

North Somerset Council

Report to the Audit Committee

Date of Meeting: 25 April 2024

Subject of Report: Risk Management Strategy

Town or Parish: ALL

Officer/Member Presenting:

Amy Webb, Director of Corporate Services and S151 Officer

Key Decision: NO

Reason: This is a refresh of the North Somerset Council Risk Management Strategy.

Recommendations

That Audit Committee approve this refreshed Risk Management Strategy.

1. Summary of Report

Following a request from the Director of Corporate Services the council's [Risk Management Strategy](#) was refreshed in 2022/23 and adopted by Audit Committee in September 2022.

The refresh was intended to ensure that:

- we have a clear vision and set of aims for how we manage risk.
- we are clear on what our risk management approach is including our risk management framework.
- we provide appropriate organisational-wide guidance on how to identify, analyse and control our risks.
- we have assurance that risk is embedded within decision making and is appropriately reported and escalated where needed.

The strategy included a commitment for an annual review and a refresh as needed. The Risk Management Strategy has now been reviewed for 2024/25 and refreshed as follows:

- to reflect the new council Corporate Plan vision and ambitions.
- to update the risk identification process flow to be clear on the difference between the strategic risk register and directorate risks registers and the responsibilities of risk holders and strategic risk owners, and the identification of them.
- to update the risk matrix to be clear on the link between the financial thresholds for strategic risks linked to the council's budget.
- to update the risk analysis section to be clearer on the role of mitigations and/or exploitations when managing risk to provide ongoing assurance.

Accompanying toolkits have also been updated to reflect these changes including the risk management matrix.

Risk management matrix:

Please use the guidance in the impact section		Likelihood				
		Rare – less than a 5% chance	Unlikely – 6% to 20% chance	Possible – 21% to 50% chance	Likely – 51% to 80% chance	Almost certain – 80% plus
Impact	Critical – a major loss to a service including disruption of more than five days with significant impact on staff, a complete failure of project, affecting more than 25% of a budget or for strategic risks more than 5% of the council's budget, litigation/claims/fines of £1m plus, not meeting our legal duties and putting at risk individuals at risk, impacting on several themes in the Climate Emergency Strategy	LOWMED 5	MEDIUM 10	HIGH 15	HIGH 20	HIGH 25
	High – service disruption of three to five days with high impact on staff, extreme delay to a project, affecting 16% to 25% of a budget or for strategic risks 4% of the council's budget, litigation/claims/fines of up to £1m, significant impact for at risk individuals, impact on at least two of the thematic areas in the Climate Emergency Strategy.	LOW 4	MEDIUM 8	MEDIUMHIGH 12	HIGH 16	HIGH 20
	Medium – service disruption two to three days with some impact on staff, impact on a project inc. a failure of benefits, affecting 6% to 15% of a budget or for strategic risks 3% of the council's budget, litigation/claims/fines of up to £500k, there are some safeguarding and duty of care impacts, impacts on at least one of the thematic areas in the Climate Emergency Strategy	LOW 3	LOWMED 6	MEDIUM 9	MEDIUMHIGH 12	HIGH 15
	Low – minimal service disruption with minimal impact of staff, minimal impact to a project, affecting 1% to 5% of a budget or for strategic risks 2% of the council's budget, litigation/claims/fines of up to £250k, consideration to be given to safeguarding and duty of care impacts, minimal impact to the thematic areas in the Climate Emergency Strategy.	LOW 2	LOWMED 4	LOWMED 6	MEDIUM 8	MEDIUM 10
	Negligible – little service disruption with little impact of staff, minimal impact to a project, affecting up to 1% of a budget or for strategic risks 1% of the council's budget, litigation/claims/fines of up to £100k, minimal or no safeguarding and duty of care impacts, not impacting any of the thematic areas in the Climate Emergency Strategy.	LOW 1	LOW 2	LOW 3	LOWMED 4	LOWMED 5

2. Policy

North Somerset Council is legally required to have robust risk management arrangements in place. Those arrangements are intended to contribute to the good corporate governance of the organisation.

