

**Corporate Risk Update & Risk Appetite**

<b>Final Decision-Maker</b>	Policy & Resources Committee
<b>Lead Director</b>	Mark Green - Director of Finance & Business Improvement
<b>Lead Officer and Report Author</b>	Russell Heppleston – Deputy Head of Audit Partnership
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

In this report we ask Members to agree the Council's risk appetite statement. This is a key part of the risk management process, and is the final component to the Risk Management Framework previously agreed by this Committee.

This report also includes an update on the Council's Corporate risks which we report twice a year. Specifically, the report details the outcomes of the work conducted to update and refresh the corporate risks for 2017/18.

**This report makes the following recommendations to this Committee:**

1. That the risk appetite statement (as set out in Appendix 1) is **agreed** and **adopted** into the risk management framework.
2. That the Corporate risks (as set out in Appendix 2) are **noted**.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	30 October 2017

# Corporate Risk Update & Risk Appetite

## 1. INTRODUCTION AND BACKGROUND

- 1.1 In July 2015 the Policy and Resources Committee approved the adoption of a revised risk management framework. This framework included detailed guidance setting out how the Council identifies and manages risk. The framework also sets out the principle of frequently reporting risks to Members and Corporate Leadership Team to ensure that key risks can be monitored and reviewed.
  - 1.2 Since adopting the risk framework we have reported risk updates to this Committee on a regular basis, and kept the Committee up to date with progress on the implementation of the risk process. This has included a set of corporate level risks and the notion of setting a risk appetite.
  - 1.3 As part of the implementation of the risk framework, we have over the course of the last year discussed with Members and Corporate Leadership Team the concept of **risk appetite**. Risk appetite sets out the level of risk that we are comfortable taking in the pursuit of our objectives. At the highest level, it acts as a guide to Officers and Members when making decisions that inevitably carry a degree of risk. As part of the risk appetite, we also consider **tolerance**. This sets out the level of risk that the Council is not willing to accept, based on the consequence and impact of the risk.
  - 1.4 Setting the risk appetite and tolerance level is a collective judgement of the Council as it sets out the philosophy for risk taking. It is something that cannot be set in isolation, and is also something that will change over time, just as risks change. As such, in September 2017 we delivered a briefing to Members to talk through the concept of risk appetite and what it means in practice for the Council.
  - 1.5 The full risk appetite statement is attached in **Appendix 1**.
  - 1.6 Risks relate to uncertainty, and so, they are ever changing. It is important therefore that we keep them under review, and ensure that we are identifying emerging issues as they arise. In July 2017 we ran a workshop with Officers and Members to refresh the corporate risks. During this workshop, and subsequent follow-up with risk owners, the risks have been reviewed and updated. New risks have been identified, and others have been moved off the register due to the passage of time.
  - 1.7 The full corporate risk register is attached in **Appendix 2**.
-

## **2. AVAILABLE OPTIONS**

- 2.1 **Risk reporting:** The reporting of risks twice a year has been requested by the Committee. Depending on the views of the Committee, an alternative option would be for the Committee to change the frequency of our reporting of risks, or stop it altogether. This would however be contrary to previous requests.
- 2.2 **Risk appetite:** If the Committee decides not to agree to the recommendation as outlined, there are a number of other options that the Committee may wish to consider:
- a) The Committee could conclude that the risk appetite and tolerances as currently set out do not accurately reflect the approach to risk taking. As such, an alternative option would be for the Committee to propose alternative levels. This would then need to be worked through with Officers before coming back to the Committee for a final decision.
  - b) The Committee could also decide not to agree the risk appetite statement in its entirety; however this would undermine the previous wishes of the Committee when adopting the risk framework, and subsequent update reports.

## **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 In both cases (the risk appetite statement and the corporate risks) the preferred option is that the Committee follow the recommendations as stated. The following reasons support this option:
- a) The risk appetite statement provides clear guidance to Officers and Members when considering the risk implications of the decisions they are being asked to make.
  - b) It encourages a further narrative to better inform the decisions being made. Setting a tolerance level for risk means that the Council is able to demonstrate that it is fully aware of the risks but also that it will not take risks that carry significant negative consequences.
  - c) It provides assurance to the Public that the Council is not taking excessive risks and are acting appropriately to safeguard public money.
  - d) It enables key risk issues to be assessed, reviewed and if necessary further action taken to manage impact and likelihood.

---

## **4. RISK MANAGEMENT**

- 4.1 This report relates to the Council's risk management processes, and the outcomes of existing risk work. This includes the identification of new risks at a corporate level.
- 4.2 Therefore, while the decision that Members are being asked to make raises no new risks, the risk report itself does highlight a number of key risk issues that Members may seek further assurance over.

4.3 This section of the reporting template will, in the future, refer to the risk appetite and tolerance levels to provide more information on the risks associated with decision making.

## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

5.1 The risk appetite and updates have been through Corporate Leadership Team, and the risks and responses detailed were compiled following consultation with risk owners.

5.2 Members were sent a copy of the risk appetite statement in September 2017 and attended a short briefing to enable discussion of the statement before being considered at tonight's meeting.

---

## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

6.1 If agreed, the risk appetite statement will be added to the risk management framework, and additional guidance circulated to Officers.

6.2 Unless requested otherwise, we will continue to provide risk updates to this Committee every 6 months in accordance with the previous recommendation.

---

## **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	Risk management is a key component in the Council's governance. Good governance underpins everything that the Council does.	Russell Heppleston  Deputy Head of Audit Partnership
<b>Risk Management</b>	Risk management is the focus of this paper. Please see section 4 above for further details.	Russell Heppleston  Deputy Head of Audit Partnership
<b>Financial</b>	Risk management support is provided through the Mid Kent Audit partnership within existing budgets.  This decision therefore has no direct financial implications.	Russell Heppleston  Deputy Head of Audit Partnership

<b>Staffing</b>	There are no staffing implications to this decision.	Russell Heppleston  Deputy Head of Audit Partnership
<b>Legal</b>	There are no legal implications to this decision.	Russell Heppleston  Deputy Head of Audit Partnership
<b>Privacy and Data Protection</b>	There are no privacy or data protection implications to this decision.	Russell Heppleston  Deputy Head of Audit Partnership
<b>Equalities</b>	The recommendations do not propose a change in service therefore do not require an equalities impact assessment	Russell Heppleston  Deputy Head of Audit Partnership
<b>Crime and Disorder</b>	Not applicable	Russell Heppleston  Deputy Head of Audit Partnership
<b>Procurement</b>	Not applicable	Russell Heppleston  Deputy Head of Audit Partnership

**8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: Risk Appetite Statement
  - Appendix 2: Corporate Risks Update
-

## **9. BACKGROUND PAPERS**

The risk management framework (detailed guidance) was reported to Policy and Resources Committee in February 2016 and is publically available on the Council's [website](#).