

AUDIT AND GOVERNANCE COMMITTEE

DATE	17/07/2025
REPORT OF	Assistant Director Law and Governance
SUBJECT	Risk Management Annual Report
STATUS	Open

CONTRIBUTION TO OUR AIM

An effective approach to risk management, including the maintenance of a strategic risk register, supports the delivery of the Council's strategic aims by identifying, evaluating and then mitigating those issues which could result in them not being effectively delivered.

EXECUTIVE SUMMARY

This report provides the Audit and Governance Committee with an overview of the Council's risk management activities during 2024/25.

RECOMMENDATIONS

That the Committee notes the Council's progress in managing risk during 2024/25.

REASONS FOR DECISION

The Committee's responsibilities include monitoring the effectiveness of the Council's risk management framework. As part of discharging its responsibilities it receives an annual summary of risk management activity.

1. BACKGROUND AND ISSUES

1.1. The purpose of this report is to provide assurance to the Council on its arrangements related to risk and the effectiveness of those arrangements. - The following activities have been carried out by the Strategic Lead (Risk and Governance) during 2024/25:

- Worked with the Leadership Team to maintain the Strategic Risk Register (SRR). An in depth review of the SRR has been carried out by the Strategic Lead Risk and Governance in conjunction with the Head of Audit and Assurance. It was noted that some improvement has been made in relation to controls and actions, however some queries have been made which are currently with the Risk Champions to review with the risk owners. In addition a small number of residual and target scores were challenged and these are with the risk owners to consider.
- Supported Assistant Directors and their risk champions in maintaining operational risk registers.
- Carried out ongoing reviews of operational registers to assess their completeness, although this was not as detailed as in previous years as an audit was carried out on them as discussed in paragraph 1.2. The

reviews confirmed that further work is required to improve their completeness.

- Supported the Business Development Group by providing advice on whether risk has been reflected appropriately within Capital Project Business Cases.
- Provided training to Audit and Government Committee Members in November 2024 so they had sufficient knowledge to carry out their responsibilities in relation to risk management.
- Provided training and guidance to the Council around risk management when required including training on the risk management system.
- Worked with Children's Services in developing their operational risk register.
- Developing the new risk policy, including working with senior management to determine the Council's risk appetite. Once the draft policy is complete it will then be shared with the Audit and Governance Committee and the Portfolio Holder for Finance, Resources and Assets for adoption.
- Review of risk management within cabinet reports. This confirms that consideration of risks and opportunities are in most cases properly laid, although they are not always subsequently included in the risk register.

1.2. An internal audit has recently been conducted on the Council's risk management arrangements. A 'Satisfactory' assurance on the effectiveness of the control environment was provided. However, a number of improvements were identified:

- Formally agreeing the Risk Management Policy and documenting the Council's Risk Maturity level and Risk Appetite.
- Aligning a risk appetite category for each of the strategic risks
- Review/update of the Council's Risk Management Guide and Toolkit
- Ensuring operational risk Registers are fully and appropriately completed
- Reviewing strategic risks quarterly and operational risks at least every six months
- Submitting operational risk registers for areas deemed critical/high risk and individual high priority risks, to Corporate Governance G and/or Assurance Board.

An action plan has been agreed to implement the actions.

1.3. Risk maturity is the effectiveness of an overall organisation's arrangements to identify and manage its risks. Based on their understanding of the Council's risk management system the Strategic Lead for Risk and Governance has assessed risk maturity of the Council as "**Defined**" where defined is "A common risk assessment/response framework is in place. An organisation-wide view of risk is provided to leadership and the board, often in the form of a list of top risks. Action plans are implemented in response to high-priority risks".

2. RISKS AND OPPORTUNITIES

Risk management is the systematic identification, analysis and economic control of opportunities and risks that challenge the assets, reputation and objective of the Council.

An effective risk management framework is an essential element of good management and a sound internal control system, risk management being a key contributor to good governance.

3. OTHER OPTIONS CONSIDERED

Not applicable - the Audit and Governance Committee is required to regularly receive updates in relation to the strategic risk register as part of the discharge of its responsibilities.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

Reputational risk is one of the issues considered when scoring strategic risks. Where applicable controls and actions are in place to mitigate any relevant reputational risks identified as part of the overall risk.

5. FINANCIAL CONSIDERATIONS

Financial risk is one of the issues considered when scoring strategic risks. Where applicable controls and actions are in place to mitigate any relevant financial risks identified as part of the overall risk.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

The risk register includes strategic and operation risks relating to Children and Young People.

7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

The risk register includes strategic and operational risks relating to the environment. Where applicable climate change and environmental implications are considered in assessing risks.

8. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. However, each of the risks identified could have a potential financial impact if not addressed.

9. LEGAL IMPLICATIONS

The approach to the Council's risk registers as set out in this report is considered to comply with the applicable regulatory/statutory framework. An approach to risk includes dealing with legal issues that arise in respect of specific risks. Legal services will therefore be involved, at a sufficiently early stage, to ensure that risks are managed appropriately.

10. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the content of this report.

11. WARD IMPLICATIONS

Applicable to all wards.

12. BACKGROUND PAPERS

Risk and Opportunities Policy January 2020

13. CONTACT OFFICER(S)

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