REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	12th DECEMBER 2018	CATEGORY: RECOMMENDED
		OPEN
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	
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SUBJECT:	RISK MANAGEMENT POLICY FRAMEWORK AND GUIDANCE	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendations

1.1   That the Risk Management Policy Framework and Guidance is approved.

1.2   That the Framework and Guidance are kept under review and reported to the Committee at least annually.

2.0 Purpose of Report

2.1   To detail an updated Risk Management Policy, together with guidance notes for the identification and assessment of risk. This has arisen from a periodic review of the framework to enable a consistent and streamlined approach to be adopted across the Council.

2.2   Under the Committee's Terms of Reference, it is responsible for considering and ensuring that the Council has an effective framework in place for managing risk as part of the Council's overall governance arrangements.

3.0 Detail

3.1   The Risk Management Policy Framework and Guidance is attached at **Appendix 1**. The Council's current framework has been in place since 2012; it was updated in 2016 alongside a new Corporate Plan.

3.2   Section 1 is a Policy Statement which remains largely unchanged. This sets out the objectives of the risk management framework, together with the roles and responsibilities of Elected Members and Officers.

3.3   Section 2 contains the main detail of the Framework. This is effectively guidance to Members and Officers on how to assess, identify, evaluate, communicate and report risk.

3.4 This section has been updated and in particular the templates in Appendices 1 and 2, i.e. the Risk Matrix and the Risk Action Plan. These are the templates that are reported to the Policy Committees as part of the Council's Performance Management framework. Guidance for assessing and rating risks has been updated to support these templates.

3.5 The templates have been revised in the interests of consistency, as current reporting to each of the three main policy committees had varied. These templates bring all risk registers together in a single format, using a standard four by four matrix, together with the associated action plan.

Reviewing the Council's Framework

3.6 During 2017/18, Internal Audit undertook a review of the Council's arrangements for Risk Management. The review compared the Council's arrangements to an industry best practice standard.

3.7 The review was intended to identify where the Council could improve its current arrangements and in summary, these related to:

- Encouraging greater challenge of risks by Policy Committees
- Raising awareness of risk management amongst all staff
- Training for managers directly involved in risk assessment and mitigation
- Strengthening the embeddedness of risk management in the Council.

3.8 Since the review was completed, work has been completed to improve arrangements. The best practice standard includes 38 individual questions and the following table shows a summary of the initial rating and the rating following the more recent reassessment by Internal Audit.

RAG	Ratings	Number of Instances in original assessment	Number of Instances in revised assessment
	Weakness	9	1
	Partial Weakness	17	12
	Adequate	12	25

Embedding Risk Management

3.9 The main test on whether a Risk Management framework is truly working is how far it is embedded within an organisation. The amber and red ratings relate to how far risk management is truly embedded at the Council.

3.10 Embedding can be an elusive concept to practically define. Best practice guidance sets out a seven point test which helps to determine how far a risk management system is embedded in an organisation.

3.11 Following the review by Internal Audit, this test has been completed and the result is detailed in **Appendix 2**. The test confirmed that the Council has embedded risk management in all significant aspects.

3.12 However, it also confirmed that for the Council's framework to become fully embedded, further challenge, awareness and training is required. Appendix 2 sets out how this is being achieved.

4.0 **Financial Implications**

4.1 None.

5.0 **Corporate Implications**

5.1 Risk Management is one facet of ensuring "Good Governance" in the Council (Corporate Plan Aim O2). The outcome from this review is to ensure that Risk Management is fully embedded in the Council.

6.0 **Community Implications**

6.1 None directly.

7.0 **Background Papers**

7.1 None