3. Details

The Risk Management Strategy includes the vision, aims and approach for how we manage risk in North Somerset Council.

Our vision is as follows:

- Our Risk Management Strategy supports us to make honest, evidence-based decisions and realise opportunities through a good understanding of risks and their likely impact. We are committed to being a risk aware rather than a risk averse organisation.

Our aims are to ensure that:

- Risk management is well structured through an agreed framework of identifying risks to reporting them.
- Risk management is embedded in our organisational activities to support decision-making.
- Risk management is well managed through a robust governance structure.
- Risk management is collaborative, is informed by the best available information, and is continually improved through learning and experience.

Our approach to achieving this vision and the aims is to:

- Have a robust and consistent risk management framework including an agreed risk management matrix.
- Establish clear roles, responsibilities, and reporting lines within the council for risk management.
- Provide a risk management toolkit and detailed guidance to use that toolkit.
- Communicate risk information effectively through our quarterly business planning and performance framework.
- Independently monitor the arrangements in place for risk management on a regular basis.

Alongside this Risk Management Strategy, a number of toolkits are provided to support risk identification, analysis and control, and escalation. These are embedded in the council's Programme Management Office offer. Additionally, guidance on corporate decision making is available to provide additional information in report templates.

The strategy is provided alongside this covering report. Toolkit links are available as part of our Programme Management Office internally for staff as needed.

4. Consultation

The Director of Corporate Services has sponsored this strategy refresh which has been undertaken by the Head of Business Insight, Policy and Partnerships.

Members of Audit Committee have been consulted on the updates to this strategy and given an opportunity to feedback.

Statutory Officers have been consulted on the updates to this strategy and given an opportunity to feedback.

5. Financial Implications

None from this report.

6. Legal Powers and Implications

The updated Risk Management Strategy will continue to contribute to the good governance of the organisation.

7. Climate Change and Environmental Implications

No specific implications from this report but possible climate impacts, aligned to the themes in the Climate Emergency Strategy, are included in the refreshed Risk Management Matrix to be used as part of any future risk analysis.

8. Risk Management

Not refreshing the Risk Management Strategy would put the good governance of the organisation at risk. Risk analysis shows this as a MEDHIGH inherent risk and treatment is to mitigate by refreshing the strategy and embedding across the organisation. Once refreshed the residual risk should fall to LOWMED at which point this risk can be accepted.

Theme	Finance and resources (inc. staff)
Risk	Not refreshing the Risk Management Strategy will negatively impact the good governance of the organisation.
Risk holder	Emma Diakou
Strategic risk owner	Amy Webb
Inherent risk	MEDIUMHIGH
Inherent risk treatment	Mitigate
Mitigating / exploiting actions	Update the strategy.
Has the mitigation reduced the likelihood?	YES
Has the mitigation reduced the impact?	YES
Residual risk	LOWMEDIUM
Risk treatment	Accept

9. Equality Implications

No specific implications from this report but possible impacts on residents and on staff are included in the refreshed Risk Management Matrix to be used as part of any future risk analysis.

10. Corporate Implications

North Somerset Council is legally required to have robust risk management arrangements in place. Those arrangements are intended to contribute to the good corporate governance of the organisation.

It is a requirement as part of the Business Planning Framework for all directorates to hold a risk register that is aligned to their business plan and considered at least quarterly by their Directorate Leadership Team.

A strategic risk register is held by Corporate Leadership Team and reviewed at least quarterly by Corporate Leadership Team, by Executive members, and by Audit Committee.

11. Options Considered

To not refresh the Risk Management Strategy might negatively impact on the good governance of the organisation.

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Background Papers:

- North Somerset Corporate Plan: [Organisational priorities | North Somerset Council \(n-somerset.gov.uk\)](#)
- North Somerset Council Risk Management Strategy: [Risk Management Strategy](#)