13.1.   <u>RISK MANAGEMENT POLICY (A91941/WA)</u>

Purpose of the report

1.   This report asks Members to approve amendments to the Authority's Risk Policy and supporting documentation to respond both to an agreed action from the last Internal Audit on Risk Management and to reflect the change of structure in the Authority (Audit, Resources and Performance Committee, 7 March 2016, ref:13/16).

Key Issues

2.   At inspection in 2016, Internal audit found that:
'there is a methodology for scoring risks, which uses a 3x3 grid to plot risks. There is guidance on what constitutes low, medium and high likelihood and impact and risks are given a score by multiplying impact by likelihood in order to create a score between 1 and 9. However, risks are also given a colour coded category (green, amber and red) and risks with the same number score may have a different risk category….. it is confusing for them to have the same score. In order to clarify the priority of risks, consideration could be given to either scoring each risk according to its priority (ie the lowest priority risk scores 1, the highest scores 9) or purely using the colours and not having a score at all in order to remove confusion'.

3.   The agreed action was:

        1.   The risk policy will be updated as necessary and taken to Audit Resources and Performance for approval (September).

4.   Since the last update of the risk policy, the position of Assistant Directors has been disestablished and, additionally, there has been a change of title of the Management Team to that of Senior Leadership Team.

5.   As such, the text of the Risk Policy required updating to reflect these changes.

Recommendation

6.   **1.   That the updated Risk Management Policy in Appendix 1, and supporting documentation in Appendix 2, are approved**

How does this contribute to our policies and legal obligations?

7.   Risk Management contributes to Cornerstone C3: Our organisation, focus 3 – develop key business processes underpinning the Corporate Strategy.

Background

8.   The Authority approved and adopted a Code of Corporate Governance in May 2009 which is consistent with the CIPFA/ SOLACE (Chartered Institute of Public Finance and Accountancy/ Society of Local Authority Chief Executives) *Framework Delivering Good Governance in Local Government*. A copy of the Authority's Code of Corporate

Governance can be found on our website at www.peakdistrict.gov.uk or can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE.

9.   One of the six core principles in the Code of Corporate Governance is '*taking informed and transparent decisions which are subject to effective scrutiny and managing risk'*, which includes the supporting principle of '*ensuring that an effective risk management system is in place'*.

10.   The Risk Management Policy represents the Authority's underlying approach to risk management. The Authority's current Risk Management Policy was developed and approved in October 2015 (ref. 69/15).

11.   **Proposals**

That the revised Corporate Risk Policy be approved updating the methodology for scoring risks and to reflect the change of structure in the organisation.

Are there any corporate implications members should be concerned about?

12.   **Financial**: All work covered by the Risk Management Policy is undertaken within existing service budgets.

13.   **Risk Management:** The policy forms the foundation of the Authority's approach to risk management.

14.   **Sustainability:** No issues have been identified.

15.   **Background papers** (not previously published) – None

Appendices
Appendix 1: Risk Management Policy
Appendix 2: Supporting Documentation (Key Components of the Authority's Risk Management System, Risk Register, Risk Scoring)

Report Author, Job Title and Publication Date

Wendy Amis, Senior Performance Officer, 8 September 2016