

AUDIT COMMITTEE

Updated Risk Management Policy

20 March 2024

Report of Chief Officer Resources

PURPOSE OF REPORT

To request the Audit Committee approve the council's refreshed Risk Management Policy.

This report is public.

RECOMMENDATIONS

- (1) The Audit Committee approve the refreshed Risk Management Policy, March 2024, shown as appendix A.

1.0 RISK MANAGEMENT POLICY

- 1.1 The Risk Management Policy has been re-drafted since the previous version was approved and published in March 2023 to include the following changes:
 - Section 2.2 – timeframe added for how often the policy should be reviewed.
 - Section 3.1 – priorities now reworded to ambitions (following the adoption of the new Council Plan 24-27) and Risk Management Framework diagram and explanation included.
 - Section 5.3 – reworded.
 - Section 6.3 – added to include information about the adoption of the HM Treasury Orange Book risk appetite guidance.
 - Section 7.2 – minor rewording, removal of “PERFORMANCE” acronym for risk categories with inclusion of HM Treasury Orange Book risk categories.
 - Section 8.1 – inclusion of a sentence suggested by Cabinet, when endorsing the new risk appetite levels “The council recognises that it may be necessary to deviate from the adopted risk appetite for individual decisions when there is a good reason to do so”.
 - Section 8.2 – revised section on risk appetite.
 - Sections 9.2 and 9.3 – officer roles amended to reflect the new structure.
 - Section 10 – rewording for the following roles: Audit Committee, B&PP, Leadership Team, Risk Owners, Policy and Performance Team + inclusion of new diagram showing this.
 - Section 11 – minor rewording.
 - Section 13 – minor rewording to reflect new structure.
 - Former appendix 1 on “PERFORMANCE” removed and appendices renumbered.
 - Appendix 1 – minor formatting changes and removal of figures in financial impact measures
 - Appendix 3 – NEW – explains the risk appetite and new categories (A3 format)

2.0 DETAILS OF CONSULTATION

- 2.1 Leadership Team have been consulted on the changes.
- 2.2 The new risk categories and risk appetite levels have been set in conjunction with Leadership Team, Audit Committee and Cabinet.

3.0 OPTIONS AND OPTIONS ANALYSIS

- 3.1 The options that Audit Committee Members might consider are:
- a) To approve the draft policy as submitted, or with any amendments suggested by the Committee
 - b) Not to approve the policy.
- 3.2 Options analysis, based on associated risks and opportunities are set out in the following table:

Risk / Opportunity	Option A – Approve Policy	Option B – Do not approve
Failure of the council to meet requirements in identifying and responding to risk management.	Adoption of the policy defines, in accordance with proper practice, the council's approach to risk management.	The policy from March 2023 remains in place showing the old structure for roles and responsibilities, former risk categories and risk appetite guidance.
Failure of services and individuals to meet expectations around risk management.	The policy and guidance provide the framework for ensuring that services and individuals are aware of their own responsibilities in regard to risk management.	Individuals are unlikely to be aware of their personal responsibilities.
Significant risk of financial and reputational loss to the council from failure to manage its risks effectively.	The policy is aimed at establishing procedures within the Council to enable risks to be more fully understood and managed.	Exposure to the risk of financial loss is likely to be poorly understood and managed.

- 3.3 The preferred option is option A at paragraph 3.2.

4.0 CONCLUSION

- 4.1 Recent changes to the council's management structure and the review of the council's existing risk management arrangements presented an opportunity for the council to reset and strengthen its commitment to risk management. Approval of the proposed Policy provide the framework for this commitment to be implemented and fulfilled.

APPENDICES

Appendix A – Risk Management Policy – DRAFT 2024

**CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety,**

Sustainability and Rural Proofing):

No direct impact arising from this report, which provides a copy of the council's refreshed Risk Management Policy.

LEGAL IMPLICATIONS

No direct legal implications arising from this report.

FINANCIAL IMPLICATIONS

No direct financial implications arising from this report.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No direct resource implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has contributed to this report in his role as Chief Officer Resources, including responsibility for Internal Audit.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

N/A

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