3.2 Together the recommendations above address the relevant SIAP recommendations, feedback received on the current Strategy, and further proposals from stakeholders, since the Strategy's approval last year.
- 3.3 As a result of last year's review Councillors asked officers to arrange a workshop with officers to review a) councillors' risk appetite, and b) risk targets, and how these could be applied in practice.
- 3.4 Latterly it was suggested that we should hold a workshop facilitated by an external consultant from the LGA. However after several attempts to engage the consultant they confirmed they were unable to take on the role due to other commitments. Officers are now in the process of sourcing an alternative consultant facilitator and will circulate dates once they have been appointed.
- 3.5 Our performance indicators show that we have provided almost 40 individual officers with on-line/face to face sessions covering the new performance software which includes a key element on how to assess risk. In addition, all new Heads and Deputy Heads of Service have been given a full introduction to corporate performance which again includes risk management. We continue to use regular staff updates to highlight the latest quarterly assessment of corporate performance.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 There are no direct equality impacts arising from this report.

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4.2 Crime & Disorder

4.2.1 There are no direct crime and disorder impacts arising from this report.

4.3 Safeguarding

4.3.1 There are no direct safeguarding implications arising from this report.

4.4 Dependencies

4.4.1 There are no significant dependencies connected to this report, although the council's approach to risk management does permeate all aspects of its governance, operations and strategic development.

4.5 Other

4.5.1 If Members have a detailed question(s) on particular elements of the report, it is requested that these be submitted in advance where possible, to enable officers the time to prepare full and complete answers.

5 Financial Implications

5.1 There are no direct financial implications. Any training and risk management developments put forward in this report are expected to be completed as part of business-as-usual activities.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 There are no direct legal implications arising from this report.

6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Effective Council



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- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** There are no direct implications arising from this report.
- 7.4 **Sustainability Policy & Community Safety Implications:** There are no direct implications arising from this report.
- 7.5 **Partnerships:** Not applicable.

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- ¹ For the SIAP position statement on the Risk Management Strategy see, EEBC (2022) *Internal Audit Progress Report 2022-2023 (November 2022)*, 17th November, pp. 8-9. Online available <https://democracy.epsom-ewell.gov.uk/documents/s25119/Appendix%201%20-%20Internal%20Audit%20Progress%20Report%202022-2023%20November%202022.pdf> [last accessed 10/08/2023].
- ² Risk Management Strategy Review 2023. Strategy and Resources Committee 14 Nov 2023 (agenda item 4). Available online at <https://democracy.epsom-ewell.gov.uk/documents/b5509/Item%2004%20-%20Risk%20Management%20Strategy%20Review%2014th-Nov-2023%2019.30%20Strategy%20and%20Resources%20Committee.pdf?T=9> (last accessed 8/10/24).