EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Review of Risk Management Policy	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Audit Committee - 25th September 2024	
	Cabinet – 16th December 2024	

Is this an Executive Decision:	YES	Is this a Key Decision:	NO
Is this in the Forward Plan:	YES	Does this report contain Confidential or Exempt Information:	NO
		If the report Contains Confidential Information, please provide reason.	
		If the report contains Exempt Information, please state relevant paragraph from Schedule 12A LGA 1972:	

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **John Teasdale**

Date …………………. Signature ………………………..

Chief Finance Officer: **Lloyd Haynes**

Date …………………. Signature ………………………..

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Audit Committee

Date: 25 September 2024

REPORT TITLE: **Review of Risk Management Policy**

PORTFOLIO: **Finance & Treasury Management**

CHIEF OFFICER: **Lloyd Haynes**

CONTACT OFFICER: **Lloyd Haynes**   **Ext. No. x1399**

WARD(S) AFFECTED: **All**

1.   Purpose of the Report

1.1.   This report provides a summary of the review of the existing Risk Management Policy that has been carried out, which seeks to ensure that it continues to reflect best practice and provides effective direction for the Council in managing identified risks.   The report seeks the committees input and comments in relation to that review prior to it being presented to Cabinet for approval.

2.   Background

2.1.   The existing Risk Management Policy was last amended during 2023. Following that amendment the updated policy was subject to an Internal Audit review which highlighted a number of suggested further improvements that could be made to the policy.

2.2.   In addition an Internal Audit review of the Towns Fund programme also identified a further suggested improvement that could be made to the Council's risk management processes in relation to the identification of fraud risks.

2.3.   Finally the recent Cyber Security review by external audit has also led to a further consideration in relation to the identification of ICT related risks.

2.4.   The Risk Management Policy has therefore been reviewed to incorporate those suggested changes to ensure that it continues to reflect best practice and provides effective direction for the Council in managing identified risks.

3. **Contribution to Corporate Priorities**

3.1. The effective management of risk will support the delivery of all corporate priorities.

4. **Review of Risk Management Policy**

4.1. A summary of the changes made to the Risk Management Policy, and the reason for those, are set out below:

4.1.1. Reviewed the previous distinction between Corporate and Strategic Risks (identified as a recommendation in the Internal Audit review of the previous Risk Management Policy) and combined these two risk levels into one Strategic Risks level that encompasses all circumstances that may negatively impact on the operation or the budget of a more than one given team, project or Council service area, or on the Council as a whole.

4.1.2. Renamed Service risks as Operational risks so that the name better reflects that these are risks that could affect an individual service or project, rather than just a service area.

4.1.3. Incorporated a Risk Appetite within the policy (identified as a recommendation in the Internal Audit review of the previous Risk Management Policy) to provide clarity on the maximum level of risk that the Council would normally tolerate, and which therefore helps in identifying Target Risk scores (see below) and further actions that are required to manage risk.

4.1.4. Incorporated Target Risk scores within the policy (identified as a recommendation in the Internal Audit review of the previous Risk Management Policy) which follow on from the Risk Appetite and provide clarity on the score that the risk should be managed down to, and the actions required to achieve that.

4.1.5. Incorporated Fraud Risks as a new risk category within the policy (identified as a recommendation in the Internal Audit review of Towns Fund programme) to support the identification and management of fraud related risks across the organisation.

4.1.6. Incorporated ICT Risks as a new risk category within the policy (following a recent cyber security review by external Audit) to support the identification and management of ICT related risks across the organisation.

4.1.7. Updated the risk templates (Appendices) to accommodate the above changes.

4.1.8. Reordered the structure of the policy so that it is easier to follow and also confirms how additional support can be obtained.

4.2. Once the revised policy is approved work will take place, as part of the next quarterly review of risk registers following approval, to transfer existing risk information in to the revised templates. This will require risk owners to identify target risk scores and any further actions that are required to achieve those.

4.3. A corresponding review of the Council's Anti-Fraud & Corruption policy, and associated Corporate Governance Statement and Whistle Blowing policies, are also scheduled for review during 2024/25, with the outcome of that review scheduled to be reported to Audit Committee and on to full Council.

4.4. Once that work is complete counter fraud awareness training will be provided to council services (with a training session also scheduled for Audit Committee in March 2025) to further support them in identifying and managing fraud related risks.

5. Financial Considerations

This section has been approved by the following member of the Financial Management Unit: Daniel Binks

5.1. There are no direct financial issues arising from this report, however effective risk management will reduce the Council's financial exposure to both insured and non-insured claims and losses.

6. Risk Assessment and Management

6.1. The main risks to this Report and the Council achieving its objectives are as follows:

6.2. **Positive** (Opportunities/Benefits):

6.2.1. By improving risk management and corporate governance arrangements it will enable corporate objectives to be achieved along with enhancing corporate and service level performance.

6.3. **Negative** (Threats):

6.3.1. None.

6.4. Any financial implications to mitigate against these risks are considered above.

7. Legal Considerations

This section has been approved by the following member of the Legal Team: John Teasdale

7.1. The Council's Risk Management Policy is an important element of the overarching governance framework ensuring that the Council has a robust process for evaluating risks. Reviewing the policy and templates in accordance

with feedback from internal audit and officers ensures that the Council continues with best practice.

7.2. There are no direct legal issues arising from this report.

8. <u>Equalities and Health</u>

8.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

8.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

9. <u>Data Protection Implications – Data Protection Impact Assessment (DPIA)</u>

9.1. A DPIA must be completed where there are plans to:

☐ use systematic and extensive profiling with significant effects;
☐ process special category or criminal offence data on a large scale; or
☐ systematically monitor publicly accessible places on a large scale
☐ use new technologies;
☐ use profiling or special category data to decide on access to services;
☐ profile individuals on a large scale;
☐ process biometric data;
☐ process genetic data;
☐ match data or combine datasets from different sources;
☐ collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
☐ track individuals' location or behaviour;
☐ profile children or target marketing or online services at them; or
☐ process data that might endanger the individual's physical health or safety in the event of a security breach

9.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

10. <u>Human Rights</u>

10.1. There are no Human Rights issues arising from this Report.

11. <u>Environmental Impacts</u>

Consider impacts related to the Climate Change & Nature Strategy aims:
• Reducing greenhouse gas emissions (climate change mitigation)
• Preparing for future climate change (adaptation)
• Protecting and enhancing nature
• Using resources wisely and minimising waste and pollution

11.1. Does the proposal have any positive or negative environmental impacts? No

12. <u>Recommendation(s)</u>

12.1. That Audit Committee consider the changes that have been made to the Risk Management Policy and provides any input and comments in relation to that prior to it being presented to Cabinet for approval.

13. <u>Background Papers</u>

13.1. Risk Management Policy 2023
13.2. Internal Audit Review of the Risk Management Policy 2023
13.3. Internal Audit review of the Towns Fund Programme

14. <u>Appendices</u>

14.1. Risk Management Policy 2024
14.2. Appendix 1 – Strategic Risk Register Template
14.3. Appendix 2 – Operational Risk Register Template