



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

## Governance and Audit Committee

Wednesday, 22 January 2025

Report of Councillor Philip Knowles,  
Cabinet Member for Corporate Governance and Licensing

# Risk Management Annual Report 2023-24 including Risk Management Framework 2025-27

### Report Author

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### Purpose of Report

In accordance with the Governance and Audit Committee's terms of reference, one of the key areas for the Committee is to monitor and review the risk management arrangements in place including the annual report for risk management activity and the Risk Management Framework 2025-27.

### Recommendations

The Committee is recommended to:

1. Approve the Risk Management Annual Report 2023-24
2. Approve the draft Risk Management Framework 2025-27 attached at Appendix A.

### Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All Wards

## **1. Implications**

1.1 Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

1.2 There are no financial implications rising directly from this report.

Completed by: Paul Sutton, Interim Head of Finance (Deputy s151)

### ***Legal and Governance***

1.3 Consideration of the Council's arrangements for risk management is a key component of the role of the Governance and Audit Committee and demonstrates effective governance.

Completed by: Graham Watts, Monitoring Officer

### ***Risk and Mitigation***

1.4 These are contained within the report.

Completed by: Tracey Elliott, Governance and Risk Officer

## **2. Background to the Report**

2.1 One of the key terms of reference of the Committee is to monitor and review the risk management arrangements in place and the activities that are being undertaken to assess the effectiveness of those arrangements.

2.2 Effective risk management is critical to ensure an organisation maintains its services, progresses towards achieving its corporate objectives, and provides assurance it is operating on sound corporate governance principles.

2.3 The Risk Management Framework was last reviewed and approved in June 2021. To ensure it remains fit for purpose, and reflective of the current arrangements and operating environment of the Council, it is timely for the review to be undertaken.

2.4 The draft Framework and associated appendices have been updated following the review. The main areas included within the scope of the Risk Management Framework are:

- Risk Management Overview
- Risk Management Policy Statement
- Risk Management Strategy

- Risk Appetite Statement
- Risk Management Governance Framework
- Roles and Responsibilities
- Risk Management Process
- Strategic Risk Management Approach Key Components
- Council Risk Register Layout

### **3. Strategic Risk Register**

- 3.1 The Strategic Risk Register is reviewed by Corporate Management Team and Governance and Audit Committee biannually.
- 3.2 The Strategic Risk Register underwent a thorough review in 2023/24. A workshop was held in July 2023 with Assistant Directors and Directors where a list of 35 local authority comparable risks were considered in order to ascertain whether they were a risk at the Council. Following this, a draft Strategic Risk Register of 17 strategic risks was developed. A follow-up workshop was held in September 2023, with the same participants, to collectively agree the scoring of the risks.
- 3.3 Governance and Audit Committee approved the Strategic Risk Register on 29 November 2023 and a further developed Register at their meeting on 13 March 2024. At the March meeting two of the 17 risks were identified as being complimentary, or repeated, and therefore had been removed.
- 3.4 Six risks had been re-assessed where there has been a requirement to raise the level of risk because either it was more likely, or the impact greater, than previously considered.
- 3.5 The Strategic Risk Register was also reviewed and approved on 24 September 2024 and is next due to be presented at the March 2025 Committee.
- 3.6 Strategic risk controls and actions are tracked and monitored using software 4risk™. This risk management software provides a complete picture of the risk, controls and assurance environment.
- 3.7 4risk enables and enhances the ability to monitor and measure overall exposure to risk and examine the effectiveness of the control environment through tailored reporting options. Progress of risk actions can be tracked through to implementation and outcome.

### **4. Risk Management Framework**

- 4.1 In accordance with The Accounts and Audit (Amended) Regulations 2015, part of an internal control framework includes effective arrangements for the management of risk. A public service organisation must identify, analyse and prioritise risks, as well as manage and control risks in a cost-effective manner to maximise the quality and efficiency of its service provision and protect its reputation.

4.2 The aims of a risk management framework are to:

- Have a formalised, coordinated, and consistent approach to managing risks
- Inform policy, strategic planning, and operational decisions by identifying key risks and their likely impact
- Preserve and enhance the effectiveness of service delivery
- Minimise loss, disruption, damage, injury, and reduce the cost of risk, thereby maximising resources
- Explain how to identify, analyse, respond, record, monitor, and report risk
- Embed a risk management culture, reducing bureaucracy and improving efficiency and effectiveness

4.3 The current Risk Management Framework 2021-23 was revised and approved by Governance and Audit Committee in June 2021. The Framework provides details of the risk environment the Council operates within, and the controls and mechanisms that are in place, to ensure risk is sufficiently managed by officers and Members. Throughout the period of 2023/24, risk management activities were undertaken in accordance with the Framework. During the financial year the Framework has been responsive and adaptive to reflect the ever-changing operating framework.

4.4 Due to a fundamental review of the Strategic Risk Register during 2023/24, it was an opportune time to also review the risk scoring matrix. The proposed non-multiplier risk matrix would enable the Council to easily differentiate between risks with the same end score and would identify more easily the most important risks which was where the focus needed to be. The non-multiplier matrix, although still based on impact and likelihood, would avoid the duplicate scoring of risks with risks being reflected by relative importance. The new matrix was approved by Governance and Audit in November 2023.

4.5 The new Risk Management Framework was delayed so it aligned with the new Corporate Plan 2024-27 and to also move it away from the same timeline as the Counter Fraud Strategy 2024-26 as both documents are reviewed every two years.

### **Key changes to the Risk Management Framework**

4.6 The Risk Management Framework has been reviewed and updated to ensure that it is user friendly and easy to read – it has been reduced to 13 pages, from 18 pages, and the new framework is reflective of the Council's corporate style.

4.7 The Risk Management Framework includes the following changes:

- Risk Management Policy Statement has been separated into the component parts
- Risk Management Strategy now includes aims in addition to objectives

- Risk Management Governance Framework (Appendix B) and Roles and Responsibilities (Appendix C) have been updated to ensure they reflect the current structure of the Council
- Risk Management Process (Appendix D) has been consolidated and includes the new risk matrix as approved by Governance and Audit Committee in November 2023
- Strategic Risk Management Approach (Appendix E) is a new appendix specifically around the approach to strategic risk
- Council’s Risk Register Layout (Appendix F) is a new appendix to ensure consistency in recording risks

## **5. Key Considerations**

5.1 Governance and Audit Committee should monitor and review the risk management arrangements currently in place and the activities that are being undertaken to mitigate those risks.

## **6. Reasons for the Recommendations**

6.1 Governance and Audit Committee, as part of its terms of reference, 9.1 (xii) approve the annual report on risk management activity and consider the effectiveness of the Council’s overall arrangements for managing risk.

6.2 Governance and Audit Committee, as part of its terms of reference, 9.1 (x) approve the risk management strategy and framework.

## **7. Appendices**

7.1 Appendix A – Risk Management Framework 2025-27