

Report sponsor: Director of Policy, Insight and Communications  
Report author: Policy and Improvement Manager

## **Risk Management Strategy and Handbook**

### **Purpose**

- 1.1 This report seeks approval of the revised Risk Management Strategy and Risk Management Handbook; alongside presenting a response to risk management resolutions from the July 2020 Committee meeting.
- 1.2 The revised Strategy and Handbook are key documents for the Council's risk management framework and assurance processes.
- 1.3 Both documents were subject to a review, coordinated through the Corporate Risk Management Group, at the end of 2019/20, which has informed the revisions made.

### **Recommendations**

- 2.1 To approve the updated Risk Management Strategy (**Appendix 1**).
- 2.2 To approve the updated Risk Management Handbook (**Appendix 2**).
- 2.3 To note the response to resolutions from the July 2020 Audit and Accounts Committee meeting that are set out in paragraph 4.9.
- 2.4 To note that a report on risk assurance will be submitted to the Committee in January 2021, in line with the revised roles and responsibilities in the Risk Management Strategy and Handbook.

### **Reason**

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

### **Supporting information**

#### **Risk Management Strategy and Handbook**

- 4.1 The Risk Management Strategy and Handbook were last updated in 2018, being approved by Audit and Accounts Committee in March 2018.
- 4.2 Since the refresh of the documents there have been multiple actions taken to strengthen our risk management framework and provide increased risk assurance for senior leaders. We have:

- established a Corporate Risk Management Group that meets quarterly and is attended by the Cabinet Member for Finance and Procurement;
  - identified Risk Champions for all directorates, with many areas now benefiting from more than one nominated individual;
  - strengthened our oversight and monitoring of directorate and strategic risks;
  - integrated risk reporting into our performance monitoring arrangements, with quarterly updates to Executive Scrutiny Board and Cabinet; and
  - developed our internal assurance processes to allow appropriate scrutiny of our risk framework.
- 4.3 To make sure that both the Strategy and Handbook are reflective of current practices, and in line with the review frequency in the documents, both were reviewed at the end of 2019/20.
- 4.4 The focus of the latest review has been on developing the documents to enhance our risk management culture, and to further develop the tools available to support in risk identification and management activity.
- 4.5 Key changes to the Risk Management Strategy (**Appendix 1**), which provides the architecture for our risk framework, include:
- the introduction of a risk opportunity framework, to allow a broader and more balanced approach to risk identification, analysis and management;
  - a review of roles and responsibilities, with responsibility for monitoring the strategic risk register re-positioned with Cabinet, and Audit and Accounts Committee re-focused on risk assurance (in line with the refreshed terms of reference for the Committee) and the Scheme of Delegation;
  - the introduction of key functions into the roles and responsibilities section that had been identified as gaps in our previous framework (i.e. Programme Management Office and service professionals / subject matter experts).
- 4.6 In line with this, the Risk Management Handbook (**Appendix 2**), which supports officers in the practical application of risk management, has been strengthened in several areas:
- guidance has been added on how to define and manage risks as opportunities;
  - there are more tools available to support in the identification of risk;
  - a section on risk assurance has been re-introduced, which provides for deep-dive risk reviews led by the Corporate Risk Management Group;
  - Risk Surgeries have been re-defined, in line with the assurance activity that the Audit and Accounts Committee will be leading on;
  - further information has been added on risks versus issues, risk appetite and emerging risks;
  - reporting and monitoring arrangements have been updated in Section 5 to align with the revised roles and responsibilities in the supporting Risk Management Strategy; and
  - a section on risk culture has been added, alongside the approach to risk management training.
- 4.7 To ensure that the key messages of both documents remain accessible, the 'Policy on a Page' has been updated and is available in **Appendix 3**.

## Risk Management Resolutions from July 2020

- 4.8 A key role of the Audit and Accounts Committee is to seek assurance on our risk framework and its overall effectiveness.
- 4.9 Presented below is a summary of resolutions from the July 2020 meeting on key risks, alongside the latest position and any actions taken / to be taken.

Resolution	Latest position
3. to agree that the next update report to come to the Audit and Accounts Committee should include more detail in relation to Covid-19 and BREXIT	<p><b>Covid-19</b> – local area governance is in place, as set out within our <a href="#">Outbreak Management Plan</a>.</p> <p>An internal Covid-19 Programme Board meets weekly and is responsible for owning and responding to the Covid-19 risks and issues registers.</p> <p>There are monthly policy bulletins to provide updates on the latest context and there have been monthly briefings for councillors.</p> <p>We have launched our '<a href="#">do the right thing for Derby</a>' campaign, and rolled this out with targeted briefing and training sessions.</p> <p>There have been a number of risks added to our strategic risk register to reflect the implications of Covid-19, and existing risks have been reviewed to reflect any implications of the pandemic. It should be noted that there are a number of significant risks relating to Covid-19, reflecting the unprecedented circumstances that we and our communities are responding to.</p> <p>All Covid-19 risks identified are informing the development of our recovery priorities and plans. Cabinet will be presented with an update in November 2020.</p> <p><b>Brexit</b> – the working group continues to meet, to respond to new intelligence and support local readiness, working in conjunction with partners through the Local Resilience Forum. A communication plan is in place</p> <p>From Q3 onwards, the strategic risk on business resilience and job losses will be updated to reflect both the impacts of Covid-19 and Brexit.</p>
5. to agree that progress on SR6 – ineffective project management governance be monitored by the Audit and Accounts Committee	<p>The overall risk score for this area has reduced to 'medium', as a result of activity completed between June 2020 and September 2020, to strengthen our controls...</p> <ul style="list-style-type: none"> <li>• The Programme Management Office (PMO) function is being maintained through resources within Policy &amp; Insight, and the PMO Board was re-established from June 2020 with regular Gateway reviews taking place.</li> <li>• Work is continuing to review risk registers of all high priority projects on an on-going basis.</li> <li>• Priority projects continue to be reported to Cabinet quarterly, as part of our performance reports.</li> </ul>

- 4.10 Strategic risks will continue to be reported to Cabinet and Executive Scrutiny every quarter, where further assurance on the effectiveness of controls can be sought, as required.
- 4.11 In line with the revised monitoring arrangements, Audit and Accounts will be presented with a six-monthly risk management assurance report in January 2021.

### **Public/stakeholder engagement**

- 5.1 Key stakeholders have been engaged in the review of both documents and feedback received has been used to revise the Risk Management Strategy and Handbook.

### **Other options**

- 6.1 None – review timescales are set out within the Strategy and Handbook.

### **Financial and value for money issues**

- 7.1 None directly arising from this report. Financial implications of risk have not been changed in our risk management matrix and risk owners make an assessment of this as part of risk identification and review.

### **Legal implications**

- 8.1 None directly arising from this report. Legal implications of risk have not been changed in our risk management matrix and risk owners make an assessment of this as part of risk identification and review.

### **Climate implications**

- 9.1 None directly arising from this report.

### **Other significant implications**

- 10.1 None.

This report has been approved by the following people:

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Emily Feenan - Director of Legal, Procurement and Democratic Services and Monitoring Officer	22/10/2020
<b>Finance</b>	Simon Riley - Strategic Director of Corporate Resources & S151 Officer	23/10/2020
<b>Service Director(s) Report sponsor</b>	Heather Greenan – Director of Policy, Insight and Communications	21/10/2020
<b>Other(s)</b>		

<b>Background papers:</b>	
<b>List of appendices:</b>	Appendix 1 – Risk Management Strategy Appendix 2 – Risk Management Handbook Appendix 3 – Risk Management Policy on a Page