

WELWYN HATFIELD BOROUGH COUNCIL
AUDIT COMMITTEE – 30 JANUARY 2023
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE & TRANSFORMATION)

RISK MANAGEMENT POLICY, STRATEGY AND FRAMEWORK

1 Executive Summary

- 1.1 This report presents a new Risk Management Policy and Strategy, along with the Risk Management Framework for the Council.
- 1.2 Following the management restructure, the remit for risk management has been moved to the Finance and Transformation Directorate, providing a good opportunity for a fundamental review.
- 1.3 The council's current Risk Management Strategy and Framework is a single document, which does not clearly distinguish between the Council's Policy, Strategy and the framework for delivery of risk management activities.
- 1.4 The new strategy and framework is presented to the Committee for consideration in advance of the 2023/24 year to ensure that following its approval, officer training can be provided and a full and comprehensive review of the risk register to be undertaken in advance of the start of 2023/24. Member training on the new strategy and framework will be provided at the start of the new municipal year.

2 Recommendation(s)

- 2.1 That Audit Committee consider the Risk Management Policy, Strategy and Framework for adequacy and effectiveness and recommend its approval to Cabinet.

3 Background

- 3.1 Following the management restructure, the remit for risk management has been moved to the Finance and Transformation Directorate, providing a good opportunity for a fundamental review.
- 3.2 The council's current Risk Management Strategy and Framework is a single document, which does not clearly distinguish between the Council's Policy, Strategy and the framework for delivery of risk management activities.
- 3.3 Separate documents have been proposed, to ensure there is clear distinction between the strategy and framework. Cabinet will be responsible for the approval of the Policy and Strategy, and officers will maintain and approve the Framework and any associated guidance.
- 3.4 The new Policy and Strategy, provide a clear policy statement on the Council's commitments and objectives on risk management, sets a clear strategy on how it will ensure risks are managed and the governance arrangements in place for oversight of risk.

- 3.5 It sets out a clear approach to those risks which will be reportable to senior officers and members, a clearer approach to risk appetite, and introduces the use of both inherent and residual risks, to enhance understanding and oversight on how the control measures used impact on the assessed level of risk.
- 3.6 The Framework provides the detailed guidance on risk management, including how risks are identified, assessed, managed and reported. It also includes the comprehensive roles and responsibilities of officers and Members in relation to risk.
- 3.7 Risks are currently managed on the Council's performance management software, Clearview. This system is no longer considered to be fit for purpose, and risk registers will be moved onto standard Microsoft tools, which will also enable project managers to maintain project risk registers which the council does not currently have a consistent approach to. This change will enable risk managers to update risks more frequently and improve reporting and management oversight.
- 3.8 Following approval of the new policy and strategy, risk managers will be trained on risk management and on the new system. Member training will be provided at the start of the new municipal year, when the policy and strategy will take effect from.

Implications

4 Legal Implication(s)

- 4.1 The Accounts and Audit Regulations 2015 require that "[a] relevant authority must ensure that it has a sound system of internal control which [among other matters] includes effective arrangements for the management of risk."
- 4.2 The effective management of risk reduces the risk of adverse legal implications associated with risk events.
- 4.3 The terms of reference of Audit Committee include- 'To consider the adequacy and effectiveness of the Council's control environment - the systems of governance, internal control and risk management'.

5 Financial Implication(s)

- 5.1 There are no direct financial implications associated with the new policy, strategy and framework.
- 5.2 The new digital tools to be used, are already provided as part of the councils Microsoft licensing arrangements.
- 5.3 The effective management of risk reduces the risk of adverse financial and insurance implications associated with risk events.

6 Human Resources Implication(s)

- 6.1 Officer training will be provided on the new risk management policy, strategy and framework, before the start of the new municipal year.

7 Risk Management Implications

- 7.1 This report seeks to improve the management and oversight of risk for the Council. The key risks associated with this are around ensuring that the new approach is

adhered to, and the risk managers are adequately trained. Training is planned for the new year, along with a full and comprehensive review of the risk register. More regular reporting will be in place for Senior Management and the new systems will enable risk managers to update risks more easily and frequently.

8 Security & Terrorism Implication(s)

- 8.1 There are no direct security & terrorism implications arising as a result of this report.
- 8.2 The effective management of risk reduces the risk of adverse security and terrorism implications associated with risk events.

9 Procurement Implication(s)

- 9.1 The effective management of risk reduces the risk of procurement implications associated with risk events.

10 Climate Change Implication(s)

- 10.1 There are no climate change implications arising as a result of this report.

11 Link to Corporate Priorities

- 11.1 The subject of this report is linked to the efficient delivery of all of the Council's Corporate Priorities.

12 Equality and Diversity

- 12.1 An Equalities Impact Assessment (EqIA) was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies which would place impacts on protected groups.

13 Communication and Engagement

- 13.1 Training will be provided to officers and members to ensure the new policy, strategy and framework to ensure they are all communicated and understood.

14 Health and Wellbeing

- 14.1 The effective management of risk reduces the risk of health and wellbeing implications associated with risk events.

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